



EAST SUFFOLK COUNCIL

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

FEBRUARY 2022

1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council. It sets out the key financial management principles, budget assumptions and service issues.

1.2 The MTFS provides a framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan. It provides a sound basis for planning and decision making, and is reviewed and updated at the following key points in the year:

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

1.3 The vision of the East Suffolk Strategic Plan is to “deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk”. The MTFS underpins the new plan and vision for East Suffolk, focusing on five key themes.

- Growing Our Economy
- Enabling Our Communities
- Remaining Financially Sustainable
- Delivering Digital Transformation
- Caring For Our Environment

1.4 The MTFS provides an integrated view of the Council’s finances, recognising that the allocation and management of its human, financial and physical resources play a key role in delivering its priorities and ensuring that the Council works effectively with its partners locally, regionally and nationally. As part of the implementation of the CIPFA Financial Management Code, the MTFS will also be developed to form the key component of the Long Term Financial Strategy (LTFS).

1.5 The key underlying principles of the MTFS are:

- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
- setting modest increases in Council Tax when appropriate; and
- delivering service efficiencies and generating additional income where there are opportunities to do so.

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

1.7 Sections 2 to 4 provide an update on the financial challenges facing the Council, taking into account the ongoing pandemic, economic factors, the local government finance environment, and the Council’s key funding streams. Sections 5 to 7 outline how the Council will respond to the challenges, as expressed in terms of its Budget and strategies towards reserves and capital.

2 PUBLIC FINANCES

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

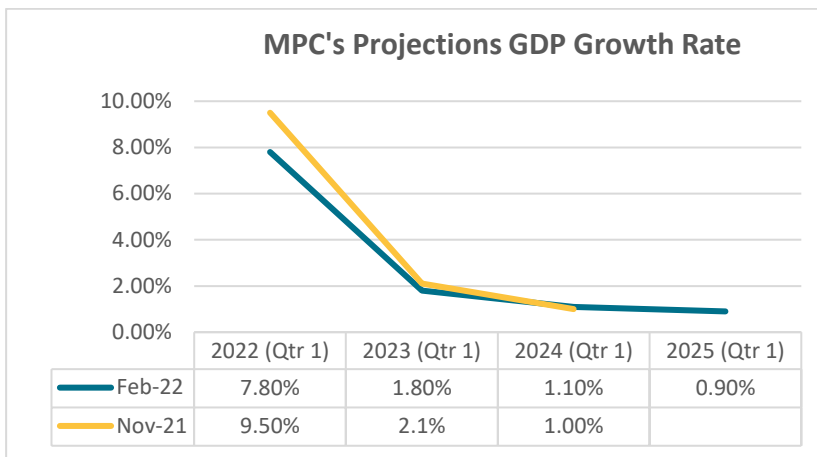
3 ECONOMIC INDICATORS

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

Gross Domestic Product (GDP)

- 3.5 UK GDP is expected to have fallen in December and January due to the effect of Omicron on economic activity. However, the impact is expected to be of a short duration. Since its November Report, the Bank of England has revised down its forecast for UK GDP growth in 2021 Quarter 4 by 0.5%. This means growth is around 1.5% below its pre-Covid level. Growth in many sectors continues to be restrained by disruption in supply chains and labour shortages.
- 3.6 Projections for growth in UK GDP as outlined in the MPC November and February Reports, are shown in **Figure 1** below.

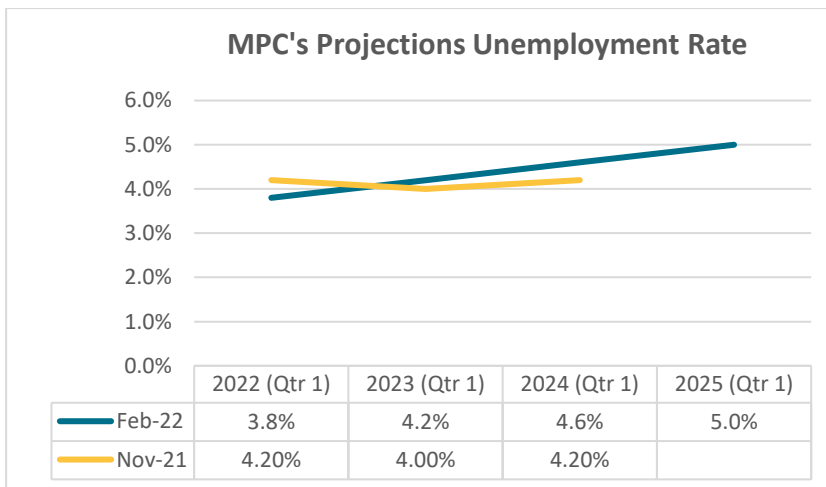
Figure 1



Unemployment

- 3.7 As per the Labour Force Survey (LFS), the unemployment rate fell to 4.1% in the three months to November 2021 (4.5% in the previous quarter). The LFS unemployment rate is now expected to fall to around 3.8% in 2022 Quarter 1, and then begin to rise. This primarily reflects demand growing by less than supply.
- 3.8 **Figure 2** below shows the MPC Quarter 4 projections as of November 2021 and February 2022.

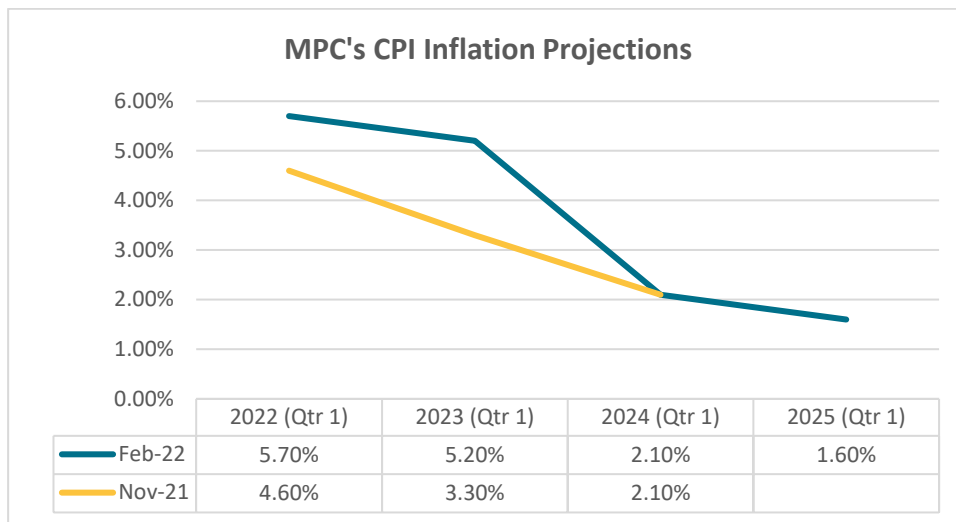
Figure 2



Consumer Pricing Index (CPI)

- 3.9 Twelve-month CPI inflation rose from 5.1% in November to 5.4% in December 2021. 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. The MPC's CPI inflation forecast (Quarter 1) is set out in **Figure 3** below.

Figure 3



Bank Interest Rate

- 3.10 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.

4 LOCAL GOVERNMENT FINANCE

- 4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the Government's programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.
- 4.2 The Spending Review 2021 which will cover the next three years (2022/23 to 2024/25) was broadly positive for local government, with funding much better than expected. Local government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year). The increase is very much front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years. The rationale for this is to provide funding to local authorities to deal with the pressures they face now.
- 4.3 There are various smaller allocations within the core funding announcement, including £200m for the "cross-government Supporting Families programme", £37.8m for cyber security and £34.5m for "strengthen local delivery and transparency".
- 4.4 There was no announcement of new funding for local government for ongoing Covid pressures.
- 4.5 Distribution of the additional funding was announced in the Provisional Local Government Finance Settlement which was announced on 16 December 2021. 2022/23 is a one-year settlement with no significant reset of the system or changes to funding formulae, maintaining the Council's and the Suffolk Pool's advantageous position on business rates for at least another year, with changes now possible in 2023/24 – in line with the core MTFs assumption. The settlement was generally favourable to local government and the Council, particularly in respect of the announcement of a new round of NHB allocations and a one-off Services Grant for 2022/23. Key points from the Settlement are shown below, with more detail in subsequent paragraphs:

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

4.6 The Final Local Government Finance Settlement was announced on 7 February 2022, with no significant changes from the Provisional Settlement.

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

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

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

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

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

Lower Tier Services Grant (LTSG)

4.9 The Lower Tier Service Grant (LTSG) was referred to as a one-off grant in 2021/22 to support local authorities with the pressures of Covid. However, the Local Government Settlement indicates that this will continue into 2022/23 but at a reduced amount, £0.311m from £0.389m. Continuation of the grant under this heading is unlikely from 2023/24 but this funding should continue in some form when the local government finance system is reformed. Consequently, it has been assumed in the MTFS that the grant will continue at the lower allocation from 2023/24 onwards.

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

Services Grant/Transition Funding

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

Business Rates – Business Rates Retention and Fair Funding Review

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

Business Rates

- 4.15 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.
- 4.16 **Business Rates Collection Fund** - As a result of Covid-19, there will be a considerably larger-than-normal deficit on the 2021/22 Collection Fund for Business Rates as again

changes to Retail and Nursery relief were announced after the NNDR1 was submitted in January 2021. These reliefs will be paid to precepting authorities in the form of additional Section 31 Grant in 2021/22. Local authorities will estimate the deficit in January 2022 and budget for it in 2022/23. In addition, it was announced in December that additional reliefs for businesses would be awarded in 2021/22 under the Covid Additional Restrictions Fund (CARF), which would again be funded by Section 31 Grant amounting to around £7.9m.

- 4.17 On 5 November 2020 the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and came into force on 1 December 2020. The regulations implement the announcement made by the Secretary of State on 2 July 2020 that “the repayment of collection fund deficits arising in 2020/21, will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year.” Therefore, the final third of that deficit is shown in 2023/24.
- 4.18 The Business Rates Collection Fund position is complicated by the fact that in 2021/22, in response to the Covid-19 pandemic, around £13.99m of rate relief is being granted to retail, hospitality, and leisure businesses together with nurseries. These reliefs are the primary reason for the currently estimated Business Rate Collection Fund Deficit for 2021/22 of £15.983m, with East Suffolk’s share equating to £6.393m. The remaining balance of the deficit is shared by Suffolk County Council and Central Government. The Government is funding these reliefs by Section 31 Grant, which is accounted for by the Council in 2021/22, but the Collection Fund deficit impacts on the Council’s own budget in 2022/23. Consequently, the Council’s share of this Section 31 Grant, £9.303m, will contribute to the Covid Reserve in 2021/22, enabling the Council to meet its share of the deficit in 2022/23. This position is illustrated in the table below, including the implementation of the Regulations detailed in paragraph 4.17 above. These deficits will be entirely funded from the Covid Reserve, i.e., the associated Section 31 Grant received and transferred to the reserve.

| Business Rates Collection Fund – Deficit/(Surplus) | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 |
|--|------------------|------------------|------------------|------------------|------------------|
| Deficit/(Surplus) 2021/22* | 0 | 13,821 | 785 | 785 | 0 |
| Deficit/(Surplus) 2022/23 | 0 | 0 | 5,608 | 0 | 0 |
| Total for Budget (February 2022) | 0 | 13,821 | 6,393 | 785 | 0 |

*Refer to paragraph 4.17 above.

- 4.19 **Suffolk Pool** – In October all Suffolk councils agreed to continue a pooling arrangement for 2022/23, which would allow them to retain a larger proportion of their share of growth by reducing the overall levy rate for Suffolk to nil. The continuation of the Suffolk Business Rates Pool was confirmed in the Final Local Government Finance Settlement on 7 February. The updated MTFs includes a Pooling Benefit estimate for 2022/23 of £1.861m. This follows all NNDR1 returns being completed by Suffolk councils and collated by Suffolk County Council. From 2023/24, the position as to whether Pooling will be a feature of changes to the local government finance system is unclear.
- 4.20 Business Rates income for 2022/23 is based on the NNDR1 return. All Business Rates estimates included in the MTFs were updated following the completion of the return at the end of January 2022. This included the split between Section 31 Grant and actual rates income. It is noted that the scope of rate reliefs for retail properties will return to pre-Covid eligibility in 2022/23.

4.21 As referred to earlier, the Business Rates system may be subject to reform during the period of this Spending Review, potentially in 2023/24. The approach taken in the table below and the MTFS is to only include estimates of Baseline income and Section 31 Grant. A revision from the previous MTFS is a revised assumption that the Council will continue to retain 100% Business Rates income from Renewables, and this has been reflected in the table below. It is also worth noting that even if the current treatment of existing Renewables is revised, new Renewable hereditaments are coming online during the MTFS period.

| Business Rates Income | Original 2021/22 £'000 | Revised 2021/22 £'000 | Estimate 2022/23 £'000 | Estimate 2023/24 £'000 | Estimate 2024/25 £'000 | Estimate 2025/26 £'000 |
|--|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Business Rates Income | (8,467) | (7,598) | (6,158) | (7,205) | (7,349) | (7,496) |
| Business Rates Renewables | (1,129) | (1,129) | (1,203) | (1,253) | (1,278) | (1,303) |
| Total Business Rates Income | (9,596) | (8,727) | (7,361) | (8,458) | (8,627) | (8,799) |
| Share of Pooling Benefit | (2,918) | (3,386) | (1,861) | 0 | 0 | 0 |
| Section 31 Grant | (4,338) | (13,506) | (8,655) | (4,466) | (4,555) | (4,647) |
| Total Income Relating to Business Rates | (16,852) | (25,619) | (17,877) | (12,924) | (13,182) | (13,446) |
| Change to Budget | 0 | (8,767) | (5,928) | (737) | (750) | (1,014) |

Council Tax

- 4.22 Council Tax is one of the Council's most important and stable income streams, funding approximately 50% of the net budget requirement of the Council. For Shire District Councils in two-tier areas, the referendum limit for 2021/22 was the higher of 2% or £5 and this referendum limit has been confirmed for 2022/23 in the Final Local Government Finance Settlement.
- 4.23 **Council Tax Base** – The CTB1 Council Tax Base Return was submitted to Government on 13 October 2021.
- 4.24 The increase in the tax base for East Suffolk is currently estimated to be 1,684.00 (1.93%) Band D equivalent properties, increasing the overall tax base for East Suffolk from 87,339.43 to 89,023.43 for 2022/23. This equates to around £0.288m of additional Council Tax income to the Council based on the current District Band D Council Tax of £171.27.
- 4.25 The 2022/23 Council Tax Base at **Appendix A2** was approved by Cabinet on 7 December 2021.
- 4.26 **District Band D Council Tax 2022/23** – An increase of £4.95 for 2022/23 would equate to a District Band D Council Tax for East Suffolk of £176.22 and generate approximately £0.441m of additional income for East Suffolk. Total income from Council Tax would be £15.69m for 2022/23.
- 4.27 Based on the above information, the table below sets out the estimated Council Tax income and current assumptions for Council Tax included in the MTFS.

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

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

- 4.28 The February 2021 MTFS for 2022/23 had assumed growth to the tax base of 1%. The additional growth of 0.93% equates to approximately £0.138m of additional income. From 2023/24 a cautious approach has been taken to growth in the overall Tax Base and this is forecast to fall for the remainder of the MTFS period. This is based on a combination of development site completions levelling off, and prudent assumptions regarding LCTRS reliefs and collection rates.
- 4.29 **Council Tax Collection Fund** – As mentioned in 4.17, Regulations were implemented on 1 December 2020 that the repayment Collection Fund deficits arising in 2020/21, will be spread over three years rather than the usual period of a year.
- 4.30 The Council Tax Collection Fund Deficit for 2021/22 is £1.262m, with East Suffolk's share equating to £0.170m. The remaining balance of the deficit is shared by Suffolk County Council and the Police and Crime Commissioner for Suffolk. Following the implementation of the Regulations detailed in paragraph 4.17, the deficit relating to the current year has been partly spread into 2022/23 and 2023/24, £0.032m in each year.
- 4.31 The current estimate for the Council Tax Collection Fund for 2022/23 is a surplus of £1.724m, with East Suffolk's share equating to £0.223m. The remaining balance of the surplus is shared by Suffolk County Council and the Police and Crime Commissioner for Suffolk.
- 4.32 The Council's share of the Council Tax Deficit for 2021/22 and 2022/23 is profiled over the MTFS as follows;

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

**Refer to paragraph 4.29 above.*

New Homes Bonus (NHB)

- 4.33 The Government established the New Homes Bonus (NHB) in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. NHB is funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the New Homes Bonus is to ensure that the economic benefits of growth

are returned to local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.

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

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

- 4.37 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.
- 4.38 **Appendix A3** sets out the current position on the NHB Reserve and the proposed use of NHB funding for East Suffolk Council. This is summarised in the table below.

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

5 MEDIUM TERM FINANCIAL POSITION

MTFS Forecasts 2021/22 to 2025/26

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

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

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

| Budget Area to be Monitored | Areas Impact | Nature of Impact | Timing of Impact |
|--|--|--|--|
| NI increase 21/22 and introduction of the Health & Social Care Levy. | Council staffing costs and its Partners. | Estimated cost for the General Fund is £0330m per annum from 2022/23. For the Operations Partnership (Norse) the financial impact is approximately £0.123m. | Impacts from 2022/23 onwards. |
| Partnership fee to be agreed for 2021/22 and the MTFS period. | Operations - partnership fee. | Increased partnership fee. | Impacts 2021/22 and ongoing budgets. |
| Fuel price increase. | Operations and HRA - partnership fee. | Increased partnership fee. | Impact in second half of 2021/22 and potentially into 2022/23. |
| Energy price increase. | Council properties and Partners. | Leisure facilities have seen a significant increase in utility costs which is expected to reduce in the latter part of 2021/22. This will continue to be closely monitoring through monthly reporting. Gas and electricity budgets for Council property have been increased by 10% from 2021/22 to 2022/23, this amounts to approximately £0.050m. | Impact in second half of 2021/22 and potentially into 2022/23. |
| National pay award for 2021/22 is not yet agreed. | Council staffing costs and its partners. | Current budget assumption is for a 2% increase for Council staffing costs, which is approximately £0.600m. The impact will therefore depend on whether the agreed pay award is more or less than this assumption. | Impact in 2021/22 and future years. |

| | | | |
|--|---|--|--|
| General inflation increased, material shortages. | Partnership – Operations and Council contracts. | The Council’s financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. | Impact from 2022. |
| Workforce pay pressure/grade inflation. | Council staffing costs and partnership costs. | Council staffing costs have increased over the MTFS by £1.4m to £2.m per annum. See paragraphs 5.21 to 5.26. | Impact being seen in the current year. |
| Review of Essential Car User Allowance. | Council staffing costs. | Annual saving of £0.062m. | From January 2022. |

5.2 The MTFS was last updated in February 2021. A summary analysis of the key movements 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 |
| Net Total - February 2022 | 0 | (5,442) | (796) | 387 | 40 |

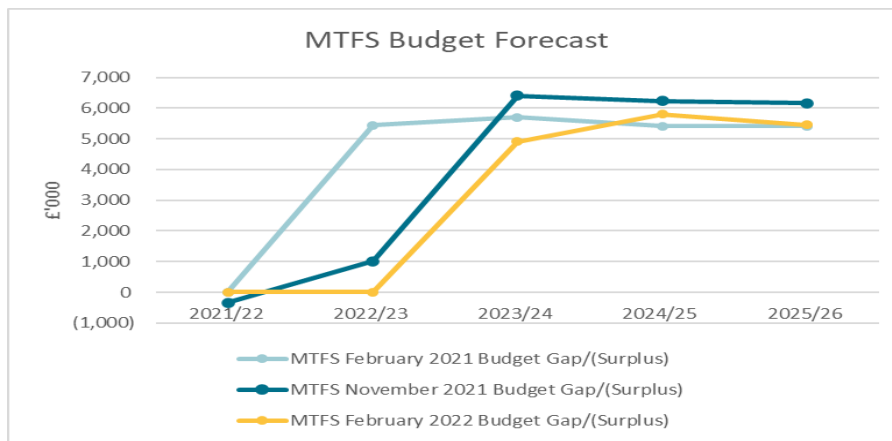
5.3 **Appendix A5** provides a visual analysis of the key updates across the MTFS period by Strategic Theme (ST) / Other Factors.

5.4 The original budget for the current year required £1.955m use of the In-Year Savings Reserve to balance the budget. However, following in-year updates to the budget this need has reduced to £1.381m as a result of additional savings and income.

5.5 As of February 2021, the budget gap reported for 2022/23 was £5.4m. The Council has been able to close this gap and achieve a balanced budget, predominately assisted by the deferral of the Business Rates system for at least one more year. East Suffolk is in an advantageous position under the current system and deferral of the reform by another year will enable the Council to benefit in the region of £3m in 2022/23. Following the completion of the NNDR1 return for 2022/23 the Council is in a position to transfer £0.549m to the In-Year Savings Reserve.

5.6 The updated MTFS position as of February 2021, November 2021 and February 2022 is shown in **Figure 4** below. The forecast budget gap primarily results from the probable changes to the local government finance system in 2023/24, together with notable increases from 2024/25 with pressure arising from establishment costs and capital charges associated with the Capital Programme. The level of this gap is subject to significant uncertainty due to the local government finance reforms, and this position is unlikely to become clearer until during the course of next year. However, it is likely that a combination of actions will be needed ensure a longer term sustainable position including a phased use of reserves, maximisation of income, and the achievement of savings. These will need to be worked up over the coming year, as it is increasingly likely that funding reforms will finally be implemented in 2023/24.

Figure 4



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

Budget Planning Assumptions

5.7 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> | 10% 2022/23, 2.5% 2023/24 onwards |
| Fees & Charges | Inflation is applied where appropriate - 2.9% |
| Staffing Costs | 2% per annum plus incremental progression from 2021/22 2% per annum of staffing costs for vacancy allowance |
| Investment Income | 0.22% Term Investments (average as of September 2021) 0.05% Call Account 3.91% Property Fund (as of October 2021) 2.60% Diversified Income Fund (as of September 2021) |

Covid Impact

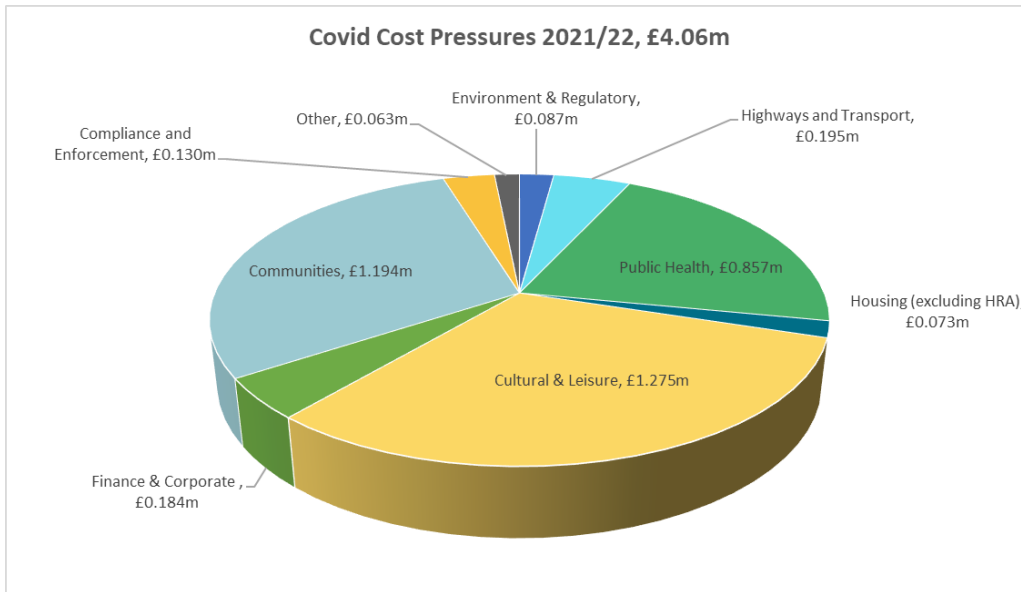
5.8 In the current financial year there continues to be financial implications due to Covid, with additional costs and lost income.

5.9 **Figure 5** below categorises known and estimated cost pressures for the current financial year. This currently totals £4.06m. There continues to be significant support to communities, and this is funded externally, primarily by Suffolk County Council. This consists of funding brought forward from 2020/21 as well as additional funding received in the current year. Leisure remains an area of high Covid cost.

5.10 It is currently estimated that the net impact of Covid cost pressures (after funding) could be in the region of £0.250m less than budgeted. As the cost pressure is fully funded from various Covid funding streams this will not translate to a benefit to the General Fund bottom-line, but instead lead to more Covid core funding remaining at the end of the year. As mentioned earlier in the report, the Local Government Settlement did not announce any new Covid funding for local authorities.

5.11 For the MTFS no assumptions have been made for further cost pressures in 2022/23 and beyond.

Figure 5



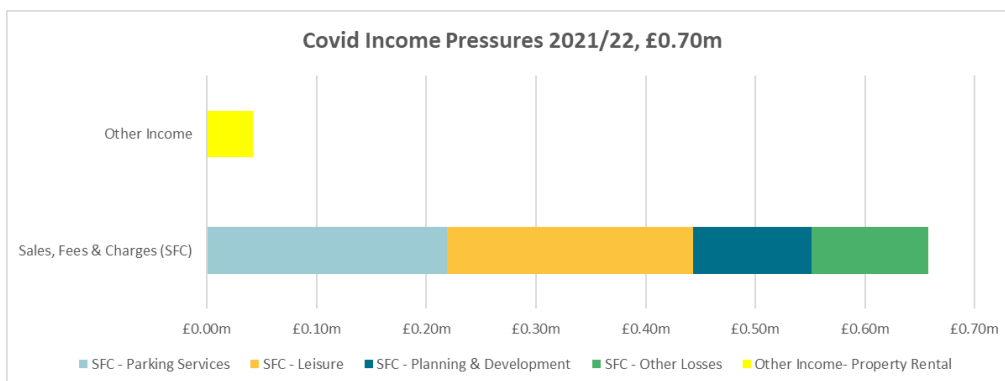
5.12 In the previous financial year, £0.293m was saved on staff/member travel costs – mileage claims, use of public transport and hire of vehicles and a permanent reduction of £0.100m was made to the budget. Current year forecasts indicate that the saving is likely to be in the region of £0.200m, a further £0.100m benefit to the General Fund.

5.13 **Figure 6** below categorises income pressures for the current financial year. This is presently estimated at £0.700m and below the budget provision of £1.3m. Car parking and leisure remain the areas most affected.

5.14 Losses on Sales, Fees and Charges (SFC) income accounts for 94% of the total income loss due to Covid. The Government’s compensation scheme has continued only for the first quarter of 2021/22 and a claim has been submitted for £0.438m. There are no indications for this scheme continuing beyond this date.

5.15 For 2022/23 onwards, the MTFS has not been adjusted further for income losses due to Covid. Income areas such as Car Parking are assumed to return to pre-pandemic levels.

Figure 6



Goods & Services – Inflationary Pressures

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

Fees and Charges

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

Interest Payable and Receivable

- 5.19 **Interest Payable** - The budget for debt interest over the MTFS period has been reduced by £0.815m over the MTFS as a consequence of planned maturity loan repayments during the final quarter of 2021/22. Where the capital programme requires future additional borrowing, the budget will be updated as and when projects are completed and actual borrowing is known.
- 5.20 **Interest Receivable** - The budget for investment income over the MTFS period is £0.650m and is based on an average investment portfolio of £110 million at an average interest rate of 0.59%. The economic backdrop of rising inflation and an unpredicted Bank of England increase in base rate from 0.10% to 0.25% in December 2021 provides a challenging budget scenario for short term investments. Fluctuations in market rates driven by the markets prediction of changes to the base rate combined with many Councils still holding Covid-19 grant balances providing surplus cash for investment in turn drives down achievable investment rates which in turn reflects in a volatile investment market. The Council's Long Term externally managed pooled investment funds (Property & Multi Asset) have held up well through the ongoing pressures of Covid-19 with rates of return being maintained at around 4%. The Council has chosen a prudent basis for budgeting given the fluctuations and unpredictability over the coming months.

Establishment Costs

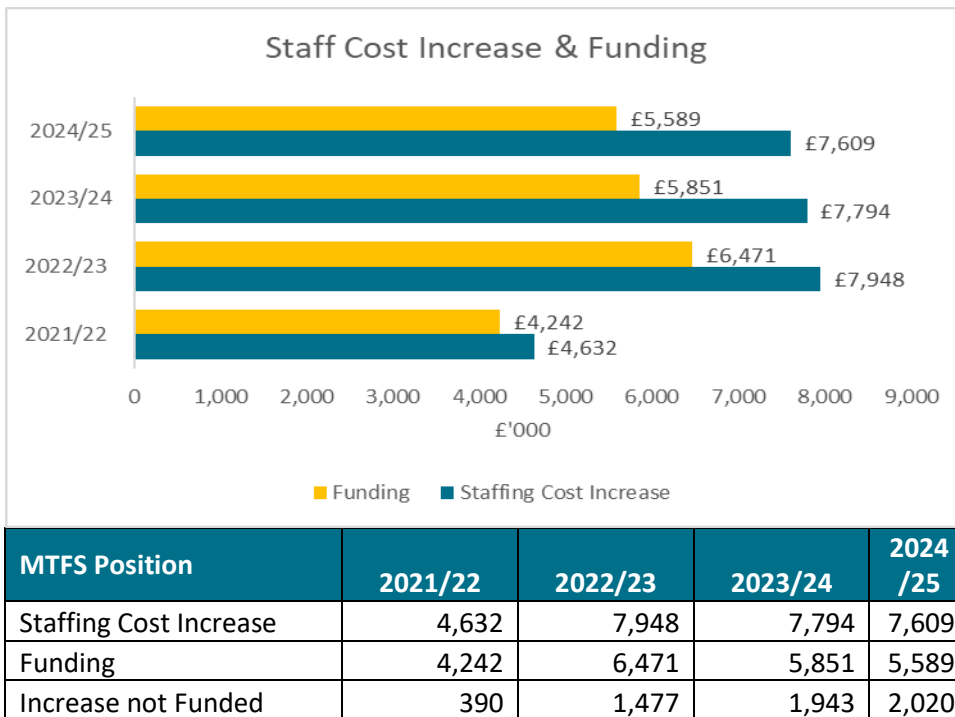
- 5.21 Establishment costs are the single largest revenue cost for the Council and represents 50% of its total direct expenditure. Total establishment costs of direct employers (basic pay plus on-costs for National Insurance and Employer Superannuation) is £37.2m. As **Figure 7** below illustrates, on-costs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

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

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

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

Figure 8



5.23 An annual vacancy allowance for staffing is included in the budget. This represents the natural turnover of staff, and the period of time posts remain unfilled during the recruitment process. Due to the staffing base increasing the vacancy allowance has been reviewed. Based on prior year outturns, the vacancy allowance averages 2% of the total staffing budget per annum. This is approximately £0.600m per annum from 2022/23, excluding Port Health. This is an increase of £0.300m on the original allowance and translates into a saving for the budget. This budget adjustment can be off-set against the increases in **Figure 8** above.

- 5.24 **Public Sector Pay** - The indication from the Spending Review is a “return to normal pay setting process” for public sector workers, with the government seeking “recommendations from Pay Review Bodies where applicable”. This is likely to place more pressure on local government budgets. The updated MTFs continues to assume pay awards of 2% per annum. A 1% pay award presents an increase of approximately £0.300m to the General Fund, excluding Port Health for which a 1% increase is approximately £0.070m. The 2021/22 pay award for Chief Officers was confirmed at 1.5% on 3 February 2022. The 2021/22 pay claim for National Joint Council (NJC) staff below Chief Officers, had still not been settled as of 3 February 2022.
- 5.25 **National Insurance Contribution Increase** – Also referred to as the Health and Social Care Levy, the Government is increasing the Employer National Insurance Contribution by 1.25% from April 2022. In the Spending Review it was indicated that public sector bodies will receive compensation for any additional contributions paid and the Treasury has set aside £1.7bn to £1.8bn every year to pay compensation. As per the Local Government Settlement, the new one-off Services Grants for 2022/23 (paragraph 4.9 and 4.10) includes funding for local government for this increased cost. The MTFs assumes no additional funding at this time. The Employer National Insurance increase of 1.25% is £0.330m to the General Fund (excluding Port Health) and is included in the figures presented in **Figures 8 and 9** above.
- 5.26 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2019. The employers pension contribution rate for 2021/22 and 2022/23 is 33% and 32% respectively. There is no separate deficit payment, and instead it is incorporated into the primary rate - the employers contribution rate.

Green Agenda - Caring For Our Environment

- 5.27 The Council has pledged to be Carbon Neutral by 2030 and the Council’s Strategic Plan includes the theme of ‘Caring For Our Environment’. To delivery on these ambitions and priorities of the Council, inevitable requires investment without necessarily generating savings or additional income. That being said, the use of technology for homeworking and remote Committee meetings over the last two years, has reduced the need for staff and Members to travel and resulted in a saving to the Council of £0.200m per annum. This new way of working will continue post Covid which will see some level of saving continuing.
- 5.28 **Appendix A8** includes details of budgets and reserves specifically provided to assist with the delivery of the Council’s Green Agenda.

Other Pressures

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

Operations Partnership (Norse)

- 5.31 The current MTFs does not take into consideration the implications of the contract with Norse coming to a natural end in July 2023. This will be considered during the budget process in 2022/23.

6 RESERVES AND BALANCES

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

- a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
- b) deal promptly and efficiently with emergencies if they occur;
- c) take previously unseen opportunities to secure benefits that may arise during the year;
- d) mitigate reliance on volatile sources of funding;
- e) set money aside for known events but where the timing or precise amount required is not yet certain; and
- f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.

6.2 In addition to the General Fund Balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.

6.3 The Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves to mitigate potential future risks. As issues arise, the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated, and throughout the annual budget monitoring process as risks arise or become clearer.

General Fund Balance and Earmarked Reserves

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

6.5 Further use of the General Fund balance will be evaluated against an assessment of risk, to ensure financial sustainability for the Council is maintained, whilst supporting the strategy direction and ambitions of the Council. The current update of the MTFs does not include use of the General Fund balance.

6.6 One of the key underpinning financial principles of the MTFs is to not use the Council's Reserves (and other one-off resources) as a primary method to balance the ongoing pressures in the budget. Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

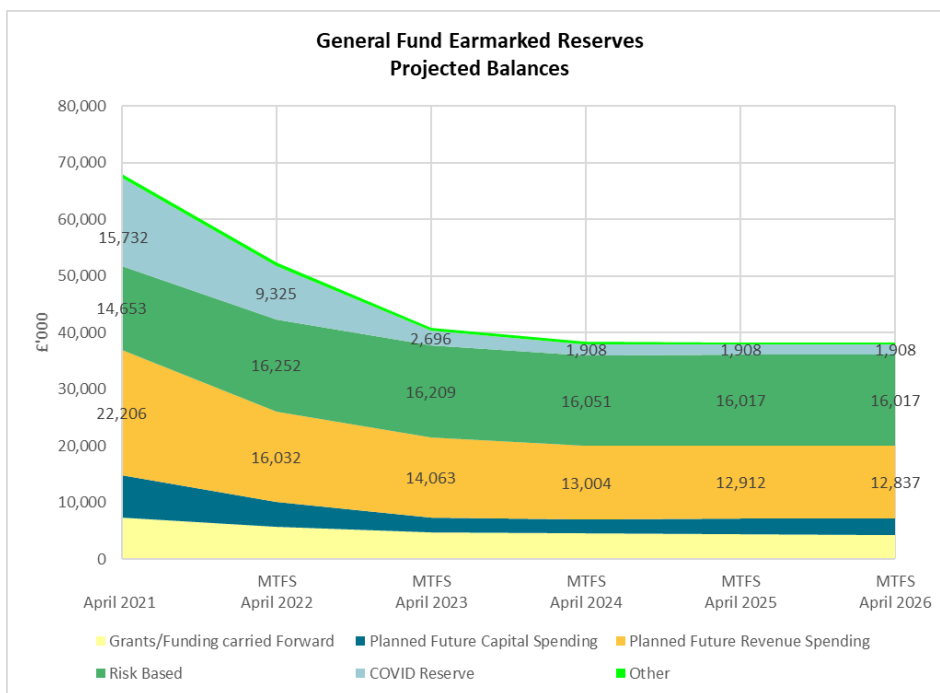
6.7 The opening balances for 2021/22 are subject to conclusion of the external audit review for 2020/21.

6.8 The total balance of General Fund Earmarked Reserves was £68m (excluding Port Health) as of 1 April 2021. However, it should be noted that of this balance, £15.7m relates to a Covid Specific Reserve, the majority of which will be drawn down by March 2023. Earmarked Reserves are categorised into the following groups;

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

6.9 **Figure 9** below shows the current projections for the General Fund Earmarked Reserves over the MTFS, categorised as above. This summary includes use of the In-Year Savings Reserve (paragraph 5.4).

Figure 9



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

- The majority of the Covid Reserve is expected to be utilised over the next two years. This includes the release of £22m of Section 31 Grant to fund NDR Collection Fund deficits. This funding is in respect of Business Rates reliefs provided last year and in the current year in response to Covid. At the end of the current year, it is projected

for £1.7m to be remaining of the core Covid funding. This will be carried forward into 2022/23 and will be reviewed during the course of next year. Any balance remaining will be transferred to an appropriate reserve.

- The Business Rate Equalisation Reserve is the main reserve within the Risk Based Reserves. This reserve is held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The balance on this reserve as of April 2021 was £13.4m. £3.386m is transferred to this reserve in the current year, which includes the Suffolk Public Sector Leaders (SPSL) share of the Pooling Benefit, estimated at £1.533m. Excluding the SPSL share of the Pooling Benefit, the balance on this reserve is currently forecast to remain stable over the MTFS period at around £14.7m, and will provide an extremely important source of finance in meeting projected budget gaps.
- The Planned Revenue Spending Reserves contains some key individual reserves to highlight which are used to fund future budget gap pressures and projects and initiatives to support the delivery of the Strategic Plan. These are set out in the table below. With the exception of the New Homes Bonus Reserve, they all show balances declining with no further contributions to increase available funds.

| Reserves | April | MTFS | MTFS | MTFS | MTFS | MTFS |
|---|-------|-------|-------|-------|-------|-------|
| | 2021 | April | April | April | April | April |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Better Broadband | 507 | 7 | 7 | 7 | 7 | 7 |
| Business Rates Pilot | 2,194 | 1470 | 832 | 795 | 758 | 721 |
| In-Year Savings | 4,319 | 2,178 | 2,727 | 2,727 | 2,727 | 2,727 |
| New Homes Bonus (NHB) | 6,064 | 4,772 | 4,764 | 4,669 | 4,573 | 4,496 |
| Transformation - Core | 167 | 0 | 0 | 0 | 0 | 0 |
| Transformation - Digital | 658 | 209 | 156 | 122 | 142 | 162 |
| Transformation - Environmental | 500 | 500 | 500 | 500 | 500 | 500 |
| Transformation - Financial Sustainability | 1,892 | 1,650 | 639 | 406 | 406 | 406 |

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

7 CAPITAL STRATEGY

7.1 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy for the period 2022/23 to 2025/26 was considered by the Audit & Governance Committee and Cabinet before approval by Full Council on 26 January 2022. Capital planning is about financial investment on the purchase of new assets, the creation of new assets and enhancing and/or extending the useful life of existing assets. The Council aims to achieve the optimum balance between the future needs of East Suffolk, including the need to drive growth, whilst ensuring affordability in the short and long term. Key principles include:

- Developing asset and capital strategies that facilitate a long-term approach to decision-making.
- Ensuring that assets are only held as needed to achieve Council objectives.
- Maximising efficiency in the management and use of assets.

- Ensuring that pressure to achieve short-term savings does not compromise the value of assets through lack of investment.
- Ensuring that capital investment is targeted where it will achieve the greatest long-term benefit.

7.2 Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a major priority. The current Asset Management Strategy was approved in July 2019, broken down into four key components:

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

7.3 For the purposes of setting the budget for 2022/23 and medium-term financial planning, the current rolling Capital Programme has been updated to reflect existing projects and the latest capital investment plans for the period 2021/22 to 2025/26.

Capital Programme

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

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

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

7.6 Where required, capital projects are supported by a detailed business case, which demonstrates a set of clear objectives and measurable benefits, as well as detailed financial implications. This includes the on-going revenue implications of a capital project, to ensure these are built into the MTFS revenue assumptions.

7.7 Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the Senior Management Team.

7.8 The 2022/23 Capital Programme was considered by Cabinet at its meeting on 4 January 2022 and approved by Full Council on 26 January 2022.

EAST SUFFOLK MEDIUM TERM FINANCIAL STRATEGY - KEY PRINCIPLES**1 PRIORITIES, AIMS AND OBJECTIVES**

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

2 STRATEGY OBJECTIVES

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

3 STRATEGY PRINCIPLES

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

General

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

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

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

General Fund (Revenue)

3.2 In relation to its revenue budgets the Council will:

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

Capital

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

Balances and Reserves

- 3.4 In relation to its balances and earmarked reserves, the Council will:
- each year maintain the level of General Fund balances at around 3% - 5% of its budgeted gross expenditure. This would lead the Council to maintain a General Fund balance in a range of around £4 million to £6 million.
 - have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
 - review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and
 - return reserve balances no longer required to the General Fund as appropriate.

Treasury Management and Investment

- 3.5 The Council will:
- a) having regard to risk, maximise investment income and minimise borrowing costs within the overall framework set out in the Council's annual Treasury Management and Investment Strategy; and

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

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

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

| RISKS | PROBABILITY HIGH (H) MEDIUM (M) LOW (L) | IMPACT HIGH (H) MEDIUM (M) LOW (L) | MITIGATING ACTIONS |
|--|---|---|--|
| <p align="center">Strategic Risks</p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council’s budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Local Government funding is under continuous pressure and review. Failure to respond to these funding pressures may adversely impact on the Council’s ability to service delivery.</p> <p>Budget pressures arising from housing, economic, social and other demographic changes.</p> | <p align="center">L</p> <p align="center">M</p> <p align="center">H</p> <p align="center">H</p> | <p align="center">H</p> <p align="center">H</p> <p align="center">H</p> <p align="center">H</p> | <p>Continually monitor and refine the strategy in line with changing influences. 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 align="center">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 align="center">H</p> | <p align="center">H</p> | <p>Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.</p> |

| RISKS | PROBABILITY HIGH (H) MEDIUM (M) LOW (L) | IMPACT HIGH (H) MEDIUM (M) LOW (L) | MITIGATING ACTIONS |
|---|--|---|--|
| <p>Uncertainty surrounding the Government's change agenda including, business rates and welfare reform over the medium term.</p> | <p>H</p> | <p>H</p> | <p>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.</p> |
| <p>Budget pressures from demand led services and income variances reflecting the wider economy.</p> | <p>H</p> | <p>H</p> | <p>Monitor pressures throughout the budget process and take timely actions.</p> |
| <p>Costs arising from the triennial review of the Local Government Pension Scheme.</p> | <p>M</p> | <p>M</p> | <p>Review and monitor information from Government and actuaries. Update forecasts as necessary.</p> |
| <p>Interest rate exposure on investments and borrowing.</p> | <p>H</p> | <p>M</p> | <p>Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.</p> |
| <p style="text-align: center;">Information</p> | | | |
| <p>The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.</p> | <p>H</p> | <p>M</p> | <p>Key assumptions made are regularly reviewed from a variety of sources. Forecasts are updated as necessary.</p> |
| <p style="text-align: center;">Operational</p> | | | |
| <p>The Council has entered into strategic partnerships and contracts and is therefore susceptible to economic, social and demographic changes</p> | <p>H</p> | <p>H</p> | <p>Effective negotiation, sound governance arrangements and reviews of partnerships performance.</p> |
| <p>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.</p> | <p>M</p> | <p>H</p> | <p>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.</p> |

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

EAST SUFFOLK COUNCIL TAX BASE 2022/23

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

EAST SUFFOLK COUNCIL TAX BASE 2022/23

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

EAST SUFFOLK COUNCIL TAX BASE 2022/23

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

EAST SUFFOLK COUNCIL TAX BASE 2022/23

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

NHB RESERVE SUMMARY 2021/22 TO 2025/26

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

MTFS KEY MOVEMENTS

APPENDIX A4

| MTFS Update | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total over MTFS period | Strategic Theme/Other Factors | Comments |
|---|----------------|----------------|----------------|----------------|----------------|---------------------------|-----------------------------------|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | | |
| Additional Cost | | | | | | | | |
| Beach hut project (Felixstowe) revenue costs of capital project | 126 | 0 | 0 | 0 | 0 | 126 | Growing our Economy | Project costs that can not be capitalised. |
| Planned preventative maintenance | (87) | 466 | (65) | (65) | (65) | 184 | Remaining Financially Sustainable | An assessment has been carried out of all assets. This is a catch up programme in 22/23. |
| Gunton beach survey and site investigation regarding | 45 | 0 | 0 | 0 | 0 | 45 | Public Health & Safety | Works is necessary due to increased exposure of oil deposits on Gunton Beach. Funded from Reserves. |
| Felixstowe North leisure centre revenue costs of capital project | 95 | 0 | 0 | 0 | 0 | 95 | Growing our Economy | Project costs that can not be capitalised. |
| Review of place-based initiatives | 111 | 185 | 185 | 0 | 0 | 481 | Growing our Economy | Separate Cabinet Report in July 2021, fully funded from reserves - approved. |
| Fleet decarbonisation, move to Hydrotreated Vegetable Oil (HVO) fuel | 28 | 388 | 0 | 0 | 0 | 416 | Caring for our Environment | Separate Cabinet Report in September 2021. Cost is net of fuel budget transfer from Operational Partner. |
| Operational Partnerships | 418 | (173) | 0 | 0 | 0 | 245 | Economic Impact | Pay grade inflationary pressure and rising fuel costs. |
| First Light festival 2022 | 0 | 86 | 0 | 0 | 0 | 86 | Growing our Economy | Separate Cabinet Report in September 2021 - approved. |
| Extension of East Suffolk Youth Employment Service | 57 | 115 | 57 | 0 | 0 | 229 | Growing our Economy | Separate Cabinet Report in September 2021, fully funded from reserves - approved. |
| Funding for disability information, advice and support services in East Suffolk | 13 | 13 | 13 | 13 | 13 | 65 | Enabling our Communities | Separate Cabinet Report in October 2021 - approved. |
| Funding for rural youth provision | 0 | 51 | 51 | 0 | 0 | 102 | Enabling our Communities | Separate Cabinet Report in November 2021, fully funded from reserves - approved. |
| Ringo charges | 141 | 146 | 149 | 151 | 151 | 738 | Pandemic Impact | Increased use of the service during the pandemic and expected to continue. |
| Business Rates roll forward of budget | 0 | 0 | 0 | 0 | 36 | 36 | Government Policy | Roll forward of 2024/25 budget to 2025/26. |
| Business Rates | 89 | 70 | 72 | 81 | 83 | 395 | Government Policy | Primarily annual increase allowance of 3% |
| Environmental challenge/climate change | 0 | 72 | 75 | 78 | 81 | 306 | Caring for our Environment | Investing in resources to deliver this work. |
| Cultural development programme | 0 | 100 | 0 | 0 | 0 | 100 | Growing our Economy | Separate Cabinet Report in September 2021, fully funded from reserves - approved. |
| Payment relating to 2020/21 | 131 | 0 | 0 | 0 | 0 | 131 | Other | Missed accrual from 2020/21. |
| Investment/interest income | 96 | 57 | 37 | 32 | 37 | 259 | Other | Adjustment to the HRA share due to increased HRA balances. |
| Health & Social Care Levy | 0 | 323 | 326 | 326 | 330 | 1,305 | Government Policy | New levy (1.25% increase) from April 2022. |
| Establishment costs | 390 | 1,154 | 1,617 | 1,694 | 2,187 | 7,042 | Resourcing Impact | Net increase in staffing costs, i.e. after funding has been accounted for. |
| ICT software and broadband costs | 50 | 50 | 50 | 50 | 50 | 250 | Resourcing Impact | Allowance for increased staffing. |
| Capital charges | (137) | (362) | (207) | 441 | 561 | 296 | Capital Charges | To reflect the updated Capital Programme. |
| | 1,566 | 2,741 | 2,360 | 2,801 | 3,464 | 12,932 | | |
| Additional Income | | | | | | | | |
| Support recharges to Port Health | (193) | (193) | (193) | (57) | (57) | (693) | Remaining Financially Sustainable | Increased Support Recharge to Port Health. |
| Investment in Moor Business Park and the Leiston and Riverside Business Cen | (230) | (230) | (230) | (230) | (230) | (1,150) | Remaining Financially Sustainable | Additional net income not captured at the last MTFS update. |
| Housing Benefit administration grants | (86) | (82) | (79) | (61) | (61) | (369) | Government Policy | A revision to forecasts for grants due to the Council based on DWP data. |
| Bulky waste income | (50) | (50) | (50) | (50) | (50) | (250) | Pandemic Impact | Increase in demand for the bulky waste service. |
| East Point Pavilion | 0 | 55 | (31) | (36) | (43) | (55) | Growing our Economy | Project to bring the East Point Pavilion back into use - approved. |
| Business Rates Suffolk Pooling Benefit | (468) | (1,861) | 0 | 0 | 0 | (2,329) | Government Policy | Assumed a continuation of current regime for next year but a baseline reset from 2023/24. |
| Business Rates Income, including Section 31 Grant | (8,299) | (4,067) | (736) | (750) | (1,014) | (14,866) | Government Policy | Assumed a continuation of current regime for next year but a baseline reset from 2023/24. |
| Council Tax Collection Fund (surplus)/deficit | 0 | (191) | 0 | 0 | 0 | (191) | Remaining Financially Sustainable | The growth in the tax base has been better than originally forecast. |
| Council Tax income | 0 | (143) | (136) | (41) | (554) | (874) | Remaining Financially Sustainable | The growth in the tax base has been better than originally forecast. |
| New Burdens funding for Covid Business Grant administration | (180) | 0 | 0 | 0 | 0 | (180) | Government Policy | Funding for the administrative cost of the Restart, Additional Restrictions and Omicron Grants. |
| Planning application income | (100) | (100) | (100) | (100) | (100) | (500) | Pandemic Impact | Planning application activity has not been affected to the extend as original forecast. |
| Government Services Grant 2022/23 and Transition Funding | 0 | (477) | (477) | (477) | (477) | (1,908) | Government Policy | New one-off Government grant in 2022/23 and assumed transition funding thereafter. |
| NHB - Additional one off payment to be received in 2022/23 | 0 | (1,124) | 0 | 0 | 0 | (1,124) | Government Policy | One Year allocation, transferred to the NHB Reserve in 2022/23. |
| Green waste subscription income | 0 | (84) | (84) | (84) | (84) | (336) | Remaining Financially Sustainable | Increase green waste subscription charge by £2 in 22/23 (42,000 subscriptions). |
| | (9,606) | (8,547) | (2,116) | (1,886) | (2,670) | (24,825) | | |
| Reduced Income | | | | | | | | |
| Jubilee Terrace beach hut project | 86 | 0 | 0 | 0 | 0 | 86 | Growing our Economy | Income forecasted for 2021/22 will not be realised due to a delayed start with the project. |
| Rental income | 54 | 0 | 0 | 0 | 0 | 54 | Pandemic Impact | Temporary reduction due to the impact of Covid. |
| Land Charges income, except for Con29 income | 0 | 212 | 283 | 283 | 283 | 1,061 | Government Policy | The income is due to transfer is to HM Land Registry in 2023 but the Council will continue to be responsible for the administration. Partial funding from reserves until 2024/25. |
| Business Rates Collection Fund (surplus)/deficit | 0 | 5,608 | 0 | 0 | 0 | 5,608 | Government Policy | To be funded from Covid Related S31 Grant re Business Rate Reliefs (held in the Covid Reserve). |
| | 140 | 5,820 | 283 | 283 | 283 | 6,809 | | |
| Savings | | | | | | | | |
| Staff & Member travel costs | (100) | (50) | (50) | (50) | (50) | (300) | Pandemic Impact | Further savings due to homeworking and use of technology for remote meetings. |
| Leisure centres management fee | (430) | 0 | 0 | 0 | 0 | (430) | Pandemic Impact | The return of customers to the leisure centres has been much better than expected. |
| Review of Staff Essential Car User (ECU) Allowance | (15) | (62) | (62) | (62) | (62) | (263) | Remaining Financially Sustainable | Review of the ECU allowance across the Council. |
| Corporate contingency budget | (151) | (190) | (190) | (190) | (190) | (911) | Remaining Financially Sustainable | Contingency provision provided by Reserves. |
| Staffing vacancy allowance | (248) | (297) | (299) | (300) | (304) | (1,448) | Remaining Financially Sustainable | 2% of total staffing cost. Increase reflects overall increase in staffing costs. |
| Leisure activities | (150) | (150) | (150) | (150) | (150) | (750) | Remaining Financially Sustainable | Budget for play areas transferred to Operations Partner (previously managed by leisure provider (North)). |
| PWLB loan interest | (15) | (95) | (179) | (263) | (263) | (815) | Economic Impact | Planned maturity loan repayments during the final quarter of 2021/22. |
| Other variances | (119) | (226) | (100) | 204 | (18) | (259) | Other | Total of other net changes to the budgets. |
| | (1,228) | (1,070) | (1,030) | (811) | (1,037) | (5,176) | | |
| Use of Reserves | | | | | | | | |
| Use of reserves | 8,554 | (4,935) | (293) | 0 | 0 | 3,326 | Use of Reserves | Agreed use of reserves to fund specific cost pressures identified above. |
| Use of reserves to balance the budget | 574 | 549 | 0 | 0 | 0 | 1,123 | Use of Reserves | Use of the In-Year Savings Reserve. |
| | 9,128 | (4,386) | (293) | 0 | 0 | 4,449 | | |
| Net Total of MTFS Updates - February 2022 | 0 | (5,442) | (796) | 387 | 40 | | | |

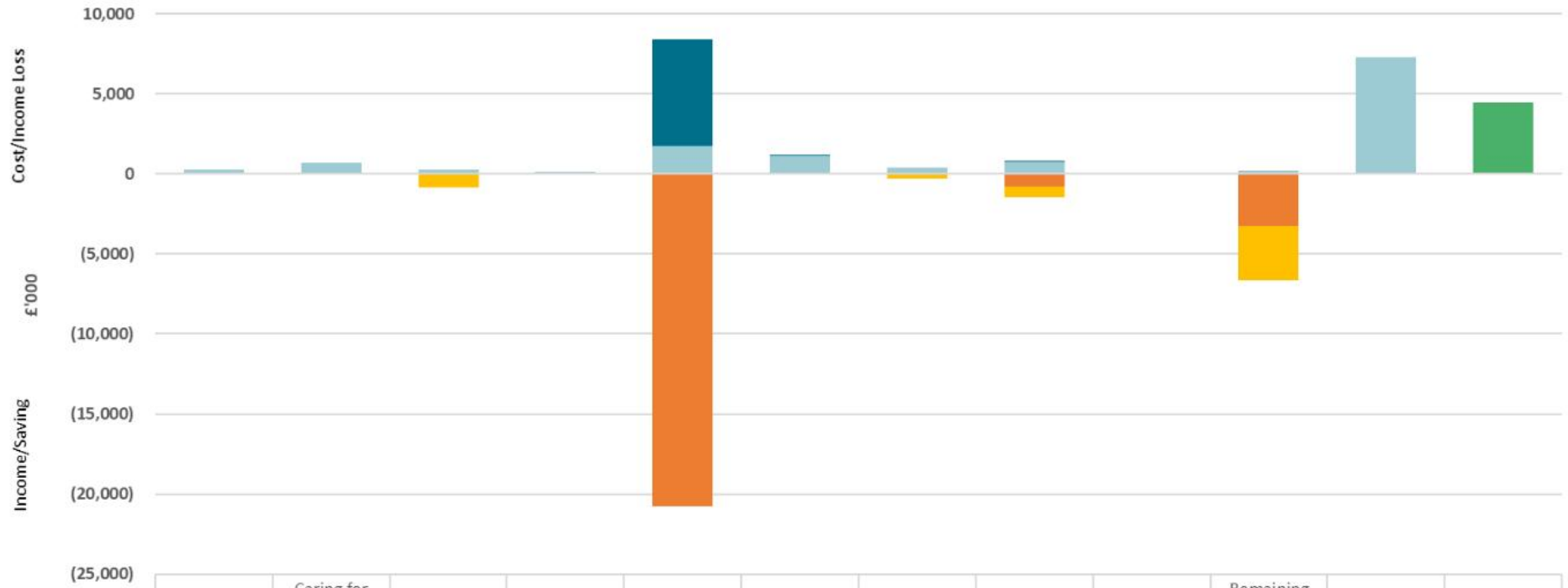
Memorandum Note

Budget updates since the Cabinet meeting on 1 February 2022.

The below figures are included in the analysis on the previous page

| MTFS Update - Since Cabinet on 1 February 2022 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | Total over MTFS period £'000 | Strategic Theme/Other Factors | Comments |
|--|------------------|------------------|------------------|------------------|------------------|------------------------------------|-------------------------------|--|
| Other variances | 68 | (93) | (94) | (95) | (57) | (271) | Other | Total of other net changes to the budgets. |
| Additional Income | | | | | | | | |
| New Burdens funding for Covid Business Grant administration | (26) | 0 | 0 | 0 | 0 | (26) | Government Policy | Funding for the administrative cost of the Covid Restart and Additional Restrictions Grants. |
| Business Rates Income, including Section 31 Grant | (2,419) | (952) | 0 | 0 | 0 | (3,371) | Government Policy | Assumed a continuation of current regime for next year but a baseline reset from 2023/24. |
| Business Rates Suffolk Pooling Benefit | (468) | (32) | 0 | 0 | 0 | (500) | Government Policy | Assumed a continuation of current regime for next year but a baseline reset from 2023/24. |
| Reduced Income | | | | | | | | |
| Business Rates Collection Fund (surplus)/deficit | 0 | 3,238 | 0 | 0 | 0 | 3,238 | Government Policy | To be funded from Covid Related S31 Grant re Business Rate Reliefs (held in the Covid Reserve) . |
| Additional Cost | | | | | | | | |
| Fleet decarbonisation, move to Hydrotreated Vegetable Oil (HVO) fuel | 28 | 388 | 0 | 0 | 0 | 416 | Caring for our Environment | Separate Cabinet Report in September 2021. Cost is net of fuel budget transfer from Operational Partner. |
| Operational Partnerships | 418 | (173) | 0 | 0 | 0 | 245 | Economic Impact | Pay grade inflationary pressure and rising fuel costs. |
| Use of Reserves | | | | | | | | |
| Use of reserves to balance the budget | (1,357) | 862 | 0 | 0 | 0 | (495) | Use of Reserves | Agreed use of reserves to fund specific cost pressures identified above. |
| Use of reserves | 3,756 | (3,238) | 0 | 0 | 0 | 518 | Use of Reserves | Use of the In-Year Savings Reserve. |
| Net Total of Updates | 0 | 0 | (94) | (95) | (57) | | | |

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



| | Capital Charges | Caring for our Environment (ST) | Economic Impact | Enabling our Communities (ST) | Government Policy | Growing our Economy (ST) | Other | Pandemic Impact | Public Health & Safety | Remaining Financially Sustainable (ST) | Resourcing Impact | Use of Reserves |
|---------------------|-----------------|---------------------------------|-----------------|-------------------------------|-------------------|--------------------------|-------|-----------------|------------------------|--|-------------------|-----------------|
| ■ Use of Reserves | | | | | | | | | | | | 4,449 |
| ■ Saving | | | (815) | | | | (259) | (730) | | (3,372) | | |
| ■ Reduced Income | | | | | 6,669 | 86 | | 54 | | | | |
| ■ Additional Income | | | | | (20,776) | (55) | | (750) | | (3,244) | | |
| ■ Additional Cost | 296 | 722 | 245 | 167 | 1,736 | 1,117 | 390 | 738 | 45 | 184 | 7,292 | |

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

| Service Area | Original | Revised | MTFS | MTFS | MTFS | MTFS |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021/22 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £ | £ | £ | £ | £ | £ |
| Senior and Corporate Management | 2,671,400 | 2,613,600 | 2,666,900 | 2,720,900 | 2,763,000 | 2,804,700 |
| Economic Development and Regeneration | 2,931,100 | 5,170,000 | 3,351,000 | 2,206,500 | 1,940,700 | 1,943,500 |
| Financial Services and Other Financial Transactions | 1,182,100 | 792,500 | 728,300 | 762,600 | 800,200 | 826,000 |
| Revenue and Benefits | 2,435,200 | 2,829,100 | 2,372,000 | 2,545,600 | 2,703,200 | 2,781,100 |
| Digital and Programme Management | 3,109,500 | 3,276,500 | 2,977,100 | 2,994,900 | 3,036,300 | 3,076,000 |
| Internal Audit Services | 559,400 | 536,700 | 543,400 | 542,900 | 558,900 | 572,600 |
| Human Resources | 755,700 | 771,500 | 864,100 | 804,300 | 740,800 | 687,500 |
| Legal and Democratic Services | 2,390,500 | 2,071,700 | 2,312,000 | 2,709,300 | 2,397,700 | 2,441,600 |
| Planning and Coastal Management | 3,350,000 | 3,740,200 | 4,411,800 | 4,619,900 | 4,852,500 | 4,864,200 |
| Customer Experience Strategic Management | 2,041,300 | 2,158,200 | 2,361,900 | 2,435,100 | 2,510,300 | 2,584,100 |
| Operations | 11,583,000 | 12,433,100 | 11,007,900 | 9,823,300 | 9,659,100 | 9,754,300 |
| Communities | 2,112,900 | 3,606,800 | 2,460,200 | 901,700 | 905,400 | 901,800 |
| Environmental Services and Port Health | 1,188,100 | 2,624,900 | 1,505,200 | (1,605,900) | (1,321,900) | (1,001,700) |
| Housing Services | 2,946,300 | 1,773,200 | 2,389,200 | 1,746,700 | 1,776,900 | 1,798,400 |
| Net Cost of Service | 39,256,500 | 44,398,000 | 39,951,000 | 33,207,800 | 33,323,100 | 34,034,100 |
| Non-Cost of Service Expenditure Adjustments | | | | | | |
| Direct Revenue Financing (DRF) | 5,114,200 | 5,037,000 | 3,020,000 | 1,375,000 | 675,000 | 805,000 |
| Revenue provision for the repayment of debt (MRP) | 1,196,500 | 1,060,000 | 1,265,000 | 1,735,000 | 2,455,000 | 2,575,000 |
| Recharges to the Housing Revenue Account (HRA) | (1,424,000) | (1,494,600) | (1,364,400) | (1,397,800) | (1,423,900) | (1,438,400) |
| Bad Debt Provision | 5,000 | (17,900) | 5,000 | 5,000 | 5,000 | 5,000 |
| Other Accounting Adjustments | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Other Operating Expenditure | | | | | | |
| Town & Parish Precepts | 6,397,600 | 6,397,600 | 6,748,500 | 6,748,500 | 6,748,500 | 6,748,500 |
| Council Tax Support Grant to Town & Parish Councils | 110,000 | 110,000 | 0 | 0 | 0 | 0 |
| Additional Local Restrictions Grant | 4,589,200 | 0 | 0 | 0 | 0 | 0 |
| Levies | 246,000 | 246,000 | 247,900 | 250,500 | 250,500 | 250,500 |
| Financing and Investment Income and Expenditure | | | | | | |
| Interest Payable | 415,000 | 400,000 | 320,000 | 236,000 | 152,000 | 152,000 |
| Interest Receivable | (650,000) | (650,000) | (650,000) | (650,000) | (650,000) | (650,000) |
| HRA Share of Interest Payable & Receivable | (84,800) | 11,400 | 12,700 | (4,000) | 30,400 | 75,900 |
| Investment Property Income & Expenditure | (120,400) | (180,200) | (181,500) | (181,500) | (181,500) | (181,500) |
| Other Financing Charges | 430,300 | 430,300 | 409,100 | 386,300 | 386,300 | 386,300 |
| Non-Specific Grant Income | | | | | | |
| New Homes Bonus | (1,176,500) | (1,176,500) | (1,648,700) | 0 | 0 | 0 |
| S31 Grant | (4,338,200) | (13,505,900) | (8,655,000) | (4,466,000) | (4,555,000) | (4,647,000) |
| Capital Grants | (16,400) | (24,900) | (6,400) | 0 | 0 | 0 |
| Other Non-Specific Grants | (1,734,900) | (1,734,900) | 0 | 0 | 0 | 0 |
| Net Budget Expenditure before Reserve Movements | 48,240,100 | 39,330,400 | 39,498,200 | 37,269,800 | 37,240,400 | 38,140,400 |
| Net Movements on Reserves | | | | | | |
| Use of Reserves for Services/Projects/Corporate | (7,364,700) | (7,150,300) | (4,434,700) | 1,311,200 | 2,259,700 | 1,839,000 |
| Use of Covid-19 Reserve | (11,233,400) | (6,406,700) | (6,629,000) | (788,200) | 0 | 0 |
| Use of Non-Covid Reserves for Collection Fund Deficits | (2,347,600) | 0 | 0 | 0 | 0 | 0 |
| Use of Reserves to Balance the Budget | (1,954,900) | (1,382,700) | 549,100 | 0 | 0 | 0 |
| Capital Reserves | (3,532,000) | (3,063,000) | (1,617,000) | (328,000) | 372,000 | 242,000 |
| Net Budget Expenditure After Reserve Movements | 21,807,500 | 21,327,700 | 27,366,600 | 37,464,800 | 39,872,100 | 40,221,400 |
| Financed By: | | | | | | |
| Council Tax Income (District Council) | (14,959,000) | (14,959,000) | (15,688,000) | (16,277,000) | (16,789,000) | (17,302,000) |
| Council Tax Income (Town & Parish Precepts) | (6,397,600) | (6,397,600) | (6,748,500) | (6,748,500) | (6,748,500) | (6,748,500) |
| Share of (Surplus)/Deficit on Collection Fund - Council Tax | 106,000 | 106,000 | (223,000) | 32,000 | 0 | 0 |
| Business Rates Income | (9,596,500) | (8,727,500) | (7,361,000) | (8,458,000) | (8,627,000) | (8,799,000) |
| Business Rates Pooling Benefit | (2,918,000) | (3,386,000) | (1,861,000) | 0 | 0 | 0 |
| Business Rates Income (EZ) | (521,700) | (443,400) | (490,300) | (490,300) | (490,300) | (490,300) |
| Share of (Surplus)/Deficit on Collection Fund - Business Rates | 13,821,000 | 13,821,000 | 6,393,000 | 785,000 | 0 | 0 |
| Local Council Tax Support Grant | (370,000) | (370,000) | 0 | 0 | 0 | 0 |
| Lower Tier Services Grant | (381,400) | (381,400) | (310,600) | (310,600) | (310,600) | (310,600) |
| Revenue Support Grant | (330,000) | (329,500) | (339,500) | (346,300) | (353,200) | (360,300) |
| Rural Services Delivery Grant | (260,300) | (260,300) | (260,300) | (265,500) | (270,800) | (276,200) |
| Services Grant/Transition Funding | 0 | 0 | (477,400) | (477,400) | (477,400) | (477,400) |
| Total Financing | (21,807,500) | (21,327,700) | (27,366,600) | (32,556,600) | (34,066,800) | (34,764,300) |
| Budget Shortfall / (Surplus) | 0 | 0 | 0 | 4,908,200 | 5,805,300 | 5,457,100 |

GENERAL FUND RESERVE SUMMARY 2021/22 TO 2025/26

| | | 2021/22 | | | 2022/23 | | | 2023/24 | | | 2024/25 | | | 2025/26 | | | |
|--|---------------------------------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|----------|
| | | Actual | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted |
| | | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing |
| | | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance |
| | | 31/03/21 | | | 31/3/22 | | | 31/3/23 | | | 31/3/24 | | | 31/3/25 | | | 31/3/26 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Reserve Group | | | | | | | | | | | | | | | | | |
| Green Homes Funding | Grants/Funding carried forward | 18 | 0 | (18) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gypsy and Traveller Macerator | Grants/Funding carried forward | 30 | 15 | 0 | 45 | 15 | 0 | 60 | 15 | 0 | 75 | 15 | 0 | 90 | 15 | 0 | 105 |
| Gypsy and Traveller funding | Grants/Funding carried forward | 24 | 0 | (24) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Heritage Action Zone North | Grants/Funding carried forward | 29 | 6 | (22) | 13 | 0 | (6) | 7 | 0 | 0 | 7 | 0 | 0 | 7 | 0 | 0 | 7 |
| Housing Benefit (HB) Subsidy | Risk Based | 300 | 0 | 0 | 300 | 0 | 0 | 300 | 0 | 0 | 300 | 0 | 0 | 300 | 0 | 0 | 300 |
| HCA Development Grant | Grants/Funding carried forward | 75 | 0 | 0 | 75 | 0 | 0 | 75 | 0 | 0 | 75 | 0 | 0 | 75 | 0 | 0 | 75 |
| Homelessness Prevention (Inc. Mortgage Rescue) | Grants/Funding carried forward | 0 | 74 | 0 | 74 | 11 | 0 | 85 | 4 | 0 | 89 | 0 | (3) | 86 | 0 | (10) | 76 |
| Housing Condition Survey and Improvements | Planned Future Revenue Spending | 45 | 0 | (45) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Homelessness New Burdens | Grants/Funding carried forward | 73 | 73 | (73) | 73 | 0 | 0 | 73 | 0 | 0 | 73 | 0 | 0 | 73 | 0 | 0 | 73 |
| Homelessness- Rough Sleeper | Grants/Funding carried forward | 126 | 0 | (113) | 13 | 0 | (12) | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 |
| Homelessness - Flexible Homelessness Grant | Grants/Funding carried forward | 365 | 365 | (365) | 365 | 0 | 0 | 365 | 0 | 0 | 365 | 0 | 0 | 365 | 0 | 0 | 365 |
| Homelessness Mortgage Rescue | Planned Future Revenue Spending | 8 | 0 | (2) | 6 | 0 | 0 | 6 | 0 | 0 | 6 | 0 | 0 | 6 | 0 | 0 | 6 |
| Hoarding Support PSH | Planned Future Revenue Spending | 31 | 0 | (10) | 21 | 0 | (21) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Homelessness Prevention | Planned Future Revenue Spending | 0 | 178 | 0 | 178 | 0 | 0 | 178 | 0 | 0 | 178 | 0 | 0 | 178 | 0 | 0 | 178 |
| Individual Electoral Registration (IER) | Other | 517 | 0 | (50) | 467 | 0 | (50) | 417 | 0 | (50) | 367 | 0 | (50) | 317 | 0 | (50) | 267 |
| Indoor Leisure | Planned Future Revenue Spending | 50 | 0 | 0 | 50 | 0 | 0 | 50 | 0 | 0 | 50 | 0 | 0 | 50 | 0 | 0 | 50 |
| Insurance | Risk Based | 171 | 0 | 0 | 171 | 0 | 0 | 171 | 0 | 0 | 171 | 0 | 0 | 171 | 0 | 0 | 171 |
| In-Year Savings | Planned Future Revenue Spending | 4,319 | 0 | (2,141) | 2,178 | 549 | 0 | 2,727 | 0 | 0 | 2,727 | 0 | 0 | 2,727 | 0 | 0 | 2,727 |
| Key Capital Programme | Planned Future Capital Spending | 182 | 0 | 0 | 182 | 0 | (80) | 102 | 0 | 0 | 102 | 0 | 0 | 102 | 0 | 0 | 102 |
| Land Charges | Other | 150 | 0 | 0 | 150 | 0 | (50) | 100 | 0 | (50) | 50 | 0 | (50) | 0 | 0 | 0 | 0 |
| Local Development Framework | Planned Future Revenue Spending | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 |
| Lowestoft Rising | Grants/Funding carried forward | 57 | 18 | (15) | 60 | 0 | (30) | 30 | 0 | (6) | 24 | 0 | (3) | 21 | 0 | 0 | 21 |
| Landguard | Grants/Funding carried forward | 18 | 0 | (10) | 8 | 0 | 0 | 8 | 27 | 0 | 35 | 25 | 0 | 60 | 24 | 0 | 84 |
| New Homes Bonus (NHB) | Planned Future Revenue Spending | 6,064 | 1,177 | (2,469) | 4,772 | 1,649 | (1,657) | 4,764 | 0 | (95) | 4,669 | 0 | (96) | 4,573 | 0 | (77) | 4,496 |
| Modular ramps - DFG | Grants/Funding carried forward | 0 | 3 | 0 | 3 | 2 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 |
| Next Steps Accommodation Programme (NSAP) | Grants/Funding carried forward | 36 | 0 | (14) | 22 | 0 | 0 | 22 | 0 | 0 | 22 | 0 | 0 | 22 | 0 | 0 | 22 |
| Private Sector Housing | Planned Future Revenue Spending | 73 | 41 | 0 | 114 | 0 | (32) | 82 | 0 | (9) | 73 | 0 | (10) | 63 | 0 | (10) | 53 |
| Planning | Planned Future Revenue Spending | 400 | 100 | (65) | 435 | 100 | (65) | 470 | 100 | (65) | 505 | 100 | (65) | 540 | 100 | (65) | 575 |
| Planning Legal | Planned Future Revenue Spending | 400 | 0 | 0 | 400 | 0 | 0 | 400 | 0 | 0 | 400 | 0 | 0 | 400 | 0 | 0 | 400 |
| Renovation Grants | Planned Future Revenue Spending | 743 | 0 | (200) | 543 | 0 | (200) | 343 | 0 | (105) | 238 | 0 | (105) | 133 | 0 | (105) | 28 |
| Rent Guarantee Scheme | Risk Based | 15 | 0 | 0 | 15 | 0 | 0 | 15 | 0 | 0 | 15 | 0 | 0 | 15 | 0 | 0 | 15 |
| Revenues & Benefits Administration | Risk Based | 243 | 0 | (80) | 163 | 0 | 0 | 163 | 0 | 0 | 163 | 0 | 0 | 163 | 0 | 0 | 163 |
| Rural Coffee Caravan | Grants/Funding carried forward | 6 | 0 | 0 | 6 | 0 | 0 | 6 | 0 | 0 | 6 | 0 | 0 | 6 | 0 | 0 | 6 |
| SEAL | Grants/Funding carried forward | 8 | 0 | (1) | 7 | 0 | (1) | 6 | 0 | (1) | 5 | 0 | (1) | 4 | 0 | (1) | 3 |
| Stepping Home | Grants/Funding carried forward | 15 | 5 | 0 | 20 | 0 | (20) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| S106 Interest | Risk Based | 30 | 0 | 0 | 30 | 0 | 0 | 30 | 0 | 0 | 30 | 0 | 0 | 30 | 0 | 0 | 30 |

GENERAL FUND RESERVE SUMMARY 2021/22 TO 2025/26

| | | 2021/22 | | | 2022/23 | | | 2023/24 | | | 2024/25 | | | 2025/26 | | | |
|---|--------------------------------------|---------------|---------------|-----------------|---------------|--------------|-----------------|---------------|--------------|----------------|---------------|--------------|----------------|---------------|--------------|----------------|---------------|
| | | Actual | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted | Revised | Revised | Budgeted |
| | | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing | Transfers | Transfers | Closing |
| | | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance | In | Out | Balance |
| | | 31/03/21 | | | 31/3/22 | | | 31/3/23 | | | 31/3/24 | | | 31/3/25 | | | 31/3/26 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Reserve Group | | | | | | | | | | | | | | | | | |
| Transformation - Digital | Planned Future Revenue Spending | 658 | 50 | (499) | 209 | 20 | (73) | 156 | 20 | (54) | 122 | 20 | 0 | 142 | 20 | 0 | 162 |
| Transformation - Environmental | Planned Future Revenue Spending | 500 | 0 | 0 | 500 | 0 | 0 | 500 | 0 | 0 | 500 | 0 | 0 | 500 | 0 | 0 | 500 |
| Transformation - Financial Sustainability | Planned Future Revenue Spending | 1,892 | 587 | (829) | 1,650 | 265 | (1,276) | 639 | 45 | (278) | 406 | 0 | 0 | 406 | 0 | 0 | 406 |
| Transformation - Core | Planned Future Revenue Spending | 167 | 0 | (167) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Warmer Homes Healthy People | Grants/Funding carried forward | 9 | 0 | 0 | 9 | 0 | (9) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Warmer Homes Health People COVID pressures | Grants/Funding carried forward | 72 | 0 | (41) | 31 | 0 | (31) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Warmer Homes Healthy People (WHHP) - RAD | Grants/Funding carried forward | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 5 |
| Youth Leisure | Planned Future Revenue Spending | 10 | 0 | 0 | 10 | 0 | 0 | 10 | 0 | 0 | 10 | 0 | 0 | 10 | 0 | 0 | 10 |
| Earmarked Reserves - Revenue sub-total | | 60,813 | 17,693 | (30,378) | 48,128 | 3,077 | (12,850) | 38,355 | 685 | (2,926) | 36,114 | 615 | (1,022) | 35,707 | 614 | (915) | 35,406 |
| Earmarked Reserves - Port Health: | | | | | | | | | | | | | | | | | |
| Port Health | Port Health - Planned Future Revenue | 5,596 | 19 | (2,273) | 3,342 | 605 | (1,346) | 2,601 | 3,038 | (273) | 5,366 | 2,936 | (271) | 8,031 | 2,454 | (314) | 10,171 |
| Earmarked Reserves - Capital: | | | | | | | | | | | | | | | | | |
| Southwold Beach Front | Planned Future Capital Spending | 175 | 0 | 0 | 175 | 0 | 0 | 175 | 0 | 0 | 175 | 0 | 0 | 175 | 0 | 0 | 175 |
| Capital | Planned Future Capital Spending | 6,012 | 739 | (3,774) | 2,977 | 379 | (1,697) | 1,659 | 379 | (600) | 1,438 | 379 | (100) | 1,717 | 379 | (230) | 1,866 |
| Coastal Protection - Capital Works | Planned Future Capital Spending | 176 | 0 | (20) | 156 | 0 | (115) | 41 | 0 | 0 | 41 | 0 | 0 | 41 | 0 | 0 | 41 |
| Short Life Assets | Planned Future Capital Spending | 874 | 618 | (626) | 866 | 618 | (802) | 682 | 618 | (725) | 575 | 618 | (525) | 668 | 618 | (525) | 761 |
| | | 0 | | | | | | | | | | | | | | | |
| Earmarked Reserves - Capital sub-total | | 7,237 | 1,357 | (4,420) | 4,174 | 997 | (2,614) | 2,557 | 997 | (1,325) | 2,229 | 997 | (625) | 2,601 | 997 | (755) | 2,843 |
| Total Earmarked Reserves | | 73,646 | 19,069 | (37,071) | 55,644 | 4,679 | (16,810) | 43,513 | 4,720 | (4,524) | 43,709 | 4,548 | (1,918) | 46,339 | 4,065 | (1,984) | 48,420 |

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

General Fund Revenue Budgets

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

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

Reserves

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