



## FULL COUNCIL

Wednesday, 23 February 2022

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

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

## Purpose and high-level overview

### Purpose of Report:

At the end of the 2022/23 budget process, the Council is required to approve a balanced budget for the following financial year and set the Band D rate of Council Tax. This report sets out the context and initial parameters in order to achieve that objective and contribute towards a sustainable position.

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

### Options:

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

### Discretionary Rate Reliefs

Local authorities are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant reliefs in 2022/23 in line with the relevant eligibility criteria. Consequently, not awarding these reliefs has not been considered as an option.

### Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)

There is an option of not disregarding Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses, but this would deprive these organisations of rate reliefs as a source of funding as a result of the exceptional circumstances of the pandemic.

### Recommendations:

That Council is recommended to;

1. Consider the Chief Financial Officer's report attached at **Appendix C**;
2. Approve the Medium Term Financial Strategy for 2021/22 to 2025/26, including the General Fund Revenue Budget revised for 2021/22; the proposed budget for 2022/23; and forecast budgets for 2023/24 to 2025/26 as set out in **Appendix A6**;
3. Approve the movements to and from Earmarked Reserves and the General Fund Balance for 2021/22 to 2025/26 as set out in **Appendix A7**;
4. Approve the items to be treated as special items in 2022/23 as set out in **paragraph 3.18** – the precepts by town/parish councils and parish meetings;
5. Approve that no further changes are made to Council Tax Discounts and Premiums for 2022/23;
6. Approve a Band D Council Tax for East Suffolk Council of £176.22 for 2022/23, an increase of £4.95 or 2.89%;
7. Approve the Flexible Use of Capital Receipts Policy (Efficiency Strategy) attached as **Appendix B**;
8. Approve the Pay Policy Statement set out in **Appendix D**;
9. Approve the Council Tax Resolutions in **Appendix E**;
10. Approve the award of 50% relief on rates bills up to £110,000 per business to eligible retail, hospitality and leisure properties using its discretionary relief powers under section 47 of the Local Government Finance Act 1988 as amended;

11. Approve the award of rate reliefs under the Transitional Relief scheme and the Supporting Small Business scheme (SSB) using its discretionary relief powers under section 47 of the Local Government Finance Act 1988 as amended;
12. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award any further reliefs in 2022/23 arising from Government announcements under these powers;
13. Approve that, for 2022/23, awards of Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS) disregard the value of Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses; and
14. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award Council Tax Rebates of £150 in respect of energy costs in 2022/23 should these require the use of the Council's discretionary powers.

## Corporate Impact Assessment

### **Governance:**

The MTFs is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the coming year is a statutory requirement.

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

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

### **Environmental:**

There are no environmental impacts directly related to this report.

### **Equalities and Diversity:**

This report has been prepared having taken into account the results of an Equality Impact Assessment. The annual budget collates the financial implications of the Council's individual policies, projects, and initiatives and Equality Impact Assessments are produced for these specific actions.

### **Financial:**

The cost of discretionary rate reliefs will be fully funded by the Government. The proposal regarding discretionary rate relief to charities and other organisations will have a marginal financial impact on the Council and the award of these reliefs would be within existing budgets.

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

MTFS Updates	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Additional Cost	1,566	2,741	2,360	2,801	3,464
Additional Income	(9,606)	(8,547)	(2,116)	(1,886)	(2,670)
Reduced Income	140	5,820	283	283	283
Saving	(1,228)	(1,070)	(1,030)	(811)	(1,037)
Use of Reserves	9,128	(4,386)	(293)	0	0
<b>Net Total</b>	<b>0</b>	<b>(5,442)</b>	<b>(796)</b>	<b>387</b>	<b>40</b>

As result of the above updates, the latest MTFS position shows a balanced position for the current year and 2022/23 , with a budget gap of £4.9m to £5.8m from 2023/24 and beyond, supported by **Appendix A6**.

MTFS Position	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
MTFS Feb 2021 Budget Gap/(Surplus)	0	5,442	5,705	5,418	5,418
MTFS Nov 2021 Budget Gap/(Surplus)	(338)	1,014	6,401	6,229	6,163
MTFS Feb 2022 Budget Gap/(Surplus)	0	0	4,908	5,805	5,457

#### Human Resources:

There are no HR implications directly arising from this report.

#### ICT:

There are no ICT implications directly arising from this report.

#### Legal:

**Council Tax Calculations** - Section 25 of the Local Government Act 2003 places a personal duty on an authority's "Chief Financial Officer" to make a report to Council about the robustness of the estimates made for the purposes of the Council Tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and Council Tax decisions.

**Balanced Budget** - The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151).

**Pay Policy Statement** - Section 38 (1) of the Localism Act 2011 requires local authorities to produce a Pay Policy for each financial year. There is a requirement for the Council to compare the policies on remunerating Chief Officers and other employees, and to set out the policy on the lowest paid employees.

The interpretation of the meaning of "Chief Officer(s)" as used above in the context of the Pay Policy Statement includes the Chief Executive, the Strategic Directors, the Heads of Service, and the Chief Finance Officer.

**Special Items** - Section 35 of the Local Government Finance Act 1992 provides for certain items of expenditure to be treated as 'special items' chargeable to part only of the District when setting the Council Tax. The items referred to are detailed in paragraph 3.18 .

**Rate Reliefs** - will be awarded by the Council using its discretionary relief powers under Section 47 of the Local Government Finance Act 1988 as amended.

**Risk:**

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

**External Consultees:**

A budget consultation was included in the East Suffolk Council survey published in the October 2021 edition of the East Suffolk magazine and on the Council's website. The results from the Survey are provided in **Appendix F** and includes responses from residents and businesses. The findings of this survey were considered by Cabinet at its meeting on 1 February 2022. Scrutiny Committee considered the General Fund Budget and Council Tax Report at its meeting on 20 January 2022.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p><b>How does this proposal support the priorities selected?</b></p> <p>By ensuring the robustness of the Medium-Term Financial Strategy and adequate reserves and balances the Council. The MTFS underpins and supports the delivery of the East Suffolk Strategic Plan. The retail, hospitality, and leisure reliefs will continue to assist these businesses in 2022/23, and the proposal regarding charity and other organisations to disregard Covid-19 grants will continue to enable discretionary rate relief support to be provided to them. All of these measures contribute directly to the Strategic Plan theme of Growing our Economy.</p>			

## Background and Justification for Recommendation

<b>1 Background facts</b>	
1.1	The MTFS sets the strategic financial direction for the Council. It sets out the key financial management principles, budget assumptions and service issues.
1.2	<p>The MTFS provides a framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan. It provides a sound basis for planning and decision making, and is reviewed and updated at the following key points in the year:</p> <ul style="list-style-type: none"> <li>• November/December – as a framework for initial detailed budget discussions for the forthcoming financial year.</li> <li>• January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build.</li> <li>• February – with the final Budget for the new financial year.</li> </ul>
1.3	<p>The key underlying principles of the MTFS are:</p> <ul style="list-style-type: none"> <li>• securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;</li> <li>• setting modest increases in Council Tax when appropriate; and</li> <li>• delivering service efficiencies and generating additional income where there are opportunities to do so.</li> </ul>
1.4	The introduction of the Local Business Rates Retention System in 2013/14, together with the Government’s programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.

2 Current position	
2.1	<p><b>Economic Outlook</b></p> <p>The outlook for the economy continues to be affected by the evolving situation of the pandemic. It will also depend on how governments, households, businesses and financial markets response to those developments.</p>
2.2	<p>As per the Labour Force Survey (LFS), the unemployment rate fell to 4.1% in the three months to November 2021. The LFS unemployment rate is now expected to fall to around 3.8% in 2022 Quarter 1 and then begin to rise.</p>
2.3	<p>Twelve-month CPI inflation rose from 5.1% in November to 5.4% in December. CPI is projected to peak at 7.25% in April 2022, with the increase largely driven by energy and goods prices. Inflation is expected to fall back to just above the 2% target in two years' time and below target by a greater margin in three years.</p>
2.4	<p>At its 2 February 2022 meeting, the Bank of England Monetary Policy Committee voted 5-4 to increase the bank rate by 0.25 percentage points to 0.5% amid concerns over inflation. This is the second rise in three months.</p>
2.5	<p><b>Local Government Finance</b></p> <p>On 27 October 2021 the Chancellor delivered the Autumn Budget and Spending Review 2021 speech. The budget did not draw a line under Covid, but the Budget plans were focused on building a post-pandemic economy: stronger growth, public finances and employment.</p>
2.6	<p>The Spending Review 2021 which will cover the next three years (2022/23 to 2024/25) was broadly positive for local government, with funding much better than expected. Local government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year). The increase is very much front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years.</p>
2.7	<p>Distribution of the additional funding was announced in the Provisional Local Government Finance Settlement which was announced on 16 December 2021. 2022/23 is a one-year settlement with no significant reset of the system or changes to funding formulae, maintaining ESC and the Suffolk pool's advantageous position on business rates for at least another year, with changes now possible in 2023/24. The final Local Government Finance Settlement was announced on 7 February 2022 with no significant changes from the Provisional announcement.</p>
2.8	<p>Key points from the Settlement are shown below, with more detail provided in Section 4 of <b>Appendix A:</b></p> <ul style="list-style-type: none"> <li>• Core Spending Power for ESC (basically the assumed total of all income streams including council tax) increased by 6.8%.</li> <li>• Council Tax referendum limit for shire districts remains at 2% or £5, whichever is the greater.</li> <li>• Revenue Support Grant £0.339m (MTFS assumption £0.337m)</li> <li>• Rural Services Delivery Grant £0.260m (MTFS assumption £0.266m)</li> <li>• Lower Tier Services Grant £0.311m (LTSG is largely the product of other funding movements and could not necessarily be guaranteed)</li> <li>• 2022/23 Services Grant £0.477m (new one-off grant not assumed in MTFS)</li> <li>• New Homes Bonus (NHB) £0.525m legacy payment from earlier allocation round, plus £1.124m one-year allocation (only legacy payment assumed in MTFS).</li> </ul>
2.9	<p><b>MTFS Position</b></p> <p>The MTFS has been updated as of February 2022 and is shown below;</p>

MTFS Position	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
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MTFS Feb 2022 Budget Gap/(Surplus)	0	0	4,908	5,805	5,457

A summary of the General Fund Budget is provided in **Appendix A6**.

2.10 Following consideration of the budget by Cabinet on 1 February 2022 there have been some updates to the budget for this report. This is detailed in **Appendix A4** (Memorandum Note). The key changes are Section 31 Grant associated with Business Rates Reliefs, Business Rates income in 2022/23 following the completion of the NNDR1 Return, and the Operations Partnership.

### 2.11 Reserves and Balances

The total balance of General Fund Earmarked Reserves was £68m (excluding Port Health) as of 1 April 2021. However, it should be noted that of this balance, £15.7m relates to a Covid Specific Reserve which will be drawn down in the year for Covid related use. Earmarked Reserves are categorised into the following groups;

- **Grants/Funding Carried Forward** – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.
- **Planned Future Revenue Spending** – Council funding has been set aside for specific service areas and/or projects.
- **Planned Future Capital Spending** – this is revenue funding set aside to provide funding for the Capital Programme.
- **Risk Based** – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. This will include for example, pension capital costs, Business Rates income and Housing Benefit Subsidy.

2.12 There is a noticeable decline in reserve balances until 2023/24 and then levelling off for the remainder of the MTFS period, with total Earmarked Reserves standing at approximately £38m.

Reserves	April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000
<b>Unallocated Financial Reserves</b>	6,000	6,000	6,000	6,000	6,000	6,000
<b>Earmarked Reserves:</b>						
Grants/Funding carried Forward	7,373	5,719	4,768	4,632	4,452	4,276
Planned Future Capital Spending	7,419	4,356	2,659	2,331	2,703	2,945
Planned Future Revenue Spending	22,206	16,032	14,063	13,004	12,912	12,837
Risk Based	14,653	16,252	16,209	16,051	16,017	16,017
COVID Reserve	15,732	9,325	2,696	1,908	1,908	1,908
Other	667	617	517	417	317	267
<b>Total Earmarked Reserves</b>	<b>68,050</b>	<b>52,301</b>	<b>40,912</b>	<b>38,343</b>	<b>38,309</b>	<b>38,250</b>

**Appendix A7** provides a summary of all General Fund revenue reserves.

2.13 The General Fund balance remains at £6m, with no planned use over the MTFS period.

3 How to address current situation	
3.1	<p><b>Local Council Tax Reduction Scheme (LCTRS); Council Tax Discounts and Premiums; Council Tax Base and Local Council Tax Support Grants</b></p> <p>The consideration of an annual review and potential proposed changes to the LCTRS scheme is a statutory requirement under the Local Government Finance Act 2012 which brought in the provisions for localisation of council tax support in April 2013. Full Council on 26 January 2022 approved some relatively minor proposed revisions to the current Local Council Tax Reduction Scheme for 2022/23, although the core of the scheme continues to be the 8.5% benefit scheme, i.e., the maximum benefit to working age claimants is 91.5%.</p>
3.2	<p>In addition to LCTRS, the Council has the discretion to set its own policy on Council Tax Discounts and Premiums. It is a statutory requirement for the Council to set and review annually its Discretionary Council Tax Discounts. It is recommended that no changes be made to the Council Tax discounts to be applied from 1 April 2022, which were approved by the Shadow Council at its meeting on 3 December 2018 (REP 9(SH)).</p>
3.3	<p>At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows:</p> <ul style="list-style-type: none"> <li>• 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,</li> <li>• 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and</li> <li>• 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.</li> </ul>
3.4	<p>At its meeting on 7 December 2021 Cabinet approved the Council Tax Base for 2022/23 for the East Suffolk district as 89,023.43 Band D equivalent properties, <b>Appendix A2</b>.</p>
3.5	<p><b>Risk Assessment and Report of The Chief Financial Officer</b></p> <p>Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFs key principles and a risk analysis together with mitigating actions are provided in <b>Appendix A1</b> of the MTFs.</p>
3.6	<p>In relation to the statutory duty under the Act, the Chief Financial Officer considers that the estimates are robust; the General Fund Balance is within the guideline levels established as part of the MTFs; and the contributions to and use of earmarked reserves will assist the Council in meeting its financial challenges and developing its response to the pandemic and the objective of financial sustainability.</p>
3.7	<p>The Chief Finance Officer's report is attached as <b>Appendix C</b>.</p>
3.8	<p><b>Pay Policy Statement</b></p> <p>There is a requirement for the Council to compare the policies on remunerating Chief Officers and other employees, and to set out the policy on the lowest paid employees.</p> <p>The interpretation of the meaning of "Chief Officer(s)" as used above in the context of the Pay Policy Statement includes the Chief Executive, the Strategic Directors, the Heads of Service, and the Chief Finance Officer.</p> <p>The Council is also required by law to report annually in April, on their gender pay gap and publish this information. This must include mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses; and the</p>

	proportions of male and female employees in each pay quartile. The Pay Policy Statement for 2022/23 is attached in <b>Appendix D</b> .
3.9	<p><b>Flexible Use of Capital Receipts Policy (Efficiency Strategy) 2022/23 to 2024/25</b></p> <p>The predecessor Councils' first Efficiency Strategies were produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts, originally issued to cover the period 2016/17 to 2018/19. In the 2018/19 Provisional Local Government Finance Settlement, this was extended for a further three years to April 2022.</p>
3.10	The Guidance provided the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings but did not enable ongoing revenue costs to be funded by this method.
3.11	<p>In the 2022/23 Provisional Local Government Settlement the following was announced:</p> <p><i>Extension of the flexibility to use capital receipts to fund transformation projects</i></p> <p><i>We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.</i></p> <p>No further guidance has been made available in the Final Settlement, but it is assumed this will be introduced as described above.</p>
3.12	The Policy is attached as <b>Appendix B</b> and includes some projects identified from the East Suffolk Strategic Plan as being eligible for capital receipts funding. This list is not definitive and further potentially eligible projects could be identified during the course of the year.
3.13	<p><b>Council Tax</b></p> <p>For Shire District Councils in two-tier areas, the referendum limit for 2021/22 was the higher of 2% or £5 and this referendum limit has been confirmed for 2022/23 in the Final Settlement.</p>
3.14	The increase in the tax base for East Suffolk is currently estimated to be 1,684.00 (1.93%) Band D equivalent properties, increasing the overall tax base for East Suffolk from 87,339.43 to 89,023.43 for 2022/23.
3.15	In the Key Principles of the MTFs, the Council Tax strategic objective is to “plan for a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to ensure that it has the financial capacity to deliver the Council’s policies and objectives”.
3.16	In considering the budget for 2022/23, the Cabinet proposed the Council increases its Band D Council Tax to £176.22, an increase of £4.95 (2.89%). This equates to around £0.288m of additional Council Tax income to the Council based on the current District Band D Council Tax of £171.27.
3.17	The Council’s Council Tax is only a small proportion of the total Council Tax required to fund all local authority and police services in the East Suffolk area. The following table shows the approved tax to be levied in 2022/23. The Band D tax for Suffolk County Council has been increased by 2.99% and includes a 1.00% increase for the Social Care Precept. The Police and Crime Commissioner for Suffolk has recommended an increase of 4.2%. The Council Tax Resolutions are set out in <b>Appendix E</b> .

	2021/22 £	2022/23 £	Increase %
East Suffolk Council	171.27	176.22	2.89
Suffolk County Council	1,397.16	1,438.92	2.99
Police and Crime Commissioner for Suffolk	237.69	247.68	4.20
<b>Sub-Total</b>	<b>1,806.12</b>	<b>1862.82</b>	<b>3.14</b>
Town & Parish Councils (average)	73.25	75.81	3.49
<b>Total</b>	<b>1,879.37</b>	<b>1,938.63</b>	<b>3.15</b>

- 3.18 Special Items - Section 35 of the Local Government Finance Act 1992 provides for certain items of expenditure to be treated as 'special items' chargeable to part only of the District when setting the Council Tax. The items referred to are:
- (a) any precepts issued or anticipated by the Council in calculating its budget requirement believed to be applicable to part of the area; i.e., precepts of town and parish councils;
  - (b) any expenses of the Authority which are its special expenses, and which were included in the budget requirement.

The items to be treated as special items in 2022/23 under s35 (2) of the Act are the precepts by Town/Parish Councils and parish meetings.

3.19 **MTFS Position**

The forecast budget gap primarily results from the probable changes to the local government finance system in 2023/24, together with notable increases from 2024/25 with pressure arising from establishment costs and capital charges associated with the Capital Programme. The level of this gap is subject to significant uncertainty due to the local government finance reforms, and this position is unlikely to become clearer until during the course of next year. However, it is likely that a combination of actions will be needed ensure a longer term sustainable position including a phased use of reserves, maximisation of income, and the achievement of savings. These will need to be worked up over the coming year, as it is increasingly likely that funding reforms will finally be implemented in 2023/24.

3.20 **Retail, Hospitality, and Leisure Rate Reliefs**

The Autumn Budget Statement in October 2021 set out a new relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business for 2022/23. Local authorities are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the discount in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting the discount through a section 31 grant from Government.

It is proposed to award the new relief for eligible retail, hospitality and leisure properties with 50% relief on rates bills up to £110,000 per business in 2022/23 under section 47 of the Local Government Finance Act 1988 as amended in line with the relevant eligibility criteria.

3.21 **Business Rates Transitional Relief and Supporting Small Business scheme (SSB)**

The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills. The scheme ends on 31 March 2022 and as a result a small number of ratepayers would face a jump to their full rates bill from 1 April 2022.

	<p>In the Autumn Budget 2021 the Government announced that it would extend the current transitional relief scheme (transitional relief in lieu) and the Supporting Small Business scheme (SSB) for one year. This will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).</p> <p>It is proposed to use the Council’s discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the discount in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting the discount through a section 31 grant from Government.</p>
3.22	<p><b>Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)</b></p> <p>In its Discretionary Rate Relief policy, the Council normally takes into account the value of unrestricted reserves and operating surpluses when determining whether to award reliefs. In this respect, the Council will not generally award reliefs to organisations with significant assets or operating surpluses in excess of £50,000.</p> <p>Anglia Revenues Partnership (ARP) are currently receiving a number of reviews for this relief where the organisations are above the value of reserves threshold, solely as a result of the receipt of Covid-19 grants in 2020/21 and 2021/22. Many organisations have put any excess funding into restricted reserves to pay for facilities and improvements, but in some cases these funds remain in unrestricted reserves. In some instances, the amount potentially lost in relief is broadly equivalent to the amount above the threshold.</p> <p>It is proposed that in 2022/23, awards of Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS) disregard the value of Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses, so as not to deprive these organisations of this source of funding as a result of the exceptional circumstances of the pandemic.</p>
3.23	<p>The Chancellor of the Exchequer is expected to make a Spring Budget Statement / Update in March. It is conceivable that further rate relief measures could be announced that would require the Council to use its discretionary relief powers under section 47 of the Local Government Finance Act 1988. To cover the event of this arising, it is recommended in this report that Council grants the Chief Finance Officer and Section 151 Officer delegated authority to award any further reliefs in 2022/23 arising from Government announcements.</p>
3.24	<p><b>Energy Bills and Council Tax Rebates</b></p> <p>On 3 February 2022, the Government announced measures to assist households with the rising costs of energy bills. One of these schemes has been referred to as a Council Tax Rebate.</p> <p>Under this scheme, billing authorities will use their council tax data to identify households who will be eligible for the £150 payment (properties in bands A-D, excluding second homes and empty properties).</p> <p>Although referred to as a “council tax rebate”, payments will be made outside the council tax system, and will not affect either council tax setting or the collection fund. Billing authorities are likely, however, to put some text in council tax bills, even though council tax liability and payments will be unaffected. Payments to households will be made regardless of whether £150 exceeds the household’s council tax liability for the year, or whether the household has any council tax arrears.</p>

	<p>These payments will be fully funded by the Government. There will also be a discretionary scheme to support vulnerable households in council tax Bands E to H, and households which do not pay council tax.</p> <p>It is unclear at this point as to whether these payments will need to be awarded under any of the Council's discretionary powers, but a recommendation giving delegated authority to the Chief Finance Officer to make these awards has been included in this report should this be the case.</p>
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4 Reason/s for recommendation	
4.1	To bring together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budgets.
4.2	The Council is required to set a balanced budget for the following financial year and to agree the Council Tax for 2022/23.
4.3	To approve the award of a range of Discretionary Rate Reliefs in 2022/23.
4.4	To seek wider Member consideration of the forward budgets beyond 2022/23, and Council Tax proposals in this report to balance the budget for 2022/23 and future years.

## Appendices

Appendices:		
<b>Appendix A</b>	Medium Term Financial Strategy(February 2022)	
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis	
<b>Appendix A2</b>	East Suffolk Council Tax Base 2022/23	
<b>Appendix A3</b>	NHB Reserve Summary 2021/22 to 2025/26	
<b>Appendix A4</b>	MTFS Key Movements	
<b>Appendix A5</b>	MTFS Changes by Strategic Theme(ST)/Other Factors	
<b>Appendix A6</b>	General Fund Revenue Budget Summary 2021/22 to 2025/26	
<b>Appendix A7</b>	General Fund Reserve Summary 2021/22 to 2025/26	
<b>Appendix A8</b>	Financial Provision to Support the Council's Green Agenda - Caring for Our Environment	
<b>Appendix B</b>	Flexible Use of Capital Receipts Policy 2022/23 to 2024/25	
<b>Appendix C</b>	Report by the Chief Finance Officer 2022/23	
<b>Appendix D</b>	Pay Policy Statement 2022/23	
<b>Appendix E</b>	Council Tax Resolution 2022/23	
<b>Appendix F</b>	Residents Survey Results – Autumn 2021	
Background reference papers:		
Date	Type	Available From
February 2022	Budget Working papers	Financial Services
03/02/2022	Bank of England Monetary Policy Report Feb-22	<a href="#">Monetary Policy Report - February 2022   Bank of England</a>

27/10/2021	Autumn Budget and Spending Review 2021	<a href="https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents">https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents</a>
16/12/2021	Provisional local government finance settlement: England, 2022 to 2023	<a href="https://www.gov.uk/government/publications/provisional-local-government-finance-settlement-england-2022-to-2023">Provisional local government finance settlement: England, 2022 to 2023 - GOV.UK (www.gov.uk)</a>
03/02/2022	HM Treasury announcement re: support to households through council tax rebates	<a href="https://www.gov.uk/government/news/hm-treasury-announcement-re-support-to-households-through-council-tax-rebates">Millions to receive £350 boost to help with rising energy costs - GOV.UK (www.gov.uk)</a>
07/02/2022	Final local government finance settlement: England, 2022 to 2023	<a href="https://www.gov.uk/government/publications/final-local-government-finance-settlement-england-2022-to-2023">Final local government finance settlement: England, 2022 to 2023 - GOV.UK (www.gov.uk)</a>