



**Riverside, 4 Canning Road, Lowestoft, Suffolk,
NR33 0EQ**

Scrutiny Committee

Members:

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

Members are invited to a **Meeting of the Scrutiny Committee**
to be held in the Conference Room, Riverside, Lowestoft
on **Thursday, 19 January 2023 at 6.30pm**

This meeting will be broadcast to the public via the East Suffolk YouTube
Channel at <https://youtu.be/u-D2ofFqZ4c>

An Agenda is set out below.

Part One – Open to the Public

Pages

2	Declarations of Interest	
	Members and Officers are invited to make any declarations of interests, and the nature of that interest, that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.	
3	Minutes	1 - 9
	To confirm as a correct record the Minutes of the Meeting held on 15 December 2022.	
4	Matters Arising Update Sheet	10 - 12
	To receive the Matters Arising Update Sheet in response to the queries raised at the last meeting held on 15 December 2022.	
5	Capital Programme 2022-23 to 2026-27 ES/1418	13 - 34
	Report of the Cabinet Member with responsibility for Resources	
6	Housing Revenue Account (HRA) Budget Report 2023/24 to 2026/27 ES/1419	35 - 63
	Report of the Cabinet Members with responsibility for Resources and Housing	
7	Draft General Fund Budget and Council Tax Report 2023/24 ES/1421	64 - 143
	Report of the Cabinet Member with responsibility for Resources	
8	Scrutiny Committee's Forward Work Programme	
	To consider the Committee's Forward Work Programme	

Part Two – Exempt/Confidential

There are no Exempt or Confidential items for this Agenda.

Close



Chris Bally, Chief Executive

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Unconfirmed



Minutes of a Meeting of the **Scrutiny Committee** held in the Deben Conference Room, East Suffolk House, on **Thursday, 15 December 2022 at 6.30pm**

Members of the Committee present:

Councillor Edward Back, Councillor Stuart Bird, Councillor Judy Cloke, Councillor Linda Coulam, Councillor Tony Goldson, Councillor Tracey Green, Councillor Colin Hedgley, Councillor Geoff Lynch, Councillor Caroline Topping

Other Members present:

Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Mark Jepson, Councillor Mary Rudd, Councillor Kay Yule

Officers present: Ben Bix (Democratic Services Officer), Julia Catterwell (East Suffolk Communities Officer), Andy Jarvis (Strategic Director), Sandra Lewis (Head of Digital and Programme Management), Nicole Rickard (Head of Communities), Alli Stone (Democratic Services Officer)

1 Apologies for Absence and Substitutions

Apologies for absence were received from Councillors Deacon, Beavan, Gandy and Robinson. Councillor Byatt was in attendance as substitute for Councillor Deacon; and Councillor Yule attended as substitute for Councillor Beavan.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes

RESOLVED

That the Minutes of the Meeting held on 17 November 2022 be approved as a correct record and signed by the Chairman.

4 Matters Arising Update Sheet

The Committee noted the matters arising update sheet in relation to queries raised at the last meeting.

5 East Suffolk Crime & Disorder Committee: Review of the East Suffolk Community Safety Partnership

In its capacity as the Council's Crime and Disorder Committee under the provisions of the Police and Criminal Justice Act, the Scrutiny Committee received report and supplement **ES/1383** from the Cabinet Member for Community Health. The report was presented by the Assistant Cabinet Member, Councillor Jepson, the Council's Member lead on Community Safety and Chair of the East Suffolk Community Safety Partnership and the Suffolk Police and Crime Panel.

The Chairman expressed his disappointment that representatives of the Responsible Authorities had not attended the meeting, despite having been invited. Councillor Jepson acknowledged that engagement from some of partners had gradually decreased over time, due in part, to increased workloads as a consequence of the Covid-19 pandemic, and the diversion of resources to help households tackle the the rising cost of living. However, the process of engaging partners in order to refresh the Action Plan, led by the Safeguarding and Community Projects Manager, had improved matters significantly.

The Action Plan had been refreshed between March and November 2022, utilising a workshop for partners followed by task and finish groups focused on local issues whilst still delivering activity on strategic priorities. Councillor Jepson emphasised that the CSP was a strategic body, with some operational strands, and that its local priorities should be visible to residents. The new Action Plan was a significant opportunity to improve community safety. Its overarching themes were an important addition that would positively influence both collaborative work and the work that all partners delivered outside of the scope of the CSP. It would be more deliverable and measurable because it was focussed on practical, visible activity with clear Key Performance Indicators.

The Committee had chosen two priority topics for the meeting and Councillor Jepson gave a brief introduction by explaining that the first priority topic, tackling Violence Against Women and Girls (VAWG) was lead by Suffolk County Council with support from East Suffolk Council, the emphasis of which was around local interventions and cross-cutting awareness with other Council services such as Licensing. The second priority topic chosen by the Committee was Anti-Social Behaviour (ASB), and Councillor Jepson described how the East Suffolk Communities, Environmental Protection and Housing teams were all working together to investigate reports of ASB and would work with complainants and perpetrators to reach a satisfactory conclusion where possible. The Safer Neighbourhood Team were also working in partnership to identify and reduce anti-social behaviour. The Chairman thanked Councillor Jepson for his introduction and invited questions from Members.

The Chairman asked two questions about funding. Firstly he sought clarification of the CSP was funded currently, and secondly how it would be funded in the future. Councillor Jepson described how funding arrangements had changed in recent years and that funding for CSPs was now allocated by the Police and Crime Commissioner. Future funding was uncertain, a Serious Violence Duty was forthcoming which was likely to impact on how CSPs were resourced and it was indicated that clarity would be forthcoming early in the new year. As an illustrative example, Norfolk now had a single countywide CSP rather than CSPs based on District Council administrative areas.

Councillor Topping similarly noted that funding was uncertain after March 2023 and asked whether the UK Shared Prosperity Funding (UKSPF) received by East Suffolk Council could be utilised. The Head of Communities responded that whilst there would be indirect benefit from the UKSPF funding, it was allocated to Economic Development and Community related projects (specifically around cost of living); moreover, it was anticipated that future funding may be made available through Suffolk Public Sector Leaders Group.

The Chairman and Councillor Yule sought clarification of how infrastructure improvements such as lighting, fencing and CCTV were funded. Officers cautioned that County Highways would fund the maintenance of existing street scene infrastructure, but not new schemes. A project on CCTV was being led by East Suffolk Council working with partners and illustratively, CCTV had been funded for the Whitton Estate in Lowestoft. However, it was cautioned that the Office of the Police and Crime Commissioner had been clear that it would not fund local CCTV schemes, but would fund local youth engagement and diversionary projects.

Violence Against Women and Girls

In response to a query from Councillor Lynch, Councillor Jepson clarified that whilst the title of VAWG indicated that it was gender specific, the title reflected the statistical prevalence of violence against women and girls, but was not limited to women and girls. Men and boys could also be victims of violence and abuse.

The Chairman noted the *Ask for Angela* activity shown on the Action Plan and in the Supplement and sought an indication from Committee Members as to whether they knew about the activity. Illustratively, the male Committee Members were not aware of the activity and Officers explained that was the intention, as the activity was targeted to females. Councillor Topping queried whether there was any data since 2016 to demonstrate the effectiveness of the scheme, Officers explained that employees at licensed premises were being upskilled to capture data. Councillor Jepson cautioned that licensed premises were under great strain due to economic pressures, and that prevention was difficult to quantify. Councillor Coulam asked whether awareness raising could be undertaken at other premises, such as supermarkets. Councillor Jepson countered that emphasis had been placed on premises where women may feel unsafe, but welcomed Councillors enthusiasm for spreading the word.

Councillor Cloke questioned how domestic abuse sufferers would know where to get support. Officers advised that Domestic Abuse Champions were provided with training and skills to spread awareness to other colleagues and friends and family and would

act as the 'go to person' for information. Illustratively, both the Felixstowe Town Pastors and the Leiston Town Pastors had completed the training. Overall, there was a national white ribbon campaign, and the Council's website provided local information. Further to a question from Councillor Topping it was confirmed that victims were offered support and fifteen Independent Domestic Abuse Advisors were employed in Suffolk.

The Chairman noted the importance of the emphasis on changing the behaviour of Men and asked whether the normalisation of exposure to online sexual material could be a cause of abusive behaviour. The Head of Communities referred to the *Crucial Crew* project aimed at young people, challenging their behaviours, and older children were benefitting from advice on relationships. The scheme had good feedback and was a proactive measure for young people. In response to Councillor Byatt, the Communities Officer confirmed that around 2000 young people in the district had been engaged in the project.

Anti-Social Behaviour

In response to a question from Councillor Yule, the Communities Officer explained that whilst Anti-Social Behaviour was statistically seasonally prevalent in three locations in Woodbridge, it was not increasing. Members were urged to report all incidents of ASB, and to escalate matters if necessary to the Suffolk Constabulary Area Superintendent.

Echoing the significance of reporting of ASB, Councillor Green was of the view that more co-ordination and publicity of how to report matters would be welcome and asked whether there was a co-ordinated approach to publicity, similar to the *Ease the Squeeze* project. Councillor Jepson concurred and had recently met with the Chief Constable to consider the approach to visibility and communication. Officers explained that a new CSP leaflet was in production and the views of Members about co-ordination would inform that work.

Councillor Byatt had observed that when the press reported incidents of ASB, typically no counter statement was provided by the CSP and asked whether responses could be more proactive. The Head of Communities stated that proactive projects around ASB had been delivered at events during 2022, but cautioned that a balanced approach was necessary. Councillor Jepson concurred and advised that media responses were under consideration at PCC level.

In response to Councillor Goldson, the Communities Officer set out how the impact of the work of the CSP was monitored using social media tools to understand the effectiveness of campaigns, and by logging the outcomes from training and awareness sessions. Furthermore, the Head of Communities emphasised how the new Action Plan included KPIs which would enable monitoring of the effectiveness of interventions.

In response to Member's further questions and observations, Officers clarified that:

- The proposed Criminal Exploitation Hub would be located in Lowestoft
- ASB could be reported online via the East Suffolk Council website

- The Criminal Exploitation (formerly known as County Lines) priority included addressing with partners the impact of illegal drug use and distribution
- The PCC could provide updates by Ward as part of its reporting to outside bodies

The Chairman invited the Assistant Cabinet Member to sum-up. Councillor Jepson thanked the Committee for its engagement and re-iterated that the work of the CSP would continue to be more locally focussed. Feedback from Members around visibility, communication and monitoring had been heard and would be actioned. The participation of partners was a challenge, but recent engagement around the development of the Action Plan had improved and it was hoped that would continue.

RESOLVED

That the Scrutiny Committee note the current position of the CSP, including the CSP Action Plan and the priority areas Violence Against Women and Girls and Anti-Social Behaviour.

The Meeting was adjourned from 7.43pm to 7.51pm

6 Cabinet Member Scrutiny Session

The Chairman welcomed Councillor Burroughes - Cabinet Member with responsibility for Customer Experience, ICT and Commercial Partnerships. The Committee had previously advised that the session would focus on two areas of the portfolio, namely, the Leisure Commercial Partnership and Customer Services.

Councillor Burroughes introduced the Leisure Commercial Partnership in summary, as follows:

- East Suffolk Council delivered leisure services at five leisure centres provided in partnership with Places Leisure and Everyone Active
- Everyone Active was responsible for providing leisure services in the north of the District since 2020 at Waterlane in Lowestoft and the newly refurbished and renamed Waveney Valley Leisure Centre in Bungay
- Since 2015, Places Leisure operated the centres in Leiston, the Deben Pool in Woodbridge and the Brackenbury Centre in Felixstowe in the south of the district
- A major capital investment programme had been undertaken to update, refurbish and refresh most of the centres at a cost of over £15m.

The contracts varied between the 2 operators due to the number and type of facilities they operated and as a result of improvement and redevelopment of the assets which had been reflected in variances in the management fees. The redevelopment of the leisure centres and maintaining their condition and quality was key to the performance of the contracts. The contracts were monitored and overseen at quarterly partnership board meetings.

The impact on services during the pandemic when all leisure facilities were closed by the government was considerable. There was a significant financial impact upon operators and their staff which had been mitigated by support from government funds

and the furlough scheme which had enabled employees to be retained. The Council was also successful in applying for a government grant of £570,000.

Over 600,000 visitors had used the facilities in the year to date, with swimming returning to almost 100% of pre-pandemic levels, whilst gym usage was at 85%. Data indicated that obesity rates were increasing and consequentially, it was important that the Council continued to offer affordable leisure options to everyone within the District.

The challenges were around future financial pressures including the rising cost of utilities. Some operators had to close their swimming pools due to the high cost of heating. The Council had taken mitigating measures by adding pool covers throughout the centres to keep them open and reduce the cost pressure. The Council was also taking action to reduce its carbon footprint at all centres working with its development partners, Pulse and Build, and a decarbonisation report was due to come before Cabinet in March to explore the possibility of the installation of PV solar panels and air source heat pumps across some assets.

The contractual element of the leisure service in particular was a significant strand within the Council's Strategic Plan focused on the key themes of delivering Financial Sustainability, maintaining vibrant communities and embedding relevant data as part of its digital theme. All current contracts would run until 31 March 2029 when the leisure service for the District would be put out to tender.

Councillor Goldson declared an Other Registerable Interest as Chairman of Halesworth Campus Ltd.

The Chairman thanked the Cabinet Member for his introduction and asked why usage of the leisure centres had not yet returned to pre-Covid levels. Councillor Burroughes explained that users had choices about how they would spend their money, and economic pressures were impacting on those choices. Whilst leisure centre usage had not yet returned to capacity, swimming pool usage had. In response to Councillor Yule, the Strategic Director confirmed that school usage of the pools had recovered to pre-Covid levels. Councillor Topping probed further to enquire as to where the previous gym users had gone, and whether any incentives were offered to encourage their return. Councillor Burroughes advised that during the pandemic, people had started to exercise more at home, purchasing the necessary equipment. In terms of incentives, those were targeted by the provider to those most in need of health improvement interventions and promoted on the Council's website.

In responding to Councillor Lynch, Councillor Burroughes confirmed that the Council was keen to reduce the carbon footprint of its leisure provision. An options report would be presented to Cabinet in the spring and the Strategic Director detailed that alternatives to gas energy would be explored. A credible range of options would be presented to Cabinet, to include air source heat pumps and photovoltaics. The report would illustrate a cost comparison with gas energy provision, including maintenance, and any replacement infrastructure. Councillor Burroughes cautioned that not all buildings would be suitable for alternative power sources.

There being no further questions, the Chairman invited the Cabinet Member to introduce the Customer Services area of his portfolio.

Councillor Burroughes explained that during the Covid pandemic the service had to change to reduce demand and free up capacity. Interactive Voice Response tools were used to inform customers of relevant service changes, and enable greater demand and resource management. Resources had to be diverted and be flexible enough to ensure resilience, take on new services, and maintain support for customers and colleagues. Face to face contact points were closed in order to keep staff and customers safe. During the pandemic over 2,000 vulnerable residents were assisted including 1,800 community referrals, in addition to over 175,000 phone calls and over 22,000 emails mostly relating to Council Tax, Garden Waste, and ESC tenants.

During the pandemic, 65 staff had to quickly adapt to the implementation of a virtual call centre. Measures had to be put in place to move from a traditional call centre management approach to fully remote working. New services were integrated at short notice, to help support the NHS, and to support the Home but Not Alone call service. Outbound call work was new for Customer Service Agents but with additional support and training it had proven successful.

Work was continuing across all departments to gain buy-in and support for an 'experience' approach particularly the need for end-to-end service delivery, to utilise and learn from customer feedback and to improve public confidence, increase satisfaction, minimise failure demand, and reduce resource pressures.

Councillor Burroughes explained that a brand-new Customer Service Delivery Model known as our One Front Door had been implemented and was designed to be both proactive and responsive to the needs of customers. Digital Champions had been established to encourage and inform residents about online services.

A redesigned customer access and digital coaching approach had proven to be successful. Historically, the public facing offer was only delivered at the Marina Customer Service Centre, and Felixstowe, Beccles and Woodbridge libraries 5 days a week. Since the pandemic, the analysis of the operational data had shown a significant shift in the way the public contacted and used council services. Consequentially, the Council now had a presence in more locations across the District than previously. Together with a digital coaching approach, the Council now operated 2 days a week at the Marina Customer Service Centre in Lowestoft, and also now in Aldeburgh, Felixstowe, Halesworth, Leiston, Saxmundham & Woodbridge libraries. This was based on demographic need but also allowed the service to be available for those who had specific needs and who needed support in a face-to-face setting.

Due to the cost of living crisis, a comprehensive support service was available to customers through the Council's Financial Inclusion Officers, particularly for those who had limited online experience and ability or who were nervous about going online. Residents within areas of East Suffolk who were vulnerable were offered specific customer access points to offer bespoke assistance where required. This provided greater flexibility to react and adapt where demand was apparent less cost. The service would continue to evolve over time according to data analysis and research.

The One Front Door approach would ensure a customer centric approach to service delivery, across a variety of channels to maximise resources, improve first contact rates and accessibility for customers, reduce failure demand and touch points of dissatisfaction. The model would flex to meet the changing needs of customers and other pressures as well as being able to support local partners. This work had also released capacity in other departments and had created efficiency savings.

A Call Performance Framework had been implemented to provide call monitoring and to identify staff training needs alongside areas of performance improvement. A new data capture system called Every Contact Counts had been introduced to better understand demand and customer insight to inform and influence decision making.

The coming year would see the evolution of the service offer to continue to deliver a flexible approach to service delivery, to meet the changing needs and expectations of customers and residents through channel choice. The Marina Customer Service Centre was being refreshed and would offer a remodelled setting for customers.

The Chairman thanked Councillor Burroughes for his introduction and invited questions from Members.

Councillor Green was pleased to hear that the number of Customer Service desks had increased but was concerned that there was only 5 hours of staffed service in Felixstowe and queried whether the floorspace in the library could be better used. Councillor Burroughes advised that support was targeted to those that needed help, through channels that were best aligned to their needs, some interactions were best completed online, and other interactions face-to-face or over the telephone. The floorspace in the library was not a long term arrangement and was under review. The strategy for the service going forward was the 'One Front Door' approach.

In response to further questions and observations from Members, Councillor Burroughes and Officers clarified that there had been 182 requests for assisted bin collections during the financial year to date; and confirmed that the One Front Door approach would enable signposting to other authorities and service providers as necessary, as it was intended to be a triage style service, for example taking on tenant repair calls from January 2023.

The Chairman thanked Councillor Burroughes and Officers for their attendance and participation.

RESOLVED

That the information presented by the Cabinet Member be noted and the Cabinet Member and Officers report back to Members on the following Matters Arising:

- What is the target timescale for Customer Services answering telephone calls? And what is the current performance against that target?
- Which services are within the scope of the 'One Front Door' Customer Services initiative?

7 Scrutiny Committee's Forward Work Programme

The Chairman advised the Committee that the Annual Report for 2021/22 agreed at the September 2022 meeting, was received by Full Council on 23 November 2022. The next meeting of the Committee would be on 19 January 2023 where the Committee would undertake its annual review of the Council's Budget. A process to enable advance questions would be circulated to Committee Members. An Extraordinary Committee meeting would then be held on Thursday, 26 January 2023 at 6.30pm to review the governance arrangements for the Council's Local Authority Trading Companies (LATCOs), and Members had been consulted on the scope for that topic by email.

The meeting concluded at 8.37pm

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Chairman

Matters arising update sheet

From the Scrutiny Committee meeting on

15 December 2022

Updates		
Item Number	Member Query Raised	Cabinet Member/Officer Response
6	What is the target timescale for Customer Services answering telephone calls? And what is the current performance against that target?	<p>All call activity is continually monitored to ensure call are being undertaken as efficiently as possible. To date, target response times have not been set as the focus is on quality and ensuring high rates of first contact resolution to maintain a high-quality service and reduce failure demand. For reassurance, over a 12-month duration of circa 178,000 presented calls, on average call wait times are less than 2 mins 39 seconds. Customer contact fluctuates (and is seasonal) with call waiting times varying throughout the year – for example demand impacted by summer Southwold campsite contacts, garden waste renewals, elections, winter repairs, inclement weather affecting services and most notably ESC annual council tax billing period with call volumes being extremely high. Potential vulnerable needs (such as Home But Not Alone and Gateway to Homechoice) are generally prioritised – reducing call waiting times. The contact centre deals with many complex cases with calls taking on average 5.5 mins; with call takers requiring wrap time (to log the call, complete an eform, make a call, send an email etc.).</p> <p>To date only historically ‘abandoned call rates’ have been reported (with a contact classified abandoned after 6 seconds) – however these figures are not reflective of the position, with callers hanging up to go online, wrong number dialled, unable to complete the call at that time. The IVR system is continuously reviewed and, when appropriate/applicable, amended to provide more useful information to ensure customers are able to reach the appropriate source of support, understand where help and advice is available and when new services are available online etc. (e.g. recently, a new option has been introduced to reduce waiting time for callers needing to contact environmental protection). Over a 12-month duration of 178000 presented calls, abandoned call rate</p>

		<p>was 12.6% (higher than average due to staff sickness and resource gaps – and figure includes seasonal/peak demand).</p> <p>A 'call performance framework' was introduced in 2021 to support our Customer Service Agents to offer not only consistent levels of service and quality but to identify training needs and areas of performance improvement; this is an internal call monitoring scheme. Calls are randomly monitored to ensure 'call efficiency'; focussing on, for example, 'make busy' and wrap times, data protection and correct recording of information and signposting customers online; additionally looking at CSAs approach to customer service such as active listening, positive language and adaptive communication skills.</p> <p>As 'One Front Desk' continues to expand, 'First Contact Rate' continues to be a focus to reduce customer journey times, touch points of dissatisfaction and deliver and effective and efficient service.</p>
6	Which services are within the scope of the 'One Front Door' Customer Services initiative?	<p>OFD – triage, services, and guidance include:</p> <ul style="list-style-type: none"> Anti-social behaviour Asset Management Building Control Business Rates Communities Cost of living Council Tax and Housing Benefit Covid-19/HBNA Elections Environmental Protection Food and Safety Gateway to Homechoice Housing Needs Housing Support Officers Immigration support Land charges Leisure (beach huts etc) Licensing Mailbox enquiries Norse Parking Services Planning Private Sector Housing Proof of Life Certificate Repairs Southwold campsite

		<p>Suffolk County Council</p> <p>Tenancy Services</p> <p>Tourism</p> <p>Warm Homes Healthy People</p> <p>Waste/Norse services</p> <p>And</p> <p>FOI/EIR logging</p> <p>EIR logging</p> <p>Email enquires</p> <p>Digital Champions assistance</p> <p>Face to face – digital reception service</p>
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SCRUTINY COMMITTEE
Thursday, 19 January 2023

Subject	Capital Programme 2022/23 to 2026/27
Report by	Maurice Cook, Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsuffolk.gov.uk

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

Purpose and high-level overview

Purpose of Report:

As part of the budget setting process, the Council is required to agree a programme of capital expenditure for the coming four years. The capital programme plays an important part in the delivery of the Council's Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery. The report sets out the Council's Capital Programme including revisions to the current programme for the financial years 2022/23 to 2026/27. This report also forms the basis of Scrutiny Committee's review of the Budget at its meeting on 19 January 2023 as required under the Budget and Policy Framework

Options:

The Capital Programme forms part of the Council's Budget and Policy Framework. The Council is required to set an annual budget and therefore no other options have been considered.

Recommendation/s:

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

1. The General Fund capital programme for 2022/23 to 2026/27 including revisions as shown in Appendix B
2. The Housing Revenue Account capital programme for 2022/23 to 2026/27 including revisions as shown in Appendix G

Corporate Impact Assessment

Governance:

As set out in the Council's Financial Procedure Rules, the Chief Finance Officer is responsible for preparing and submitting capital budgets to Cabinet and Council

The 2023/24 budget has/will be considered at the following Council meetings:

- Cabinet 3 January 2023
- Scrutiny Committee 19 January 2023
- Cabinet 7 February 2023
- Full Council 22 February 2023

ESC policies and strategies that directly apply to the proposal:

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

Environmental:

All projects in the Programme are intended to contribute to the Strategic Plan Priority of Caring for our environment.	
Equalities and Diversity:	
No direct impact from this report, where subsequent individual business cases are presented Equality Impact Assessments are prepared.	
Financial:	
<p>All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves, and capital receipts) or debt (borrowing and leasing). Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as "Minimum Revenue Provision" (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.</p> <p>The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The CFR is expected to increase by £77.48 million between 2022/23 and 2026/27 which is due to capital projects being financed through borrowing. Statutory guidance is that debt should remain below the CFR.</p> <p>The Council expects to comply with this in the medium term, but the scale of the Capital Programme as currently drafted is such that the Council would begin to approach its borrowing limits over the life of the proposed programme if other sources of finance were not available. The programme as presented does not pre-empt the realisation of capital receipts and only those receipts already received will be used as financing.</p> <p>In addition, external funding is expected to be secured in respect of other major projects in the Programme, assisting the overall position and the ability of the Council to deliver on its Strategic Plan.</p>	
Human Resources:	
No impacts directly arising from this report.	
ICT:	
No impacts directly arising from this report.	
Legal:	
No impacts directly arising from this report.	
Risk:	
No impact directly arising from this report.	

External Consultees:	External consultation has been conducted on a range of individual projects and programmes within the overall Capital Programme, and a number of programmes such as the Lowestoft Flood Risk Management Project and the Lowestoft Town Investment Plan feature programme boards which include key external stakeholders as part of their governance arrangements. The Scrutiny Committee will also consider the Capital Programme as part of the Budget process at its meeting on 19 January 2023.
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected? The Capital Programme forms part of the Council's Budget and Policy Framework and outlines the Council's capital investment in the assets, services, and infrastructure of the district in accordance with the key priorities and objectives of the Strategic Plan.			

Background and Justification for Recommendation

1	Background facts
1.1	<p>The Capital Programme feeds directly into the Council's MTFS which in turn is the mechanism by which the key Strategic Plan objective of Financial Sustainability will be delivered over the medium term. The Capital Programme contributes directly to the Council's specific actions within the Strategic Plan and identifies the financing for these projects.</p>
2	Current position
2.1	<p>Capital expenditure within the Council is split into two main components, the General Fund Capital Programme, and the Housing Revenue Account (HRA) Capital Programme.</p> <p>The capital programme has been compiled taking account of the following main principles, to:</p> <ul style="list-style-type: none"> • maintain an affordable four-year rolling capital programme. • ensure capital resources are aligned with the Council's Strategic Plan, • maximise available resources by actively seeking external funding and disposal of surplus assets; and • not to anticipate receipts from disposals until they are realised
2.2	<p>General Fund Capital Programme Summary</p> <p>Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.</p> <p>Following the review and revisions to programme by project officers the revised capital programme has been reviewed by the Asset Management Group along with the Chief Finance Officer and is presented at:</p> <ul style="list-style-type: none"> • Appendix A: - General Fund Capital Programme 2022/23 to 2026/27 Summary, shows a summary of the capital programme and planned financing. • Appendix B: - General Fund Capital Programme Revisions 2022/23 to 2026/27, shows budget revisions to previously approved projects • Appendix C: - General Fund Capital Programme 2022/23 to 2026/27 extract of budget increases greater than £1m and budget decreases greater than £0.10m. • Appendix D: - General Fund Capital Programme 2022/23 to 2026/27 new projects, shows the new projects being recommended for approval and inclusion within the existing programme as shown in Appendix B. • Appendix E: - General Fund Capital Programme 2022/23 to 2026/27 extract of externally funded projects, is an extract of the programme showing all projects which are subject to external grants/contributions.

	<p>The General Fund capital programme for 2022/23 through to 2026/27 has a total financing requirement of £382.74 which will be financed through both internal and external resources.</p> <p>The programme from 2022/23 to 2026/27 benefits from £260.07m (68%) of external grants and contributions, the use of £14.66m (4%) of reserves, £4m of capital receipt (1%) and internal/external borrowing of £104m (27%).</p> <p>Where projects have identified external funding, if this is not secured then those projects will look to secure other funding or will not be pursued. Similarly, where projects require significant borrowing in excess of £3m, these will require robust business cases to underpin the investment. The project business case should be presented to Council for approval prior to the borrowing being secured.</p>
2.3	<p>Housing Revenue Account (HRA) Capital Programme Summary</p> <p>Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.</p> <ul style="list-style-type: none"> • Appendix F: - HRA Capital Programme 2022/23 to 2026/27 Summary shows a summary of the capital programme and planned financing. • Appendix G: - HRA Capital Programme 2022/23 to 2026/27, shows an update to the HRA capital budgets. <p>The HRA capital programme for 2022/23 through to 2026/27 has a total budget requirement £82.51m which will be financed through both internal and external resources.</p> <p>The programme from 2022/23 to 2026/27 relies upon £2.99m (4%) of external grants and contributions, the use of £40.66 (49%) of capital reserves, direct revenue financing of £12.34m (15%) and £26.52 (32%) of capital receipt.</p>
2.4	<p>Approval of the Capital Programme by Full Council is an authority for Council officers to incur expenditure up to the approved budget amounts and where applicable, securing external funding.</p>

3 How to address current situation

3.1	<p>The General Fund capital programme has previously been approved by Full Council on 28 September 2022 and has been updated to reflect the most current required budget and are fully detailed in the appendices to this report.</p> <p>New General Fund capital projects have been identified as part of the budget setting process and the required new capital budget request process review has been undertaken. These projects are shown in Appendix C.</p>
3.2	<p>The HRA capital programme has previously been approved by Full Council on 26 January 2022 and has been updated to reflect the most current required budget and are fully detailed in the appendices to this report.</p>

4 Reason/s for recommendation	
4.1	The Council's constitution requires the CFO to prepare and present to Cabinet and Full Council the Council's capital programme for approval.

Appendices

Appendices:	
Appendix A	General Fund Capital Programme 2022/23 to 2026/27 Summary
Appendix B	General Fund Capital Programme Revisions 2022/23 to 2026/27
Appendix C	General Fund Capital Programme 2022/23 to 2026/27 extract of budget increases greater than £1m and budget decreases greater than £0.10m.
Appendix D	General Fund Capital Programme 2022/23 to 2026/27 New Projects
Appendix E	General Fund Capital Programme 2022/23 to 2026/27 Extract of Externally Funded Projects
Appendix F	HRA Capital Programme 2022/23 to 2026/27 Summary
Appendix G	HRA Capital Programme 2022/23 to 2026/27
Appendix H	Scrutiny Committee Pre-meeting Questions Submitted

Background reference papers:		
Date	Type	Available From
None		

General Fund Capital Programme 2022/23 to 2026/27 Summary

SUMMARY - GENERAL FUND PROGRAMME	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2022/23 to 2025/26	2022/23 to 2026/27
	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Original Total	£000 Revised Total
Capital Expenditure											
Economic Development & Regeneration	5,586	1,725	15,320	14,363	10,377	8,782	9,842	22,849	100	41,125	47,819
Environmental Services & Port Health	406	647	50	484	50	0	50	0	0	556	1,131
Financial Services	400	400	0	0	0	0	0	0	0	400	400
ICT - Digital & Programme Management	927	927	550	550	250	250	250	250	250	1,977	2,227
Operations	13,901	13,455	32,205	37,805	30,505	34,463	22,305	22,755	1,255	98,916	109,733
Planning & Coastal Management	19,432	19,632	31,109	31,084	36,774	36,749	36,200	36,175	85,885	123,515	209,525
Housing Improvement	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	4,500	5,000
Long Term Debtors	1,500	1,900	0	5,000	0	0	0	0	0	1,500	6,900
Total Capital Expenditure	43,152	39,686	80,234	90,286	78,956	81,244	70,147	83,029	88,490	272,489	382,735
Financed By:-											
Borrowing	8,595	12,397	24,350	30,675	24,400	28,933	22,200	31,125	875	79,545	104,005
Capital Receipt	1,000	0	4,000	4,000	0	0	0	0	0	5,000	4,000
Contributions	0	0	0	0	0	0	0	0	0	0	0
Grants	25,534	21,569	48,439	50,482	53,951	50,106	47,342	51,099	86,810	175,266	260,066
Reserves	8,023	5,720	3,445	5,129	605	2,205	605	805	805	12,678	14,664
Total Financing	43,152	39,686	80,234	90,286	78,956	81,244	70,147	83,029	88,490	272,489	382,735

General Fund Capital Programme Revisions 2022/23 to 2026/27

Strategic Theme	ECONOMIC DEVELOPMENT & REGENERATION	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Growing our Economy	Towns Fund - Cultural Quarter (Phase 1)	600	280	6,000	3,690	8,640	5,160	9,110	15,220	0	EG/IB
Growing our Economy	Towns Fund -Station Quarter (Former Post & Sorting Office)	3,000	35	0	2,300	0	1,000	0	0	0	EG/IB
Growing our Economy	Towns Fund -Station Quarter (Public Realm)	0	0	830	0	0	0	0	0	0	EG
Growing our Economy	Towns Fund - Historic Quarter	1,000	475	2,210	715	0	710	0	5,930	0	EG
Growing our Economy	Towns Fund - Port Gateway Improvement Project	100	35	1,050	2,470	1,500	145	0	0	0	EG
Growing our Economy	Towns Fund - Seafront Vision Delivery	100	81	1,170	719	0	470	0	0	0	EG
Growing our Economy	UKSPF	0	33	60	369	237	1,197	732	1,599	0	EG
Growing our Economy	Partnership Scheme in Conservation Areas (PSiCA).	0	0	0	100	0	100	0	100	100	EG
Growing our Economy	LUF - Seafront (Phase 3 BH)	600	600	4,000	4,000	0	0	0	0	0	ER/EG
Growing our Economy	Lowestoft Former Post & Sorting Office - Façade refurbishment	186	186	0	0	0	0	0	0	0	EG/ER
Total Budgeted Expenditure		5,586	1,725	15,320	14,363	10,377	8,782	9,842	22,849	100	
Financed By:-											
Internal Funding:											
Internal Borrowing		0	0	3,000	0	0	2,250	0	8,750	0	
Capital Receipt		600	0	0	0	0	0	0	0	0	
Reserve		0	600	0	0	0	0	0	0	0	
		600	600	3,000	0	0	2,250	0	8,750	0	
External Funding:											
Grants		4,986	1,125	12,320	14,363	10,377	6,532	9,842	14,099	100	
Contributions		0	0	0	0	0	0	0	0	0	
Borrowing		0	0	0	0	0	0	0	0	0	
		4,986	1,125	12,320	14,363	10,377	6,532	9,842	14,099	100	
Total Budgeted Financing		5,586	1,725	15,320	14,363	10,377	8,782	9,842	22,849	100	

Project	Description
Towns Fund	Towns Fund Grant investment of £24.9m in projects to regenerate the town, driving economic growth and acting as a catalyst for future investment, rising to £35.9m with the addition of matched funding (subject to ESC business case)
UKSPF	UK Shared Prosperity and Rural England Prosperity Funds - grant funding will support communities and place, supporting local business and people and skills
Partnership Scheme in Conservation Areas (PSiCA).	Partnership Scheme in Conservation Areas - grant available for capital projects in conservation areas
LUF - Seafront (Phase 3 BH)	Government Levelling Up Fund to support the continued investment and regeneration of Lowestoft
Lowestoft Former Post & Sorting Office - Façade refurbishment	Restoration of the façade of Lowestoft's former Post Office on London Road North.

Funding Type Key:

CR Capital Receipt	EG External Grant
EB External Borrowing	ER Earmarked Reserve
EC External Contribution	IB Internal Borrowing

Strategic Theme	ENVIRONMENTAL SERVICES & PORT HEALTH	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Delivering Digital Transformation	Port Health	406	647	50	484	50	0	50	0	0	ER
	Total Budgeted Expenditure	406	647	50	484	50	0	50	0	0	
	Financed By:-										
	Internal Funding:										
	Internal Borrowing	0	0	0	0	0	0	0	0	0	
	Capital Receipt	0	0	0	0	0	0	0	0	0	
	Reserve	406	647	50	484	50	0	50	0	0	
		406	647	50	484	50	0	50	0	0	
	External Funding:										
	Grants	0	0	0	0	0	0	0	0	0	
	Contributions	0	0	0	0	0	0	0	0	0	
	Borrowing	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
	Total Budgeted Financing	406	647	50	484	50	0	50	0	0	

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

Strategic Theme	FINANCIAL SERVICES	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Enabling our Communities	Romany Lane (previously STTS)	400	400	0	0	0	0	0	0	0	ER
	Total Budgeted Expenditure	400	400	0	0	0	0	0	0	0	
	Financed By:-										
	Internal Funding:										
	Internal Borrowing	0	0	0	0	0	0	0	0	0	
	Capital Receipt	0	0	0	0	0	0	0	0	0	
	Reserve	400	400	0	0	0	0	0	0	0	
		400	400	0	0	0	0	0	0	0	
	External Funding:										
	Grants	0	0	0	0	0	0	0	0	0	
	Contributions	0	0	0	0	0	0	0	0	0	
	Borrowing	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
	Total Budgeted Financing	400	400	0	0	0	0	0	0	0	

Project	Description
Romany Lane (previously STTS)	Remedial and improvement works to the Romany Lane site

Strategic Theme	ICT - Digital & Programme Management	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Delivering Digital Transformation	Corporate IT Requirements	527	527	450	450	250	250	250	250	250	ER
Delivering Digital Transformation	ESSL ICT	400	400	100	100	0	0	0	0	0	ER
	Total Budgeted Expenditure	927	927	550	550	250	250	250	250	250	
	Financed By:-										
	Internal Funding:										
	Internal Borrowing	0	0	0	0	0	0	0	0	0	
	Capital Receipt	0	0	0	0	0	0	0	0	0	
	Reserve	927	927	550	550	250	250	250	250	250	
		927	927	550	550	250	250	250	250	250	
	External Funding:										
	Grants	0	0	0	0	0	0	0	0	0	
	Contributions	0	0	0	0	0	0	0	0	0	
	Borrowing	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
	Total Budgeted Financing	927	927	550	550	250	250	250	250	250	

Project	Description
Corporate IT Requirements	Corporate refresh of hardware and updating of current systems
ESSL ICT	Purchase of hardware systems for the set up of ESSL

Strategic Theme	OPERATIONS	2022/23 £000	2022/23 £000	2023/24 £000	2023/24 £000	2024/25 £000	2024/25 £000	2025/26 £000	2025/26 £000	2026/27 £000	Funding Type
		Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	
Maintaining Financial Sustainability	Bath Tap Chalets, Felixstowe	100	100	500	500	0	0	0	0	0	ER
Caring for our Environment	Bawdsey Quay	0	57	0	0	0	0	0	0	0	ER
Caring for our Environment	Brackenbury Beach Hut replacement Handrailing	88	0	0	0	0	0	0	0	0	ER
Caring for our Environment	Cemeteries	388	8	0	380	0	0	0	0	0	IB
Caring for our Environment	Cliff House Chalets Felixstowe	10	0	0	0	0	0	0	0	0	ER
Caring for our Environment	Cliff House, Felixstowe	250	100	750	900	0	0	0	0	0	IB
Maintaining Financial Sustainability	Clifflands car park, Felixstowe	100	100	0	0	0	0	0	0	0	IB
Enabling our Communities	East Point Pavilion	1,216	1,227	0	0	0	0	0	0	0	ER
Maintaining Financial Sustainability	Estates Management	500	720	500	500	500	500	500	500	500	IB
Maintaining Financial Sustainability	Felixstowe Beach Village	1,000	1,000	1,500	1,500	0	0	0	0	0	IB
Enabling our Communities	Felixstowe Garrison Lane Car Park	0	30	0	0	0	0	0	0	0	ER
Enabling our Communities	Felixstowe Ferry Car Park	100	0	0	150	0	0	0	0	0	ER
Caring for our Environment	Felixstowe Lighting	50	50	250	250	0	0	0	0	0	ER
Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	0	0	1,000	1,000	16,500	16,500	17,500	17,500	0	EB
Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre Land Purchase & Access Road)	1,000	1,000	5,000	5,000	3,000	3,000	0	0	0	EB
Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	0	0	0	0	2,000	2,000	4,000	4,000	0	EB
Maintaining Financial Sustainability	Felixstowe Seafront Gardens Handrailing	0	15	0	0	0	0	0	0	0	ER
Growing our Economy	Felixstowe South - Public Realm and Martello Tower	0	0	2,000	2,000	2,000	2,000	0	0	0	IB
Enabling our Communities	Felixstowe Sports Hub	135	135	0	0	0	0	0	0	0	ER
Caring for our Environment	Fishing Hut Felixstowe	26	48	0	0	0	0	0	0	0	ER
Caring for our Environment	Footway Lighting Works - Northern (cyclical replacement)	30	30	30	30	30	30	30	30	30	ER
Maintaining Financial Sustainability	Former Deben High School Felixstowe	350	350	500	500	0	0	0	0	0	IB
Maintaining Financial Sustainability	Former Deben High School Felixstowe - BC	150	150	2,200	2,200	0	0	0	0	0	IB
Enabling our Communities	Leisure Centres (South)	87	87	0	500	0	0	0	0	0	IB
Enabling our Communities	Leisure Centre Lowestoft (Roof)	1,200	1,200	0	0	0	0	0	0	0	IB
Enabling our Communities	Leisure Centres - Pool Covers	0	120	0	0	0	0	0	0	0	ER
Growing our Economy	Lowestoft Beach Hut -replacement Beach Huts	0	400	0	0	0	0	0	0	0	IB
Growing our Economy	Lowestoft Beach Hut Block 2 to 5	500	500	100	100	0	0	0	0	0	IB
Growing our Economy	Lowestoft Victoria Terrace	0	0	0	150	0	0	0	0	0	IB
Enabling our Communities	Lowestoft Boardwalk	48	48	0	0	0	0	0	0	0	ER
Enabling our Communities	Lowestoft - car park enhacment (BCMC)	0	0	0	600	0	0	0	0	0	IB
Maintaining Financial Sustainability	Lowestoft Industrial Unit	0	750	0	0	0	0	0	0	0	IB
Maintaining Financial Sustainability	Newcombe Road Lowestoft	150	250	2,800	1,900	0	2,000	0	0	0	EB

(continued next page)

Caring for our Environment	Northern Car Park Works	200	200	0	600	0	0	0	0	0	IB
Maintaining Financial Sustainability	Orford Road Felixstowe Access Ramp	95	162	0	0	0	0	0	0	0	ER
Enabling our Communities	Play Areas (District wide)	200	100	200	300	200	200	0	200	200	IB
Caring for our Environment	Public Conveniences Programme	322	625	0	500	0	0	0	0	0	IB
Enabling our Communities	Railway Building - Lowestoft	1,500	32	0	1,700	0	308	0	0	0	EB
Caring for our Environment	Ravine (Jubilee) Bridge	1,000	600	0	400	0	0	0	0	0	IB
Maintaining Financial Sustainability	Rotterdam Road Roof	0	0	0	300	0	0	0	0	0	IB
Maintaining Financial Sustainability	Rushmere St Andrew Church Wall	35	0	0	0	0	0	0	0	0	ER
Maintaining Financial Sustainability	Seafront Gardens Beach Hut Sites & Relocations	495	495	0	0	0	0	0	0	0	IB
Maintaining Financial Sustainability	Southwold Caravan Site redevelopment	40	260	1,600	1,400	0	0	0	0	0	EB
Maintaining Financial Sustainability	Southwold Enterprise Hub	600	600	0	0	0	0	0	0	0	IB
Caring for our Environment	Southwold Harbour Improvements	0	20	0	320	0	0	0	0	0	IB
Caring for our Environment	Southwold Harbour - Pump out station	80	80	0	0	0	0	0	0	0	ER
Maintaining Financial Sustainability	Southwold Harbour - Visitor Moorings	450	50	0	100	0	900	0	0	0	ER
Caring for our Environment	Southwold Harbour South Pier	200	200	6,000	6,000	6,000	6,000	0	0	0	EG
Caring for our Environment	St Marys Church Woodbridge - Wall	144	144	0	0	0	0	0	0	0	ER
Governance	Operational Grounds Equipment	100	100	25	25	25	25	25	25	25	ER
Governance	Operational Vehicles/Equipment/Grounds Equipment/Assets	815	915	4,250	5,250	250	1,000	250	500	500	ER/CR
Maintaining Financial Sustainability	Barnards Way, Lowestoft	0	250	3,000	2,750	0	0	0	0	0	IB
Maintaining Financial Sustainability	Council Offices Leiston	67	67	0	0	0	0	0	0	0	ER
Enabling our Communities	Felixstowe Beach Shower	10	10	0	0	0	0	0	0	0	ER
Enabling our Communities	Memorial Wall Felixstowe	45	45	0	0	0	0	0	0	0	ER
Caring for our Environment	Woodbridge Model Boat Pond	25	25	0	0	0	0	0	0	0	ER
Total Budgeted Expenditure		13,901	13,455	32,205	37,805	30,505	34,463	22,305	22,755	1,255	
Financed By:-											
Internal Funding:											
Internal Borrowing		4,205	8,255	10,750	14,500	2,700	2,700	500	700	700	
Capital Receipt		400	0	4,000	4,000	0	0	0	0	0	
Reserve		5,190	2,231	1,055	2,305	305	1,955	305	555	555	
		9,795	10,486	15,805	20,805	3,005	4,655	805	1,255	1,255	
External Funding:											
Grants		1,416	1,427	6,000	6,000	6,000	6,000	0	0	0	
Contributions		0	0	0	0	0	0	0	0	0	
Borrowing		2,690	1,542	10,400	11,000	21,500	23,808	21,500	21,500	0	
		4,106	2,969	16,400	17,000	27,500	29,808	21,500	21,500	0	
Total Budgeted Financing		13,901	13,455	32,205	37,805	30,505	34,463	22,305	22,755	1,255	

Project	Description
Bath Tap Chalets,	Structural works and refurbishment
Bawdsey Quay	Sewage system, clearance of car park and signage works
Brackenbury Beach Hut replacement Handrailing	Replacement safety railing along concrete terrace for beach huts.
Cemeteries	Provision for Cemetery improvements across the district
Cliff House Chalets	Upgrade of internal and external staircases
Cliff House, Felixstowe	Development of site
Clifflands car park,	Car Park surface replacement
East Point Pavilion	Redevelopment of the East Point Pavilion complex
Estates Management	A planned preventative maintenance list of works required on Council owned properties throughout the district
Felixstowe Beach Village	Construction and development of Felixstowe Beach Village

Felixstowe Ferry Car Park	Enhancement of site and sewage system
Felixstowe Garrison Lane Car Park	Enhancement of site
Felixstowe Lighting	Cyclical replacement of footway lighting
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	Provision of new leisure centre site including purchase of site and access road
Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	Infrastructure development to enable housing development
Felixstowe Seafront Gardens Handrailing	Installation of handrailing
Felixstowe South - Public Realm and Martello Tower	Development of South Seafront area and Martello Café Felixstowe
Felixstowe Sports Hub	ESC is working with key sports clubs in Felixstowe including, football, cricket, rugby and hockey in order to provide separate hubs in Felixstowe that each sport can develop and grow.
Fishing Hut Felixstowe	Rebuilding of fishing hut next to Felixstowe Pier that burnt down in 2019
Footway Lighting Works - Northern (cyclical)	Cyclical replacement of footway lighting
Former Deben High School Felixstowe	Purchase and development of former school site
Leisure Centres South	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Lowestoft (Roof)	Refurbishment of Leisure Centre roof to enhance the life of the asset and to protect against water ingress
Leisure Centre Pool Covers	Pool covers to increase energy efficiency and reduce loss of heat
Lowestoft Beach Hut - replacement Beach Huts	Installation of beach hut shelf and beach huts
Lowestoft Beach Hut Block 2 to 5	Replacement of beach hut wooden frontage
Lowestoft Beach Hut Block 2 to 5	Replacement of existing beach huts
Lowestoft Victoria Terrace	Works on Victoria Terrace Beach Huts structure
Lowestoft Boardwalk	Seafront boardwalk to enable pedestrian wheeled access to the beach
Lowestoft Car Park	Enhancement works to car park
Lowestoft Industrial Unit	Purchase of site for regeneration
Newcombe Road Lowestoft	Redevelopment of site to provide start up units
Northern Car Park Works	Planned preventative maintenance works
Orford Road Felixstowe Access Ramp	Replacement of disabled access ramp near new café site
Play Areas (District wide)	Upgrade and refurbishment of district wide play areas
Public Conveniences	Upgrade and refurbishment of district wide public conveniences
Railway Building - Lowestoft	Purchase and development of building contained within the Railway site
Ravine Bridge	Structural works and refurbishment works to part owned bridge
Rotterdam Road Roof	Replacement section of Rotterdam Road Depot Roof
Rushmere St Andrew Church	Refurbishment of closed church yard wall
Seafront Gardens Beach Hut Development	Development of Seafront Gardens site for new beach huts
Southwold Caravan Site redevelopment	Refurbishment of existing caravan site
Southwold Enterprise Hub	Capital investment
Southwold Harbour Improvements	Improvements to site
Southwold Harbour - Pump out station	Enhancement of pump out station
Southwold Harbour - Visitor Moorings	Visitor moorings enhancement

Southwold South Pier	Enhancement to the Pier Structure
St Marys Church Woodbridge - Wall	Refurbishment of closed church yard wall
Operational Grounds Equipment	Replacement lawn tractors/mowers
Operational	Purchase of Vehicles for operational use
Barnards Way, Lowestoft	8300m2 of undeveloped ESC land. Develop site for small industrial units including Service delivery of
Council Offices Leiston	Refurbishment to the fabric of the building to meet H&S requirement and to ensure asset remains
Felixstowe Beach Shower	Installation of outside beach shower
Memorial Wall Felixstowe	Development of new site for a memorial wall as an alternative option than benches. Plaques will be
Woodbridge Model Boat Pond	Refurbishment of model boat pond boundary posts and water treatment system
Wickham Market Churchyard Boundary Wall	Replacement of closed churchyard wall

Strategic Theme	PLANNING & COASTAL MANAGEMENT	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Caring for our Environment	Coast Protection - Minor Capital Works	200	100	200	175	200	175	200	175	175	IB
Caring for our Environment	Corton & North Corton Hybrid Scheme	200	200	7,000	7,000	7,000	7,000	0	0	0	EG
Caring for our Environment	Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	6,000	6,000	4,000	4,000	0	0	0	0	0	EG
Caring for our Environment	Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate) *	7,907	7,907	10,809	10,809	29,574	29,574	36,000	36,000	85,710	EG
Caring for our Environment	Southwold Harbour Fender	75	75	0	0	0	0	0	0	0	IB/EG
Caring for our Environment	Southwold Harbour North Wall	400	815	0	0	0	0	0	0	0	ER/IB
Caring for our Environment	Thorpeness (Externally Funded)	3,300	3,300	0	0	0	0	0	0	0	EG
Caring for our Environment	Thorpeness Emergency Works	115	0	0	0	0	0	0	0	0	EC/EG
Caring for our Environment	Resilient Coasts Project	0	0	7,310	7,310	0	0	0	0	0	EG
Caring for our Environment	Pakefield Coastal Emergency works & Resilience project	1,200	1,200	1,790	1,790	0	0	0	0	0	ER/EG
Total Budgeted Expenditure		19,432	19,632	31,109	31,084	36,774	36,749	36,200	36,175	85,885	
Financed By:-											
Internal Funding:											
Internal Borrowing		200	700	200	175	200	175	200	175	175	
Capital Receipt		0	0	0	0	0	0	0	0	0	
Reserve		1,100	915	1,790	1,790	0	0	0	0	0	
		1,300	1,615	1,990	1,965	200	175	200	175	175	
External Funding:											
Grants		18,132	18,017	29,119	29,119	36,574	36,574	36,000	36,000	85,710	
Contributions		0	0	0	0	0	0	0	0	0	
Borrowing		0	0	0	0	0	0	0	0	0	
		18,132	18,017	29,119	29,119	36,574	36,574	36,000	36,000	85,710	
Total Budgeted Financing		19,432	19,632	31,109	31,084	36,774	36,749	36,200	36,175	85,885	

* Estimated budget includes inflationary and risk factors with external funding still to be secured

Bawdsey East Lane SMP Review	Review of Coastal processes around East Lane and works required for retaining shingle around Holesley bay
Coast Protection - Minor Capital Works	The Coastal Management Team carries out a comprehensive programme of inspections which highlight when repair and maintenance works need to be carried out. This ensures that the defences are
Corton & North Corton Hybrid Scheme	This item is for ESC contribution to privately funded works to part remove and part rebuild in rock, defences to the north of Corton Village that were abandoned after failure in line with 2010 Shoreline
Lowestoft Flood Risk Management Project Phase 1 & 2	A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge water entering Lake Lothing. Including the interim measure of temporary flood barriers
Slaughden Coast/Estuary SMP Policy review	Innovative scheme South of Aldeburgh likely to be delivered by a consortium of public and private partners to provide 20 years of resilience to the town and the Alde & Ore Estuary, offering scope for
Southwold Harbour Fender	Southwold Harbour fender remedial works following damage to the fender which was originally
Southwold Harbour North Wall Toe	Urgent works needed to the Southwold North seawall to ensure its stability and is not breached.

Thorpeness (Externally Funded)	Strengthen the soft bag defences installed here in 2010/12 that were damaged by unusually high erosion pressure in 2013.
Thorpeness Emergency Works	Installation of a 35-metre rock revetment to protect
Resilient Coast Projects	Flood and Coastal Resilience Innovation Programme funded by the Environment Agency
Pakefield Coastal Resilience project	New accelerated project due to rapid increase of coastal erosion.

Strategic Theme	GENERAL FUND - HOUSING IMPROVEMENT	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Enabling our Communities	Disabled Facilities Grant	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	EG
	Total Budgeted Expenditure	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	
	Financed By:-										
	Internal Funding:										
	Internal Borrowing	0	0	0	0	0	0	0	0	0	
	Capital Receipt	0	0	0	0	0	0	0	0	0	
	Reserve	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
	External Funding:										
	Grants	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	
	Contributions	0	0	0	0	0	0	0	0	0	
	Borrowing	0	0	0	0	0	0	0	0	0	
		1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	
	Total Budgeted Financing	1,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	1,000	

Project	Description
Disabled Facilities Grant	HIA Disabled Facilities Grant works

Strategic Theme	GENERAL FUND - LONG TERM DEBTORS	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Maintaining Financial Sustainability	LATCO - Loan funding	1,500	1,900	0	5,000	0	0	0	0	0	IB
	Total Budgeted Expenditure	1,500	1,900	0	5,000	0	0	0	0	0	
	Financed By:-										
	Internal Funding:										
	Internal Borrowing	1,500	1,900	0	5,000	0	0	0	0	0	
	Capital Receipt	0	0	0	0	0	0	0	0	0	
	Reserve	0	0	0	0	0	0	0	0	0	
		1,500	1,900	0	5,000	0	0	0	0	0	
	External Funding:										
	Grants	0	0	0	0	0	0	0	0	0	
	Contributions	0	0	0	0	0	0	0	0	0	
	Borrowing	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
	Total Budgeted Financing	1,500	1,900	0	5,000	0	0	0	0	0	

Project	Description
LATCO	Loan to the LATCO for investment purposes

2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	2022/23 to 2026/27 £000 Total Budget
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Capital Programme total 43,152 39,686 80,234 90,286 78,956 81,244 70,147 83,029 88,490 382,735

2022/23 to 2026/27 - BUDGET INCREASES ABOVE £1M	Current Budget £000	Revised Budget £000	Variance £000	Funding Type
Towns Fund Historic Quarter	3,210	7,830	4,620	EG
UKSPF	1,029	3,198	2,169	EG
Port Health	556	2,063	1,507	ER
Newcombe Road	2,950	4,150	1,200	EB
LATCO	1,500	6,900	5,400	EB
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	84,290	170,000	85,710	EG
Totals	93,535	194,141	100,606	

Notes:

Towns Fund Historic Quarter increase in budget
 UKSPF increase in budget reflect the amount of grant award
 Port Health budget increase to cover PRS/Neoma projects
 Newcombe Road Development increase in budget due to scope of work and maximising site
 Additional treasury management loan for service requirements
 Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate) increase in budget due to tidal gate requirements with anticipated external funding to cover the increase

2022/23 to 2026/27 - BUDGET DECREASES ABOVE £100k	Current Budget £000	Revised Budget 2021-22 to 2025-26 £000	Variance £000	Funding Type
Coast Protection - Minor Capital Works budget reprofiled to Southold Toe Wall	800	625	-175	IB
Thorpness Emergency Works	115	0	-115	IB
Disabled Facilities Grant	4,500	4,000	-500	EG
Totals	5,415	4,625	- 790	

General Fund Capital Programme 2022/23 to 2026/27 New Projects

2022/23 to 2026/27 New Projects	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	Funding Type
Partnership Scheme in Conservation Areas (PSiCA).	0	0	0	100	0	100	0	100	100	EG
Leisure Centres - Pool Covers	0	120	0	0	0	0	0	0	0	ER
Lowestoft Victoria Terrace	0	0	0	150	0	0	0	0	0	IB
Lowestoft - car park enhacment (BCMC)	0	0	0	600	0	0	0	0	0	IB
Lowestoft Industrial Unit	0	750	0	0	0	0	0	0	0	IB
Rotterdam Road Roof	0	0	0	300	0	0	0	0	0	IB
Total Budgeted Expenditure	0	870	0	1,150	0	100	0	100	100	
Financed By:-										
Internal Funding:										
Internal Borrowing	0	750	0	1,050	0	0	0	0	0	
Capital Receipt	0	0	0	0	0	0	0	0	0	
Reserve	0	120	0	0	0	0	0	0	0	
	0	870	0	1,050	0	0	0	0	0	
External Funding:										
Grants	0	0	0	100	0	100	0	100	100	
Contributions	0	0	0	0	0	0	0	0	0	
Borrowing	0	0	0	0	0	0	0	0	0	
	0	0	0	100	0	100	0	100	100	
Total Budgeted Financing	0	870	0	1,150	0	100	0	100	100	

General Fund Capital Programme 2022/23 to 2026/27 Extract of Externally Funded Projects

2022/23 to 2026/27 EXTERNALLY FUNDED PROJECTS	Total Budget £000	External Funding £000	ESC Funding £000
Towns Fund - Cultural Quarter (Phase 1)	24,350	14,350	10,000
Towns Fund -Station Quarter (Former Post & Sorting Office)	3,335	2,335	1,000
Towns Fund - Historic Quarter	7,830	7,830	0
Towns Fund - Port Gateway Improvement Project	2,650	2,650	0
Towns Fund - Seafront Vision Delivery	1,270	1,270	0
UKSPF	3,198	3,198	0
Partnership Scheme in Conservation Areas (PSiCA).	400	400	0
LUF - Seafront (Phase 3 BH)	4,600	4,000	600
Former Post & Sorting Office - Façade refurbishment	186	186	0
Corton & North Corton Hybrid Scheme	14,200	14,200	0
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	10,000	10,000	0
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	170,000	170,000	0
Thorpeness Flood Defence	3,350	3,350	0
Resilient Coast Project	7,310	7,310	0
Pakefield Coastal Resilience project	2,990	2,290	700
Disabled Facilities Grant	5,000	5,000	0
Totals	260,669	248,369	12,300

HRA Capital Programme 2022/23 to 2026/27 Summary

SUMMARY -HRA CAPITAL PROGRAMME	2022/23 £000 Original Budget	2022/23 £000 Revised Budget	2023/24 £000 Revised Budget	2024/25 £000 Revised Budget	2025/26 £000 Revised Budget	2026/27 £000 Revised Budget	Total
Capital Expenditure							
Housing Repairs	6,640	2,109	9,905	3,040	3,040	3,040	21,134
Housing Project Development	3,875	3,212	7,987	4,350	2,650	2,650	20,849
New Build Programme	14,128	1,318	15,929	9,282	7,000	7,000	40,529
Total Capital Expenditure	24,643	6,639	33,821	16,672	12,690	12,690	82,512
Financed By:-							
HRA DRF	5,863	1,186	3,520	2,137	1,800	3,700	12,343
Capital Receipt	0	0	10,553	5,863	2,910	7,190	26,516
Contributions	0	0	295	0	0	0	295
Grants	1,248	0	1,148	550	1,000	0	2,698
Reserves	17,532	5,453	18,305	8,122	6,980	1,800	40,660
Total Financing	24,643	6,639	33,821	16,672	12,690	12,690	82,512

HRA Capital Programme 2022/23 to 2026/27

HOUSING REPAIRS	2022/23 £000 Original	2022/23 £000 Revised	2023/24 £000 Revised	2024/25 £000 Revised	2025/26 £000 Revised	2026/27 £000 Revised
Bathrooms	100	200	200	200	200	200
Central Heating/Boilers	500	350	500	500	500	500
Demolition - Garages	0	160	100	50	50	50
Disabled Works	180	180	180	180	180	180
Door entry system & doors - Park Rd & The Hemplands	0	0	100	0	0	0
Energy Efficiencies Work	200	100	500	500	500	500
Environmental Works	10	1	10	10	10	10
External Doors	20	10	20	20	20	20
Heat Metering	100	0	0	0	0	0
Housing Repair Vans	550	0	500	210	210	210
Kitchens - Programmed & Responsive	650	410	650	650	650	650
Re-Roofing	450	250	450	450	450	450
Rewiring	250	300	250	250	250	250
St Peters Court - Replacement Doors	0	0	276	0	0	0
St Peters Court - Fire Risk Assessment	50	0	378	0	0	0
St Peters Court - Internal Dec's	200	0	52	0	0	0
St Peters Court - Lift	300	0	600	0	0	0
St Peters Court - Open Reach	60	0	0	0	0	0
St Peters Court - Remove Cladding & Change windows	3,000	140	4,846	0	0	0
St Peters Court - Shed area	0	0	50	0	0	0
St Peters Court - Sprinkler System	0	0	223	0	0	0
Windows	20	8	20	20	20	20
Total Budgeted Expenditure	6,640	2,109	9,905	3,040	3,040	3,040
Financed By :-						
Housing Capital Receipt	0	0	660	210	210	210
Housing Revenue Account	0	0	0	0	0	0
Housing Revenue Account Reserves	6,640	2,109	9,245	2,830	2,830	2,830
	6,640	2,109	9,905	3,040	3,040	3,040

Project	Description
Bathrooms	Replacement and improvements to bathrooms and layouts to the housing stock.
Central Heating/Boilers	A rolling programme has been established which provides replacement heating appliances, boilers
Demolition - Garage	Demolition of garages and construction of parking area
Disabled Works	These works provide disabled adaptations to the Council's housing stock to improve the living
Door Entry System - Park Road & The Hemplands	New door entry system
Energy Efficiency Works	Energy improvement works to properties, examples could be electrical improvements to blocks of
Environmental Works	Works controlled by tenants for environmental improvements, examples could be additional
External Doors	A rolling programme provides replacement doors to the housing stock.
Heat Metering	Works to be compliant with the Heat metering network regulations. Every communal system
Housing Repair Vans	Cyclical renewal of Housing vans
Kitchens - Programmed & Responsive	Replacement and improvements to kitchens and layouts to the housing stock.
Re-Roofing	A rolling programme provides replacement roofs to the housing stock.
Rewiring	Rewiring to the housing stock.
St Peters Court - Replacement Doors	Replacement door programme
St Peters Court - Fire Assessment	Fire Assessment of the St Peters Court tower block
St Peters Court - Internal Dec's	Repair and renew internal services including redocration
St Peters Court - Lift	Replacement of St Peters Court Lift
St Peters Court - Openreach	Removal of old telecommunications wiring (H&S)
St Peters Court - Remove Cladding & Change	Removal of cladding and replacement of windows
St Peters Court - Shed area	Enhancement of shed area
St Peters Court - Sprinkler System	Installation of sprinkler system
Windows	A rolling programme provides replacement windows to the housing stock.

HOUSING PROJECT DEVELOPMENT	2022/23 £000 Original	2022/23 £000 Revised	2023/24 £000 Revised	2024/25 £000 Revised	2025/26 £000 Revised	2026/27 £000 Revised
Projects						
New accommodation Project	0	0	2,500	0	0	0
Consultancy Compliance requirements	400	2,000	480	0	0	0
Avenue Mansions	0	0	0	1,000	0	0
Redevelopment Programme						
Reconversions	260	260	150	150	150	150
Retrofitting	1,800	0	2,400	2,700	1,000	1,000
Expenditure on Housing Acquisitions	500	750	100	500	500	500
Expenditure on Housing Redevelopment	915	202	2,357	0	1,000	1,000
Total Budgeted Expenditure	3,875	3,212	7,987	4,350	2,650	2,650
Financed By :-						
Housing Capital Reciept	0	417	1,936	450	200	200
Housing Revenue Account	1,049	535	365	300	300	300
Housing Revenue Account Reserves	2,766	2,260	5,686	3,600	2,150	2,150
External Funding	60	0	0	0	0	0
	3,875	3,212	7,987	4,350	2,650	2,650

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

NEW BUILD PROGRAMME	2022/23 £000 Original	2022/23 £000 Revised	2023/24 £000 Revised	2024/25 £000 Revised	2025/26 £000 Revised	2026/27 £000 Revised
New Builds	14,128	1,318	15,929	9,282	7,000	7,000
Total Budgeted Expenditure	14,128	1,318	15,929	9,282	7,000	7,000
Financed By :-						
Housing Capital Reciept	0	433	7,957	0	4,500	3,600
Housing External Grant	0	0	1,148	0	1,000	0
Housing Revenue Account	4,814	651	3,155	2,087	1,500	3,400
Housing Revenue Account Reserves	8,126	234	3,374	6,895	0	0
External Funding	1,188	0	295	300	0	0
	14,128	1,318	15,929	9,282	7,000	7,000

Project	Description
New Builds	Provision of new housing

Programme Total	24,643	6,639	33,821	16,672	12,690	12,690
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SCRUTINY COMMITTEE PRE-MEETING QUESTIONS SUBMITTED

ES/1418

Questions Received from the Scrutiny Committee ahead of the meeting on 19 January 2023

Please note – page, section and figures referred to in the questions below relate to the report presented to Cabinet on 3 January 2023.

Capital Programme Report

- 1. P243Aa capital investment in Southwold Enterprise Hub of £600k – where will the MRP come from? Can I see a business plan? What security does ESC have on the project?**

The ESC £600,000 investment into the Southwold Enterprise Hub represents c20% of the project build cost. The security for ESC is a 20% ownership stake in the Enterprise Hub and the right to receive 20% of the rent. STC will have the right after 5 years and in perpetuity to buy out ESC.

The Business Plan was included in the Southwold Enterprise Hub Report to Cabinet on 7 June 2022. Please note this report was an Exempt item (Item 16).

MRP is an annual charge included within the centralised revenue budgets and charged over the accounting asset life.

- 2. P252 Appendix G How many new houses were built for £15m?**

Appendix G Shows an original budget of £14.1 million for 22/23 revised down to £1.3 million due to delays in the new build programme. It also shows a budget of £15.9 million for 23/24. These properties have not yet been built, and the spend can relate to projects that span over more than one financial year. £8 million of the £15.9 million relates to developments that will be completed in 24/25 and 25/26, providing 61 new homes.

The remaining £7.9 million will deliver 44 new homes in 23/24. The total cost spanning over several financial years for the developments included in the £15.9 million is £27.744 million, which will provide 105 new homes, giving an average build cost of £264k per property. However, this does include a passivehaus development which is more expensive than a traditional build.

SCRUTINY COMMITTEE
Thursday, 19 January 2023

Subject	Housing Revenue Account (HRA) Budget Report 2023/24 to 2026/27
Report by	Maurice Cook, Cabinet Member with responsibility for Resources Richard Kerry, Cabinet Member with responsibility for Housing
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsuffolk.gov.uk Amber Welham Finance Business Partner – Housing Amber.welham@eastsuffolk.gov.uk

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

Purpose and high-level overview

Purpose of Report:

This report provides an opportunity for Scrutiny Committee to submit any comments to Cabinet on the proposed 2023/24 to 2026/27 Housing Revenue Account (HRA) budget, including the revised position for 2022/23 as required under the Budget and Policy Framework.

The report details how rents and service charges are determined, and the proposed increases/decreases for 2023/24 are set out for approval.

The report also notes changes in welfare and benefits and the impact of the cost-of-living crisis, which have been considered when completing the budgets, and rents and service charges for 2023/24.

Options:

HRA Budget Setting

The Housing Revenue Account Budget forms part of the Council's Budget and Policy Framework. The Council is required to set an annual budget and therefore no other options have been considered for this.

Rent Setting

Under normal circumstances, following four years of compulsory rent reduction, setting rents from 2020/21 below the maximum permitted under the Rent Standard is not recommended for the following reasons:

- 1) Under self-financing, the debt settlement figure that the Council can afford is based on a valuation of the Council's housing stock. This valuation is based on assumptions about income and need to spend over 30 years and that the Council will follow the Government's social rent policy. Therefore, the main disadvantage of setting rents lower than that permitted by the Rent Standard is the loss of revenue over the 30 years of the HRA business plan, the ability to service the debt and the adverse impact this will have on investment in the Council's existing housing stock and the delivery of the housing development programme as currently planned. There is an expectation from Government for the social housing sector to make the best use of their resources to provide the homes needed.
- 2) The HRA has the option to borrow additional funds for future projects, as the borrowing cap has been removed, but the affordability of taking any additional borrowing would need to be assessed. At this time there is no requirement for additional borrowing, but this situation could change if rental income streams are not maintained to the level included in the budget, or there are additional costs relating to compliance, decarbonisation, or the housing development programme. In addition to this, the Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP). The CFR is expected to increase by £77.48 million between 2022/23 and 2026/27 which is due to capital projects potentially being financed through borrowing. Statutory guidance is that debt should remain below the CFR. The Council expects to comply with this in the medium term, but the scale of the capital programme as currently drafted is such that the Council would begin to approach its borrowing limits over the life of the proposed programme if other

sources of finance were not available, although the programme as presented does not pre-empt the realisation of capital receipts.

However, due to the unexpected high levels of inflation during 2022/23, for rent setting of 2023/24 only, there is a small opportunity to increase rents slightly below the government guidance.

Recommendation/s:

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

1. The draft HRA budget for 2023/24, and the indicative figures for 2024/25 to 2026/27;
2. Movements in HRA Reserves and Balances;
3. Proposed rent increase of up to 6%. 1% less than the Government 7% rent Cap for 2023/24 rent setting.
4. Service charges and associated fees for 2023/24;
5. Rent and Service Charges to be charged over a 50-week period unless being used for Temporary Accommodation when a 52-week period will be applied.

To note the following:

6. Revised outturn position for 2022/23;
7. Changes affecting public and private sector housing and welfare to be noted;
8. Effects of the cost-of-living crisis to the HRA to be noted.

Corporate Impact Assessment

Governance:

As set out in the Council's Finance Procedure Rules, the Chief Finance Officer is responsible for preparing and submitting reports on revenue budget forecasts to Cabinet and Council. The 2023/24 budget will be considered at the following Council meetings:

- Cabinet 3 January 2023
- Scrutiny Committee 19 January 2023
- Cabinet 7 February 2023
- Full Council 22 February 2023

ESC policies and strategies that directly apply to the proposal:

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

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

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

Environmental:

Consideration has been given in the budget to progressing the Council's wider ambition to become a carbon neutral organisation. Budgets are included within the HRA's capital programme for 2 pilot schemes for retrofitting existing housing stock during 2023/24 and 2024/25, with a further £2 million set aside from 2025/26 onwards for additional schemes in the future.

New intelligent energy software has been implemented which will help develop improvement strategies and specific programmes for work, to reduce energy cost (SAP) or improve carbon reduction (CO2) to meet targets set by East Suffolk Council (ESC) and the Government.

The current average EPC rating for the housing stock is C. A stock condition survey will be carried out which will help with planned programmes of work to target energy efficiency within the stock.

In addition to this, a new build design guide is being worked on to ensure all new properties will meet a standard that helps address the climate emergency by providing more sustainable housing on a site-by-site basis.

Equalities and Diversity:

An Equality impact assessment has been completed for setting the HRA budgets and proposed rent setting for 2023/24, EQIA471131609.

There is potential for a negative impact on low-income households if rents are increased. However, every measure has been put in place to support these tenants if this should happen. Affordable rents are capped at the LHA rate which is the most a tenant can receive for the housing element of benefits. This should mean the rents are affordable to all.

Financial:

A summary analysis of the budget movement is shown in **Table A**. This table is supported by **Appendix A1**, that gives a full breakdown of all budget changes between 2022/23 and 2026/27, with a brief explanation to the changes.

Table A

HRA MTFS Updates	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Additional Cost	1,294	1,526	1,564	1,477	2,457
Additional Income	-194	-243	-628	-787	-1,365
Reduced Income	1,256	559	553	545	525
Saving	-5,493	-615	-1,244	-1,584	-177
Use of Reserves	-256	-38	-40	-500	-500
Net Movement Each Year	(3,393)	1,189	205	(849)	940
Net Movement over the period 2022/23 to 2026/27					(1,908)

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

Human Resources:

The budget has been increased to cover staffing requirements of the HRA, with 8.75 new permanent posts being added in 2023/24. These posts will help to meet the growing demands of all service areas, including housing compliance, estates, temporary accommodation, and choice based letting.

All new permanent posts were approved as part of the Housing Team Restructure report taken to Cabinet on 6 December 2022.

In addition to these posts, there are 2 fixed term posts added to the budget.

- A Post Graduate Project Officer within the digital and data transformation team for 1 year, which is corporately funded.
- A Financial Inclusion Officer on a 2-year fixed term contract to help support tenants through the cost-of-living crisis as well as the rent refund process, funded from the Hardship/DHP top up reserve.

The HRA also has 7 apprentice posts included in the 2023-24 budget contributing towards the East Suffolk Apprenticeship Strategy 2018-22.

Further changes to the staffing budgets are a result of the following:

- 2022-23 national pay award agreed.
- The announcement from the Chancellor that the temporary 1.25% increase on national insurance would be removed from November 2022.
- The reduction on employer's pension contribution from 32% to 25% for 3 years from 2023-24.

ICT:

No impacts directly arising from this report.

Legal:

No impact directly arising from this report.

The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the Council's housing stock, offset by tenant rents, service charges and other income. The Council has a statutory responsibility to set a balanced HRA budget.

From 1 April 2020 the Government set out a new policy statement for rents on social housing (the Policy Statement). This was implemented through the Regulator for Social Housing rather than through legislation. The Government published a 'Direction to the Regulator' to set a Rent Standard, and the Regulator is required to have regard to this when setting its Rent Standard. For the first time, the Government has directed the Regulator to apply its Rent Standard to all registered providers, including local authorities.

Risk:

No impact directly arising from this report.

The HRA self-financing regime transferred the financial risk to the Council. The HRA manages this risk through prudent budgeting, careful financial management and adoption of a rolling 30-year financial business plan. The financial sustainability of the budget is managed by ensuring adequate funds are set aside to repay the debt and appropriate levels of working balances are available for any unforeseen costs. It also gives the HRA the opportunities to meet its business objectives whilst creating efficiencies and savings, giving added value for money.

The HRA budgets 2023/24 to 2026/27 (including the revised 2022/23 position) have been updated in the 30-year financial business plan, it shows the current requirements are financially sustainable if the proposed income levels are approved, and no further borrowing will be required at this point.

<p>External Consultees:</p>	<p>Tenants will be informed in writing of any changes to their rent and service charges one month before they take effect as normal. Tenants will have the opportunity to speak to their rent officer or the HRA's financial inclusion officer if they have any concerns.</p> <p>The Government ran a consultation for the period 31 August 2022 to 12 October 2022 for all Social Housing providers (Housing Associations and stock holding Local Authorities) on the proposal of the rent cap for 2023/24 rent setting.</p>
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>

P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected? Under the Self-Financing regime, the future resources and spend of the HRA are based on local decisions. The budget includes financing the capital programme and reserve balances as per the HRA financial business plan. Currently there is no requirement for any additional borrowing, demonstrating financial sustainability and supporting how ESC governs itself.			

Background and Justification for Recommendation

1 Background facts	
	Self-Financing Arrangement
1.1	The HRA self-financing regime was introduced in April 2012. The Council had to take on a significant amount of debt (£68 million) in exchange for not paying future housing subsidy. This change is beneficial to the HRA over the long-term.
1.2	A 30-year financial business model is used to support the delivery of the HRA under the self-financing regime. It makes assumptions regarding the level of income available and the key risks facing housing service delivery within this timeframe. It programmes in the years the Council expects to pay back the current borrowing, whilst delivering the required service.
1.3	The HRA funds the costs of borrowing for the initial debt settlement. The Council has chosen to incorporate this debt into the Council's overall borrowing portfolio, creating a single pool and charging interest to the HRA in proportion to the debt it holds.
1.4	Originally the HRA had a 'borrowing cap' of £87.26 million imposed on it by Central Government, however this was removed in 2018 when Central Government issued a determination revoking the limit of indebtedness on the HRA. However, the HRA's borrowing capacity is still restricted to the operational boundary for external debt for the whole Council. The boundary is set at £153 million, which includes both the General Fund (GF) and the HRA. Therefore, consideration must be given to the Council's total borrowing and the requirements for borrowing by the GF, before considering increasing the current borrowing of the HRA.
1.5	<p>As of 1 April 2022, the total debt of the HRA was £60.4 million (£58 million from the self-financing settlement and £2.4 million pre-self-financing). In March 2022, £10.77 million was repaid.</p> <p>During the budget period 2023/24 to 2026/27 a further £960,000 is due to be repaid in 2024/25 and £10 million in 2026/27. Both amounts have already been set aside in the debt repayment reserve and the major repairs reserve.</p> <p>Interest on all current HRA borrowing is fixed therefore the HRA will see a reduction in interest payments in the subsequent years of repayment.</p>

	The HRA spending plans, including its capital investment programme, are fully funded from existing resources. Therefore, there is currently no need to make use of any additional borrowing.
1.6	<p>Welfare Reform</p> <p>Universal Credit (UC) was first introduced 10 years ago as part of 'The Welfare Reform Act 2012'. It is a single payment for working aged people who are looking for work or are on a low-income. It replaces housing benefit, working tax credit, child tax credit, income support, income-based jobseekers' allowance and income related employment and support allowance. It was rolled out in the district in 2015.</p>
1.7	New claimants of UC have an initial wait time of five weeks before receiving their first payment, however if they are already receiving housing benefits, this will continue for the first two weeks of the claim process, reducing pressure on tenants.
1.8	<p>The benefit cap has always been £20,000 per annum (outside of Greater London), since the introduction of the Welfare Reform Act 2012. However, Government have announced that the cap will be raised by 10.1% for the first time in its history. From April 2023 the new cap will be £22,020 per annum, giving claimants a much-needed boost during a cost-of-living crisis.</p> <p>If new claimants' previous income was higher than the benefit cap, they are given a 'grace period' of nine months, easing the transition for the claimant.</p>
1.9	Under-Occupation Charge (also referred to as the 'Bedroom tax') is a fixed cut to housing benefit or the housing element of UC received based on the number of spare bedrooms in the property. The charge only applies to working aged tenants and is set by Central Government. The cut is 14% for one spare room, or 25% for two or more spare rooms.
1.10	To help alleviate the pressure of this penalty, the Council's HRA offers the incentive called 'Cash-for-Moving'. This is a widely used scheme across Councils to encourage tenants to downsize. Tenants can bid for a smaller property on Gateway to Home-Choice, and if successful the tenant could receive up to £2,000 depending on the number of bedrooms given up. The scheme was in place before welfare reform to encourage better use of the housing stock.
1.11	The Right to Buy (RTB) Scheme allows tenants to purchase their Council house at a discounted rate. The maximum discount available is 70% or £87,200 (outside of Greater London) whichever is lower. This value is set by Central Government and increases each year in line with inflation.
1.12	In 2012, the Council entered into an agreement with the Secretary of state to retain a share of its RTB receipts to reinvest in the provision of new affordable homes. As of April 2021, the conditions of this agreement were updated by Central Government. The receipts can now fund up to 40% of investment in new affordable housing (previously only 30%) and they can now contribute to the delivery of shared ownership properties, which they could not before.
1.13	On average the HRA loses approximately 30 properties a year through RTB, and this is the assumption used within the 30-year business plan. However, numbers reduced during the COVID-19 pandemic, but started to recover in 2021/22 with 27 sold during the year. For 2022/23, at the end of December 2022, 21 properties have been sold through RTB.

1.14	The implication of RTB sales is a reduction in dwelling rents received. The annual income lost through RTB is on average £140,000 per annum (year on year), adding to the importance of increasing the HRA housing stock. RTB sales are considered when setting the dwelling income budget.
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2 Current position	
	Dwelling Rents and Service Charges
2.1	The 2020 Rent Standard is the policy statement for rents on social housing and has been in effect from 1 April 2020. It is the first-time Government have directed the Regulator of Social Housing to apply its Rent Standard to all social housing providers, including local authorities.
2.2	From 1 April 2020, all Registered Provider rents (including Local Authorities) must be charged in accordance with the Government Policy Statement on Rents for Social Housing. This document was initially issued in 2018 and has subsequently been updated. The latest version is the Ministry of Housing, Communities and Local Government (MHCLG), "Policy Statement on Rents for Social Housing", February 2019. The Rent Standard, published by the Regulator of Social Housing in 2020 requires Rents to be set in line with this policy statement for the setting of rent.
2.3	The new rent policy permits the Council to increase its rents for at least five years to 2024/25 by up to the Consumer Price Index (CPI) of the September of the previous year plus 1%. The Rent Standard also provides freedom to apply a lower increase or to freeze or reduce the rent if a registered housing provider chooses to do so.
2.4	Due to rising inflation, CPI hit 10.1% in September 2022, which would result in social housing landlords having the ability to increase rents by up to 11.1% (10.1% CPI + 1%). However, Government has announced this will be capped at 7% for 2023/24.
2.5	The new rent policy aims to strike a balance between the interests of existing social housing tenants who pay some or all their own rent, the need to build more homes, and the importance of ensuring that providers of social housing have sufficient income to manage and maintain their housing stock.
2.6	Following the four years of rent reduction, the new rent policy was welcomed. A five-year rent deal provides some stability to the Council in terms of its rental income stream, enabling the Council to plan for its housing development programme and decarbonisation of its housing stock.
2.7	Rent Setting is different dependent on the type of rent set. There are two types of rents used within the HRA. Social Rent and Affordable Rent.
2.8	Social Rent is described as all low-cost rental accommodation. Since 2001 social rents have been set based on a formula set by Government. This new policy follows a similar process with the formula and rent setting guidance, set out in the Policy Statement. Annual updates to the formula calculations are published in November of the previous year.
2.9	Under the Rent Policy the initial rent may be set at a level no higher than formula rent, subject to rent flexibility. The formula rent takes account of relative property values, relative local earnings, and a bedroom factor, i.e. smaller properties

	<p>should have lower rents. The formula rent is also subject to a rent cap. The rent cap applies a maximum ceiling on the formula rent. Therefore, if the formula rent is higher than the rent cap for a particular property, the rent cap must be used instead. The rent caps will increase each year by CPI (September of the previous year) plus 1.5%.</p>
2.10	<p>The Government's Rent Policy recognises that registered housing providers should have some flexibility over the rent set for individual properties, to take account of local factors. As a result, the Policy Statement contains flexibility to set rents at up to 5% above the formula rent (10% for supported housing). However, it must be demonstrated that there is clear rationale for doing so, such as the demand for new housing developments, redevelopment, and decarbonisation of stock.</p>
2.11	<p>The Governments Rent Policy states any social rents that exceed the flexibility level must not be increased by more than CPI (rather than CPI plus 1%) each year, until the rent is brought within the rent flexibility level. Also, the property must be re-let at the formula rent value. If this arises when setting the HRA rents, the rent will be frozen or potentially reduced until it reaches the formula rent value. Such situations will be dealt with on a case-by-case basis.</p>
2.12	<p>Affordable Rent values were introduced in 2011 and must not exceed 80% of gross market rent (inclusive of service charges), i.e. rent for which the accommodation might reasonably be expected to be let in the private rented sector. The size, location and service provision must be taken into consideration.</p>
2.13	<p>Affordable rent is exempt from the social rent requirements of the Policy Statement. The Government expects new build properties to be let at affordable rent values. Affordable rent allows the Council to set rents at a level that are typically higher than social rents. The intention behind this flexibility is to enable local authorities to generate additional capacity for investment in new affordable homes. The Council is applying affordable rents to new build or purchased properties and can do so as it has an agreement in place with the Secretary of State. The agreement allows the Council to retain RTB receipts for investment in new affordable rented homes.</p>
2.14	<p>The private rented market can fluctuate from month to month. Therefore, the Council charges the Local Housing Allowance (LHA) rate for all affordable rents (inclusive of service charges). The LHA rate is less than 80% of market rent, but more than social rents. The LHA rate is the most a tenant can receive in benefits towards their rent, therefore anything charged over this value would need to be financed by the tenant's own resources, which could cause financial hardship and potential arrears.</p>
2.15	<p>An additional benefit to this approach ensures a consistent and fair approach to all tenants.</p>
2.16	<p>Affordable rents must not increase by more than CPI (September of the previous year) plus 1%. As with social rent setting, this is a ceiling and a lower increase, or to freeze or reduce affordable rents is permitted.</p>
2.17	<p>Full Market Rent can be charged by a social landlord from April 2015, where a social tenant has an annual household income of at least £60,000. This change allowed landlords to make better use of their social housing for properties rented to households with relatively high incomes. However, the HRA does not currently charge any tenants full market rent as very few tenants are in this position, and the cost to identify these tenants outweighs the benefit of the additional income.</p>

2.18	Shared Ownership Rent is calculated at 2.75% of the share still owned by ESC. This is a nationwide calculation for the initial rent charged. Future year increases will follow the 2020 Rent Standard of the previous year's September CPI + 1%.
2.19	<p>The Rent Period the Council works on is a 50-week period. The 52-week rent value is converted to the slightly higher 50-week value, allowing tenants to have two 'rent free weeks' over the Christmas period. This helps tenants at an expensive time of year, and for those in arrears, can help them 'catch up'.</p> <p>A small number of HRA properties are used as temporary accommodation. These properties are charged at the 52-week value as they will not be in the property for more than a year, and therefore would not benefit from the rent-free weeks.</p>
2.20	Garage Rents do not follow the same restrictions as dwelling rents. These are based on market research in the district and have been considered for approval by Cabinet as part of the 2023/24 Fees and Charges Report.
2.21	Service Charges are those charges payable by tenants to reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities, e.g. Communal facilities in sheltered accommodation (Grouped Homes).
2.22	Councils can review their service charges annually. Service charges should be sufficient to cover the cost of providing the service and are not governed by the same factors as rents. Therefore, not all service charges will necessarily increase each year, they will replicate the cost of the service provided. As set out in the Policy Statement, increases for service charges should be managed, where possible, within the limit on rent changes of CPI plus 1%. Exceptions to this include new charges or where services have been extended.
	Arrears
2.23	2021/22 had a slight increase on arrears from 2020/21 of just £6,369.87. As at 31.03.22 arrears were 5.79% of total rents and charges raised. This was a 0.08% increase from the previous year and 0.93% (cumulative) from the year before, demonstrating arrear levels are stabilising for the first time since 2015/16 when UC was introduced.
2.24	In February 2021, the tenant's portal went live, allowing tenants to have 24-hour digital access to their rent account. Currently, approximately 15% of tenants are using this function. Further work is to be completed to enable the text messaging service, which is anticipated to go live early 2023, which will enable texting for automated balances or request contact from their Rent Officer. It will also offer paperless direct debits.
2.25	Predictive analytics software was implemented 2018/19 for current tenant arrears. This has been successful in reducing the number of cases rent officers look at each week, allowing them to get through their case load and contact the tenants whose accounts require action. Due to the success of the software, the former tenant model was introduced in 2019/20.
2.26	To reduce the risk of arrears, new tenants are asked to pay rent in advance. The amount they pay is linked to how regularly they pay their rent e.g. if a tenant pays weekly, they will be required to pay one week in advance. As of 01 January 2023, the HRA holds £842,458.29 in rent in advance.
2.27	The current arrears position as of the 01 January 2023 is approximately £1.2 million, an increase of £100,000 on the 2021/22 closing position, which will need to be monitored closely, and additional support provided to affected tenants.

2.28	A rents and service charge audit being completed during 2022/23 which has highlighted errors to some tenants' rents and service charges. Corrections will be applied to tenant rent accounts which will have a positive impact on the current arrears position, as arrears will be required to be cleared before refunds can be processed.
2.29	Repairs and Maintenance The HRA repairs and maintenance (R & M) programme is split between capital and revenue. Revenue costs are to be funded from the revenue income derived from rents, whilst capital will be funded from the Major Repairs Reserve (MRR).
2.30	The HRA is currently undertaking a programme of essential safety inspections, primarily relating to fire safety and essential works identified during inspections. A report detailing the required works was approved at Cabinet on 4 October 2022 and increases of £2 million to the HRA capital programme budget have since been made in the 2022/23 budget to cover these works.
2.31	Material supplies have increased considerably, some timbers have seen an increase of 50%. Due to these high fluctuations in material prices, suppliers are now looking for more flexibility within their contracts. Budgets have been increased to incorporate these increases in cost.
2.32	Capital programme The HRA capital programme forms part of the Council's 'Capital Programme Report 2023/24 to 2026/27'. The HRA capital programme consists of capital budgets for housing repairs, project development such as decarbonisation and the housing development programme.
2.33	The HRA capital programme will be funded via the rental income it retains, the Major Repairs Reserve (MRR), Right-to-Buy (RTB) receipts, external funding and capital receipts held. Funding of the repairs and maintenance aspect of the capital programme is through the MRR. The 2023/24 HRA capital programme is partly funded by Direct Revenue Financing, which totals £3.4 million. This represents £365,000 towards housing projects and redevelopment and £3.035 million on the housing development programme. This is an increase on 2022/23 as it includes carry forwards from reprofiled developments.
2.34	On 31 March 2022, the Council's housing stock totalled 4,451 units. Between 31 March 2022 and 31 December 2022 there have been 21 RTB sales. There have also been 8 new properties added to the housing stock in Darsham, of which 4 are shared ownership and are all occupied. This gives a net decrease to the housing stock of 13 as of 31 December 2022. It is expected a further 5 recently purchased RTB buy-backs will be renovated and back in use by the end of this financial year, reducing the net movement to a decrease of 8.
2.35	In addition to delivering new homes, 2 retrofit projects for existing housing stock have been included in the HRA capital programme. 17 units to be delivered in 2023/24 and 19 units in 2024/25.
2.36	Special Services are made up of revenue costs for Sheltered Schemes, Warden Services, redevelopment/decarbonisation, and the new build programme. As the redevelopment and new build programmes pick up pace, the associated revenue costs also increase. These costs include architect fees, consultant's fees, and staffing.

3 How to address current situation

Rents and service charges

Rent Setting

- 3.1 In accordance with the Rent Standard for 2020, rent increases for 2023/24 would have been increased by the September 2022 CPI plus 1%. September CPI was 10.1%, which would have resulted in a rent increase of up to 11.1%.
- 3.2 However, as part of the autumn statement, Government have imposed a cap on social housing rent increases for 2023/24 of 7%. Government understands the need to protect our residents during a cost-of-living crisis but also the pressures social housing provides face with investing in their existing stock and providing much needed new affordable homes.
- 3.3 Although rents can be increased by up to 7%, social housing providers have the freedom to apply a lower increase or to freeze or reduce the rent if they choose to do so.
- 3.4 Official guidance was released by Government on 14 December 2022. The rent cap is to protect existing tenants only. The formula rent (a nationwide calculation) will still increase by the September CPI plus 1%. The Council has no option on this, and it will affect new tenancies only.
- 3.5 ESC has a commitment to providing all tenants with a home at a decent home's standard, as well as investing in its existing housing stock to meet the Councils aim of becoming Carbon Neutral by 2030, while building much needed new homes for those waiting on the housing register.
- 3.6 The balance between service provision and protecting current tenants have been carefully considered, and as a result of that, a rent increase of up to 6% for 2023/24 is proposed in this report.
- 3.7 Not all tenants will see a rent increase of the full 6% proposed due to social rents being capped at the formula rent value plus flexibility allowance and affordable rents being capped at the Local Housing Allowance (LHA) rate (inclusive of service charges). The Government has confirmed the LHA rate will be frozen for a third year. Therefore, tenants on an affordable rent already charged the LHA rate will see no increase in their rents. This has contributed to the average increase being less than 6%.
- 3.8 As part of a rents and service charge audit taking place at ESC during 2022/23, some tenants will see their rents decrease as corrections are processed on their rent accounts. A separate Report 'Housing Regulation' will be presented to Full Council in January 2023 with the background and full details of this audit. As part of this report, it is proposed that ESC will make use of the rent flexibility available to social housing landlords (see paragraph 2.9). No tenant will have to pay more than they currently pay with the introduction of using the rent flexibility and it will not impact on rent increases for 2023/24 being capped at 6% for ESC tenants.
- 3.9 Rent setting takes place during February each year to ensure the most up to date rents are used as a base and reduces the chance of manual updates relating to properties re-let between February and March (before the new rent values apply).
- 3.10 Applying a 6% rent increase in 2023/24, gives an average rent increase of £3.89 per week. In **Table B** below, the average rent value for 2022/23 takes into consideration anticipated corrections to rent accounts, and both take into consideration the utilisation of rent flexibility.

Table B

2022/23 Average Rent (52 Week Value)	£92.39
2023/24 Average Rent (52 Week Value)	£96.28
Average Weekly Rent increase (52 Week Value)	£3.89

- 3.11 The average rent for the East of England as provided by the HomeLet statistics for November 2022 is £1,108 per month. This is the equivalent to £255.69 per week. This equates to ESC 2022/23 average rent being just 36.18% of the average rents for the area. The proposed 2023/24 ESC average rent increases this to 37.65% of the average rent charged in the area.
- 3.12 The ESC average rent value will fluctuate slightly week-to-week, depending on the number of voids and re-lets during a month. However, the change will be pence, and it is compared each year during December, giving a consistent approach.
- 3.13 The maximum tenants who are charged an affordable rent can receive in housing allowance of UC or Housing Benefits is the LHA rate. Therefore, all HRA Affordable Rents are set no higher than this value and are therefore eligible for benefits. This means that tenants who are in receipt of limited incomes will not be disadvantaged by the proposed rent increase.
- 3.14 Not increasing rents by 6% or utilising rent flexibility where applicable would put a financial strain on the HRA. With increasing demands and costs across all service areas, and the requirement for significant investment in the decarbonisation of the current housing stock and new build programme, if rents are not utilised, the capital programme will be reduced.
- 3.15 Due to the agreement ESC holds with the Secretary of State to retain its RTB receipts, the Council must invest in the provision of new affordable homes. Therefore, if the HRA capital programme was to be reduced, retrofitting the existing stock would have to be put on hold or reduced significantly. This will have an impact on tenants as it is within their best interest that the Council continues to invest in this, as these improvements will improve the energy efficiency of their home and contribute to reducing their energy bills.
- 3.16 The HRA dwelling budgets for the period 2024/25 to 2026/27 are based on the Bank of England (BoE) CPI predictions plus 1% (Quarter 3 each year).
- 2024/25 (BoE) CPI 4.2% plus 1%
 - 2025/26 (BoE) CPI 2.9% plus 1%
 - 2026/27 (BoE) CPI 2.4% plus 1%
- 3.17 Although the same model has been used for 2025/26 and 2026/27 rent increases, the current arrangement finishes in 2024/25, and there is no indication at this time as to how rent increases will be determined. From 2027/28 onwards, a more prudent approach has been taken on the 30-year business plan, applying a 3% increase each year.
- 3.18 Other factors are also taken into consideration when calculating the dwelling rent budget for future years. Such as disposals through RTB's or asset management of underperforming stock, reconversions, new build developments and acquisitions.
- Service Charges**
- 3.19 The proposed service charges for 2023/24 are set out in **Appendix C** of this report. The costs of providing the services have been reviewed and set at a level to ensure that the costs are recovered. The HRA cannot make a profit on the service charges, these are purely to recover HRA costs.

3.20	Not all service charges, outlined in Appendix C will increase in 2023/24. This is due to contracts that run for more than one year for a fixed price. The heating charges are based on the previous full year's costs, hence no increases on charges have been applied to 2023/24. This will help tenants in sheltered schemes during the cost-of-living crisis. Any major increases relating to the current utility crisis will be reviewed in the 2024/25 service charges.
3.21	Grouped Home service charges relate to services provided to sheltered schemes and communal utility costs. The proposed general service charge for grouped homes for 2023/24 is set at an average weekly charge of £16.10 based on a 50-week collection year. This is an increase of £1.53 compared to 2022/23. However, all other grouped home service charges will remain the same, and communal water will reduce. Giving a net impact of an average increase of £0.24 per week (50-week bases).
3.22	The average communal heating charge for 2023/24 will remain the same. The 2023/24 average Grouped Homes heating charge will be £13.35 based on a 50-week collection year. This will give tenants stability during the cost-of-living crisis.
3.23	As part of the rents and service charge audit being undertaken during 2022/23 (see paragraph 3.8) it has been identified that a heating service, service charge has been incorrectly charged in previous years. This charge will be corrected on all tenants' accounts who are affected and will no longer be charged in the future. This has been taken into consideration when setting the HRA income budgets.
Garage Rents	
3.24	Garage rents are also set out in Appendix C . Garage rents are also collected on a 50-week collection period. For 2023/24 tenant's weekly garage rent is proposed to increase from £9.00 to £9.45, an increase of £0.45 on the 2022/23 charge. The proposed increased for non-tenant weekly garage rent is £13.23 from £12.60 (inclusive of VAT), an increase of £0.63 on the 2022/23 charge.
3.25	The Garage rents are based on local market research. Historically, ESC has charged particularly low garage rents, however they are now at a similar level as other Local Council providers. Garage rents form part of the Councils' annual fees and charges report considered by Cabinet on 3 January 2023.
Repairs and Maintenance	
3.26	The repairs and maintenance revenue budget for 2023/24 has been set at £6.935 million, compared to a revised forecast of £6.338 million in the 2022/23 budget. An analysis of the repairs and maintenance revenue budget is set out in Appendix D . The revised forecast for 2022/23 includes budget identified as being required as part of the compliance work approved at Cabinet 6 October 2022.
3.27	The amounts included in the repairs and maintenance revenue budget are deemed sufficient to allow the Council to carry out all necessary major works and to maintain the decent homes standard in all its properties. It should also be sufficient to cover significant levels of work on fire risk safety, compliance contract management and decarbonisation of the housing stock. Much of the cost relating to decarbonisation and retro fitting is within the HRA capital programme.
3.28	An additional £3.492 million has been identified as being required in 2023/24 as part of the compliance work currently undertaken, which will be recommended to Full Council as part of the Capital Programme Report 2022/23 to 2026/27. These costs reflect significant increases in already planned works, as well as some new projects.

3.29	Also, as part of the same compliance works, an additional £451,000 has been added to the 2022/23 revised budget to cover Fire Risk Assessments, Stock condition Surveying, and fitting of Carbon Monoxide detectors to all HRA properties, which became a legal requirement during this financial year.
	Reserves and Balances
3.30	The HRA has five main Reserves as well as the HRA revenue working balance (see section 5.18 in Appendix A2 for details on the revenue working balance), and the Major Repairs Reserve (MRR). Appendix E shows the movement and balances of these reserves for the budget period 2022/23 to 2026/27.
3.31	HRA Debt Repayment Reserve was set up in 2012/13. The viability of the self-financing regime depends ultimately on the Council acting prudently and in doing so, setting sufficient sums aside to meet its future liabilities. The transfer of funds to the Debt Repayment Reserve gives the Council flexibility around its future decisions for repaying the debt. The balance at 31 March 2027 is forecasted to be £2 million. This is after planned repayments of £960,000 in 2024/25 and a substantial borrowing instalment of £10 million in 2026/27. Payments into this reserve from 2027/28 will need to be substantial to meet the following instalment of £10 million due in 2031/32. Future debt repayment instalments will be funded by both the Debt Repayment Reserve and the MRR.
3.32	HRA DHP Top-Up Reserve was set up in 2012/13 with a fund of £500,000 taking the Welfare Reform Act 2012 into account. The reserve recognises the unexpected and exceptional difficulties tenants may face arising from these changes. Although the Act is now over ten years old, the financial difficulties tenants face has not faded.
3.33	This reserve was set up to 'top up' the Discretionary Housing Payments (DHP) made by the Council by the value used by HRA tenants, only if the total payments made were to exceed the value of the DHP grant received by the Council. To date, this has not been required. With increased Department for Work and Pensions (DWP) grant in recent years, it is unlikely to be required in 2022/23.
3.34	Due to this, discussions have been held to repurpose this reserve to help tenants during the cost-of-living crisis. Initially, a financial inclusion officer on a 2-year fixed-term bases has been identified, to provide support to tenants struggling with managing their finances.
3.35	Further discussions will be held on how to make best use of the remaining £422,000 balance in the coming months.
3.36	MMI Reserve is the Municipal Mutual Insurance Reserve. This reserve covers any potential old insurance claims relating to when the Council was covered by this insurer, and the new insurance providers will not cover such claims.
3.37	Impairment/Revaluation Reserve covers any unforeseen costs relating to revaluations of assets as part of the annual asset valuation. A review of this reserve has identified that it has not been required in over 7 years, and therefore will be released into the HRA during 2022/23, making best use of the funds held.
3.38	Acquisition and Development Reserve is used to transfer potential underspends into during a given financial year, to later fund the new build and redevelopment capital programme. The reserve is planned to be utilised between 2022/23 and 2024/25.
3.39	Major Repairs Reserve (MRR) was set up following the introduction of the self-financing on 1 st April 2012 and to meet changes in Accounts and Audit Regulations from 2012/13. Depreciation charged to the HRA is no longer in the movement on

	the HRA statement, instead, the depreciation charged to the HRA is credited to the MRR. The MRR can be used to repay the principal elements of the HRA debt, as well as to finance capital expenditure on the existing dwelling stock. There are plans to use the MRR to part fund the capital programme in each financial year. The balance as 31 March 2027 is projected to be a £1.747 million. The balance of this reserve is monitored through the 30-year financial business model to ensure it remains at a balance sufficient to fund capital programme repairs and contribute to debt repayment in future years.
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4 Reason/s for recommendation	
4.1	This report forms the basis of Scrutiny Committee's review of the Budget as required under the Budget and Policy Framework. It brings together all relevant information to enable Members to review, consider and comment upon the Council's Housing Revenue Account budgets, the proposed rental rent increase, service and other charges and movements in reserves and balances.
4.2	To advise Members of the wider housing and welfare changes that will impact on future service delivery.

Appendices

Appendices:	
Appendix A1	Budget changes to the financial period 2022/23 to 2026/27
Appendix A2	HRA 2023/24 to 2026/27 Budget – inclusive of revised 2022/23 position
Appendix B	Summary of Headings on chart of account
Appendix C	HRA Service and other charges
Appendix D	HRA Repairs and Maintenance Revenue Budget
Appendix E	HRA Balances and Reserve Summary
Appendix F	HRA Budget Key Assumptions
Appendix G	Scrutiny Committee Pre-Meeting Questions Submitted (HRA)

Background reference papers:		
Date	Type	Available From
November 2022	Budget Working papers	Financial Services
November 2022	Bank of England Monetary Policy Report November 2022	Monetary Policy Report - November 2022 Bank of England
November 2021	Limit on annual rent increases 2022-23	Limit on annual rent increases 2021-22 (publishing.service.gov.uk) (This does relate to 2022-23, please follow link)
November 2022	East of England average rent statistics – November 2022	Average Rents in The East of England Average Rental Prices 2019 HomeLet Rental Index
17/11/2022	Article – Chancellor Confirms 7% rent cap for social landlords – Inside Housing	Inside Housing - News - Chancellor confirms 7% rent cap for social landlords
February 2019	MHCLG Policy Statement on Rents	Policy statement on rents for social housing (publishing.service.gov.uk)
31/08/2022	Rent Cap Consultation (official guidance yet to be released)	Rent cap on social housing to protect millions of tenants from rising cost of living - GOV.UK (www.gov.uk)
Last updated 15/11/2021	Rent Standard 2020	Rent Standard and guidance - GOV.UK (www.gov.uk)

Budget changes to the financial period 2022/23 to 2026/27.

Table C

HRA Budget update	2022/23	2023/24	2024/25	2025/26	2026/27	Strategic Theme/Other Factors	
£'000	£'000	£'000	£'000	£'000	£'000		
Additional Cost							
Repairs and Maintenance service cost increase	503	197	328	235	335	Growing our Economy/Caring for our Environment	Increase Material costs, increased cost of services and additional compliance works previously approved at cabinet.
Digital Transformation Programme	0	35	12	16	16	Digital by Default	Increase in investment in analytical software and digital transformation programme.
Norse Services	25	40	40	40	40	Economic Impact	Norse services increased charges. Future years still to be fully reviewed.
Consultancy costs	330	120	0	0	0	Growing our Economy	External consultancy costs relating to HRA compliance.
running of schemes (sheltered and non- sheltered)	47	51	49	48	48	Economic Impact	Increases in utilities bills for all schemes.
Housing Development Programme	29	221	90	91	91	Pandemic Impact	Revenue costs associated with Housing development, Redevelopment and retrofit programme.
Housing staff payaward	185	290	290	290	290	Economic Impact	2023-24 payaward impact on HRA staffing.
New Compliance Team - Repairs	0	197	206	215	224	Government Policy	New team approved at Cabinet 06.12.22
New Post with in Choice Based Letting Team	10	79	87	91	105	Economic Impact	Additional posts approved at Cabinet 06.12.22
New Handyman & caretaker posts	0	86	90	94	99	Economic Impact	Additional posts approved at Cabinet 06.12.22
New Financial Inclusion Officer	0	38	40	0	0	Economic Impact	Additional 2 year fixed Term post to support tenants through the cost-of-living crisis and rent refund process.
Rents, rates and other charges	11	20	0	0	0	Enabling our Communities	Increase on council tax and rates, increase due to redevelopment and development programme.
Baseline budget increase	0	0	0	0	72	Economic Impact	2026/27 budget starts at 2025/26 budget value. Inflation added to running costs of the HRA.
Insurance Premiums	14	50	53	55	56	Economic Impact	External impact, insurance premiums have increased across the Council.
Depreciation charge	140	102	279	302	556	Government Policy	Depreciation is linked to the capital programme.
Direct Revenue Financing - source of finance for capital programme	0	0	0	0	525	Remaining Financially Sustainable	2026/27 base is 2025/26 budget. Increase as other funding such as Capital receipts are utilised.
	1,294	1,526	1,564	1,477	2,457		
Additional Income							
Dwelling Rent income	0	-31	-438	-642	-1,215	Government Policy	7% increase applied to 2023/24. 2026/27 base is 2025/26 budget. BOI predicted CPI + 1% for 2024/25 to 2026/27.
Non Dwelling Income (Garage Rents)	-2	-5	-5	-5	-10	Remaining Financially Sustainable	2026/27 base is 2025/26 budget. 5% increase applied to 2023/24 to increase rents inline with out local authority providers.
Non Dwelling Income (Leases and Wayleaves)	-15	-15	-15	-15	-15	Remaining Financially Sustainable	New lease in place for HRA property, and correction to baseline budget for Wayleaves.
Contribution towards expenditure	-36	0	0	0	0	Government Policy	One off payment of repaid RTB discount.
Contribution towards expenditure	-15	0	0	0	0	Remaining Financially Sustainable	Solar energy and renewable contributions increase in 2023/24.
Contribution towards expenditure	-19	-24	0	0	0	Remaining Financially Sustainable	Reserve contribution to specific development sites.
Grant funding for TA extended for 2 years	0	-44	-40	0	0	Remaining Financially Sustainable	Funding through Rough Sleeper Initiative to contribute to the use of HRA scheme as TA.
Interest on cash balances	-107	-124	-130	-125	-125	Economic Impact	Increase in average interest received.
	-194	-243	-628	-787	-1,365		
Reduced Income							
Dwelling Rent income	654	0	0	0	0	Government Policy	Conversion of affordable rents back to social formula rent + Flexibility allowance.
Service charges and facilities income	392	349	340	330	310	Government Policy	Removal of incorrect heating service charge.
Reimbursement of costs	200	203	206	208	208	Remaining Financially Sustainable	Removal of private works income, focusing on HRA stock. Equivalent costs removed also.
Reimbursement of costs	10	7	7	7	7	Economic Impact	Correction to baseline - reduction of court costs recovered.
	1,256	559	553	545	525		

Savings							
Dwelling Rent Write-offs	-100	-100	0	0	0	Economic Impact	Unlikely Dwelling rent write-offs will be carried out in 2023/24 and 2024/25.
Housing Staff Vacancies across all teams	-646	0	0	0	0	Economic Impact	Unable to fill some vacant post, new posts not yet filled, and movement in staff.
Change in NI and Pension % applied	-14	-94	-94	-94	-94	Government Policy	Government reduced NI contribution from Nov 2022 and Employer Pension contribution reduced from 32% to 25% from 2023/24.
Digital Transformation Programme	-7	0	0	0	0	Digital by Default	Reprofiling of implementation of some software.
Provision for Bad Debt	-31	-29	-27	-25	-25	Economic Impact	Increase on provision for bad debt not required while rent refunds being processed. Will reassess in 2023/24.
HRA Contribution to Corporate and Democratic Services	-3	-3	-3	-3	-3	Remaining Financially Sustainable	HRA share of corporate costs reduced slightly.
Rents, rates and other charges	0	0	-11	-11	-10	Remaining Financially Sustainable	Once redevelopment programme progresses, charges for associated properties/sites will be removed.
Support recharge from General Fund to HRA	-15	-41	-71	-76	-45	Remaining Financially Sustainable	Support recharges reviewed to reflect the services used by the HRA.
Direct Revenue Financing - source of finance for capital programme	-4,677	-348	-1,038	-1,375	0	Remaining Financially Sustainable	Delays in new build programme in 2022/23 and other sources of finance utilised in future years.
	-5,493	-615	-1,244	-1,584	-177		
Use of Reserves							
Debt repayment reserve	0	0	0	-500	-500	Use of Reserves	Remove transfer to Debt repayment reserve in 2025/26 and 2026/27, increase requirement in years thereafter.
Impairment/Revaluation Reserve	-256	0	0	0	0	Use of Reserves	Reserve unchanged for over 7 years. Release balance into the HRA.
Hardship/DHP Top up Reserve	0	-38	-40	0	0	Use of Reserves	Fund the financial inclusion officer 2 year fixed term post above.
	-256	-38	-40	-500	-500		
Net Total Movements	-3,393	1,189	205	-849	940		
Net Total Movements between 2022/23 and 2026/27						-1,908	

5.1 Table C details the changes across each financial year, with a brief description for the change. All changes have been put through the 30-year business plan to ensure the financial viability of the HRA. There is no adverse effect to the long-term financial position of the HRA by making these changes, and no requirement to take on additional borrowing at this stage. However, if the proposed dwelling rent increase of 6% is not adopted, reductions will be required in the Capital Programme. Careful budgeting and utilisation of all sources of finance, including capital receipts held has enabled the HRA to kick start its ambitious project to decarbonise its current housing stock, and future proof all new developments.

HRA 2023/24 to 2026/27 Budget – inclusive of revised 2022/23 position

5.2 Table D summarises the 2023/24 budget through to 2026/27, with a revised position for 2022/23. A brief description for each heading can be found in **Appendix B**.

Table D

	2022/23 Original £'000	2022/23 Revised £'000	2022/23 Movement £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000
Income							
Dwelling Rent	(19,926)	(19,372)	554	(20,634)	(21,481)	(22,182)	(22,755)
Non-Dwelling Rent	(160)	(177)	(17)	(184)	(188)	(192)	(197)
Service & Other Charges	(1,098)	(707)	391	(732)	(740)	(748)	(768)
Leaseholders Charges for Services	(10)	(10)	-	(10)	(10)	(10)	(10)
Contribution towards Expenditure	(33)	(89)	(56)	(57)	(33)	(33)	(33)
Reimbursement of Costs	(276)	(66)	210	(68)	(69)	(69)	(68)
Interest Income	(169)	(276)	(107)	(276)	(276)	(276)	(276)
Total Income	(21,672)	(20,697)	975	(21,961)	(22,797)	(23,510)	(24,107)
10% of total income	(2,167)	(2,070)	98	(2,196)	(2,280)	(2,351)	(2,411)
Expenditure							
Repairs & Maintenance	6,141	6,338	187	6,935	6,926	6,949	7,060
Supervision & Management	3,683	3,503	(180)	3,724	3,749	3,808	3,892
Special Services	2,440	2,870	430	2,705	2,618	2,659	2,696
Rents, Rates and other Charges	146	156	10	143	112	113	113
Movement in Bad Debt Provision	31	-	(31)	-	-	-	-
Contribution to CDC	95	92	(3)	92	92	92	92
Capital Charges	3,650	3,792	142	4,191	4,697	4,991	5,245
Interest Charges	2,106	2,106	-	2,106	2,066	2,026	2,026
Revenue Contribution to Capital	5,863	1,186	(4,677)	3,400	2,137	1,800	3,700
Transfer to Earmarked Reserves	-	(256)	(256)	(38)	(40)	-	-
Total Expenditure	24,155	19,787	(4,368)	23,258	22,357	22,438	24,824
Movement in the HRA balance	2,483	(910)	(3,393)	1,297	(440)	(1,072)	717
HRA Balance carried forward	(807)	(4,200)	(3,393)	(2,903)	(3,343)	(4,415)	(3,698)

Highlights regarding 2022/23 revised position – Table D**Income**

5.3 The decrease in dwelling rent is the result of estimated corrections to tenant rent accounts identified in the rents and service charge audit during 2022/23. Details and background information can be found in the Housing Regulation report going to Full council January 2023.

5.4 The increase on non-dwelling rents relates to a new lease in place for an HRA Property.

5.5 The decrease in service charges is the removal of an incorrect de-pooled service charge. This also forms part of the rent and service charge audit being carried out during 2022/23.

5.6 Increase in contribution to expenditure is a one-off income relating to a repayment of RTB discount. This is where an individual has sold their property which they purchased from the

Council through RTB less than five years ago, therefore, requiring them to repay part of the discount they originally received. Also, a contribution towards a specific development project.

5.7 Reimbursement of costs has reduced, due the maintenance team no longer carrying out disabled facility adaptations for the private sector housing team. The maintenance team will be focusing on HRA stock only. The equivalent expenditure has also been removed from the budget, giving a net nil impact.

5.8 The increase in interest income directly relates to the increases in interest received by the council on cash balances.

Expenditure

5.9 The increase in repairs and maintenance relate to fire risk assessments, housing condition survey and CO2 detectors being fitted to all HRA owned stock. This was the result of the 'Smoke and Carbon Monoxide Alarm (Amendment) Regulation 2022'.

5.10 The saving on Supervision and Management is the result of in year staff vacancies, and savings relating to the reduction in National Insurance from November 2022.

5.11 The increase on special services relates to Consultancy costs for both the rents and service charge audit and repairs compliance work, as well as increased revenue costs associated with the development and redevelopment programme.

5.12 The increase on rents, rates and other charges are linked to properties and sites that will be developed or redeveloped for housing provision.

5.13 The decrease relating to Bad Debt Provision relates to corrections to be processed on tenants rent accounts that will likely reduce arrears levels. Bad Debt provision to revisited in 2023/24.

5.14 Contribution to CDC is calculated on the HRA budget as a % of the Councils overall budget, giving a slight saving.

5.15 The increase on Capital related charges is an increase in depreciation charge directly linked to the capital programme. This increase is transferred to the MRR and will help fund the repairs element of the capital programme and contribute to repayment of debt.

5.16 There is a significant decrease in the revenue contribution to capital. This is a combination of reprofiling the development programme, redevelopment programme and making use of other sources of capital financing in year.

5.17 The saving relating to Earmarked reserves is releasing the unused Reserve for impairments and revaluation of housing stock (See section 3.37).

2023/24 to 2026/27 Budgets

5.18 Table D demonstrates a healthy HRA working balance. The carry forward balance from 2022/23 takes into consideration the estimated provision required for potential rent and service charge refunds. This gives an opening balance of £3.29 million. Best practice is considered to have a minimum working balance that approximates to 10% of the total income received in one year. The balance is planned to be drawn down in financial years 2023/24 and 2026/27, to make best use of the funds, but always remaining above the required 10% minimum.

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

SUMMARY OF HEADINGS ON CHART OF ACCOUNT**Income.**

- **Dwelling Rent;** Rental income from tenants for housing (Including Housing Benefits).
- **Non-Dwelling Rent;** Rental income for garages, and any other assets rented out by the HRA.
- **Services and other Charges;** Service Charges and nonspecific income.
- **Leaseholder's charges for services;** Recharges to Leaseholders for works and services.
- **Contributions towards expenditure;** External contributions towards expenditure.
- **Reimbursement of costs;** Rechargeable works to a third party.
- **Interest Income;** Interest received on cash balances held by the HRA.

Expenditure.

- **Repairs and Maintenance;** General Repairs and Maintenance to all housing stock.
- **Supervision and Management;** Costs associated with running the HRA, e.g. tenant's services, office-based staff, IT etc.
- **Special Services;** Sheltered schemes, warden costs, property acquisitions, redevelopment/decarbonisation, and new development revenue costs.
- **Rents, Rates, and other Charges;** Council Tax charges for void properties and Business Rates.
- **Movement in Bad Debt Provision;** Bad debt provision is to hold funds to cover debt (arrears) that are unlikely to be recovered by the HRA. Current Bad Debt provision is at £872k.
- **Contribution to CDC;** CDC is Corporate & Democratic Core costs. This is the HRA's contribution towards these.
- **Capital Charges;** Depreciation charged to HRA assets. (This is transferred to the Major Repairs Reserve. This can fund capital work or contribute to paying down the debt).
- **Interest Charges;** The interest payments relating to HRA borrowing.
- **Revenue contribution to Capital;** Capital expenditure is large repairs work such as 'replacing a kitchen' or building new properties. These are funded from either the HRA 'Revenue Contribution', receipts held through the sale of assets (e.g. Right to Buy Properties), or other reserves and contributions.
- **Transfer to Earmark Reserves;** The HRA has several reserves, but the one used most frequently is the Debt Repayment Reserve. Money is transferred to this reserve each year to pay off the debt held by the HRA.

HRA SERVICE AND OTHER CHARGES

The following charges are based on a 50 week collection year. Under current policies, the following increases/(Decreases) in charges are proposed for 2023/24.

	Average Weekly Charge 2022/23 £	Average Proposed Weekly Charge 2023/24 £	Average Weekly Increase/ (Decrease) £
<u>Grouped Homes Service Charges (average):</u>			
General Service Charge	14.57	16.10	1.53
Heating Charge	13.35	13.35	0.00
Communal Water Charge	2.51	1.22	-1.29
Support Charge	3.33	3.33	0.00
Laundry	3.90	3.90	0.00

	Weekly Charge 2022/23 £	Proposed Weekly Charge 23/24 £	Weekly Increase/ (Decrease) £
<u>Caretaker:</u>			
St Peter's Court	6.80	7.15	0.35
Dukes Head Street	5.05	5.30	0.25
Chapel Court	3.65	3.75	0.10

<u>Servicing:</u>			
Septic Tank Emptying/Servicing	5.34	5.61	0.27
Flue Maintenance	2.36	2.53	0.17
Grounds Maintenance (average) *	1.37	1.39	0.02

* Cost vary depending on size of land to maintain.

<u>Other:</u>			
Communal Area Cleaning Service (average) **	2.22	2.55	0.33

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

	Weekly Charge 2022/23 £	Proposed Weekly Charge 2023/24 £	Weekly Increase/ (Decrease) £
<u>Garage Rents:</u>			
Tenants	9.00	9.45	0.45
Non Tenants (net of VAT)	10.50	11.03	0.53 (13.23 inclusive of VAT)

HRA REPAIRS & MAINTENANCE REVENUE BUDGETS

	2022/23 Approved Budget	2022/23 Forecast Outturn	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
	£	£	£	£	£	£
Responsive Maintenance						
Supervision and Management (See note 1 below)	2,205,400	2,306,700	2,485,500	2,416,700	2,429,000	2,535,300
Compliance Contract Management (See note 2 below)	0	8,800	331,500	348,900	363,900	379,100
Jobbing Repairs	1,133,200	1,347,700	1,350,000	1,350,000	1,350,000	1,350,000
Loft and Cavity wall Insulation	10,000	50,000	50,000	50,000	50,000	50,000
Tenant Allowances	40,000	30,000	40,000	40,000	40,000	40,000
Relet Repairs (Voids)	922,000	876,000	925,000	922,000	922,000	922,000
Asbestos - Removal	80,000	30,000	80,000	80,000	80,000	80,000
Asbestos - Testing	95,000	30,000	95,000	95,000	95,000	95,000
Legionella	6,000	10,000	10,000	10,000	10,000	10,000
Communal Areas	30,000	40,000	60,000	60,000	60,000	60,000
Solid Fuel and Heating Repairs	10,000	23,000	33,000	33,000	33,000	33,000
Electrical Testing & Repairs (See Note 3 below)	200,000	200,000	200,000	200,000	200,000	200,000
Emergency Lighting	10,000	25,000	0	10,000	10,000	10,000
External Decoration	130,000	50,000	100,000	100,000	100,000	100,000
Roof and PVC Panelling Cleaning	25,000	0	25,000	25,000	25,000	25,000
Fire Fighting Equipment and Detection	5,000	17,000	17,000	17,000	17,000	17,000
Fire Risk Assessments (See note 3 below)	0	180,000	9,800	15,400	25,900	15,400
Installation of CO2 detectors (See note 3 below)	0	139,000	0	0	0	0
Stock Condition Survey (See note 3 below)	0	84,000	0	0	0	0
Lift servicing, maintenance and installation (See note 3 below)	8,000	62,000	55,000	55,000	55,000	55,000
Disabled Adaptations (See note 4 below)	230,300	30,000	30,000	30,000	30,000	30,000
Door Porter and Security Systems (See Note 5 below)	0	20,000	20,000	20,000	20,000	20,000
Environmental Works/Energy Efficiency	5,000	9,400	7,500	7,500	7,500	7,500
Drainage and Pumping Stations	9,900	11,500	9,500	9,500	9,500	9,500
Mutual Exchange	10,000	12,000	10,000	10,000	10,000	10,000
Rechargeable Works - Incl's Leaseholder Properties	40,000	40,000	40,000	40,000	40,000	40,000
Servicing Contracts & Repairs	486,000	476,000	486,000	516,000	516,000	516,000
Total Responsive Maintenance	5,690,800	6,108,100	6,469,800	6,461,000	6,498,800	6,609,800
Planned Maintenance	£	£	£	£	£	£
Chimneys	20,000	10,000	20,000	20,000	20,000	20,000
External Walls, Boundary and retaining walls (See Note 2 below)	60,000	15,000	60,000	60,000	60,000	60,000
Canopy's and Porches	0	5,000	15,000	15,000	0	0
Paths / Hardstanding	250,000	100,000	250,000	250,000	250,000	250,000
Outbuildings	40,000	20,000	40,000	40,000	40,000	40,000
Structural / Damp / Drainage / etc	80,000	80,000	80,000	80,000	80,000	80,000
Total Planned Maintenance	450,000	230,000	465,000	465,000	450,000	450,000
Total HRA Housing Repairs	6,140,800	6,338,100	6,934,800	6,926,000	6,948,800	7,059,800

Notes:

Note 1 - Supervision and Management of the Repairs and Maintenance Team, unrecoverable cost, stock and equipment.

Note 2 - New Contract Compliance Team to be recruited from 2023/24 approved at Cabinet 06 December 2022.

Note 3 - As part of the compliance work identified and undertaken, previously approved by Cabinet 04 October 2022.

Note 4 - The Housing team previously completes Disabled Adaption works for the Private Sector Housing team, however this has finished to concentrate on HRA stock.

Note 5 - Door Porter security system charges where previously charged directly under the schemes they relate to, however they have been combined to monitor more accurately.

Appendix E

HRA BALANCE AND RESERVE SUMMARY

HRA WORKING BALANCE

	Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26	2026/27 Movements		Closing Balance 31/03/27
	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
HRA Working Balance *	-3,290	-910	0	-4,200	0	1,297	-2,903	-440	0	-3,343	-1,072	0	-4,415	0	717	-3,698
10% Requirement	-2,121			-2,167			-2,224			-2,278			-2,328			-2,328

HRA EARMARKED RESERVES

	Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26	2026/27 Movements		Closing Balance 31/03/27
	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
Debt Repayment Reserve	-13,000	0	0	-13,000	0	0	-13,000	0	960	-12,040	0	0	-12,040	0	10,000	-2,040
HRA DHP topup Reserve	-500	0	0	-500	0	38	-462	0	40	-422	0	0	-422	0	0	-422
MMI Reserve	-60	0	0	-60	0	0	-60	0	0	-60	0	0	-60	0	0	-60
Impairment/Revaluation Reserve	-256	0	256	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition & Development Reserve	-6,300	0	234	-6,066	0	4374	-1,692	0	1692	0	0	0	0	0	0	0
Brampton Sinking Fund	-1	0	0	-1	0	0	-1	0	0	-1	0	0	-1	0	0	-1
Total HRA Earmarked Reserves	-20,117	0	490	-19,627	0	4,412	-15,215	0	2,692	-12,523	0	0	-12,523	0	10,000	-2,523

HRA CAPITAL RESERVE

	Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26	2026/27 Movements		Closing Balance 31/03/27
	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
HRA Major Repairs Reserve	-13,754	-3,764	4,369	-13,149	-4,175	14,051	-3,273	-4,681	6,430	-1,524	-4,965	4,980	-1,509	-5,218	4,980	-1,747

* HRA working balance has been reduced by the estimated required refund provision.

HRA BUDGET KEY ASSUMPTIONS

The following key assumptions have been made in the budgets.

Income	2023/24	2024/25	2025/26	2026/27
Dwelling rents annual increase (see paragraph 3.16)	6.0%	5.2%	3.9%	3.4%
Allowance for voids - % of total rent roll	1.3%	1.3%	1.3%	1.3%
Garage rents annual increase	5.0%	3.0%	3.0%	3.0%
Charges for services & facilities annual increase *	0.00%	3.00%	3.00%	3.00%
Write-off allowance **	£0	£0	£100,000	£100,000
Number of dwellings lost through Right To Buys (RTB's)	30	30	30	30
Number of new dwellings added to the stock	21	46	42	40
Average interest rate on HRA balances	2.32%	2.32%	2.32%	2.32%

Expenditure

Bad Debt Provision	No amendments to the bad debt provision until the rent and service charge audit is complete and potential credits applied to tenant rent
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* The 2023/24 service charges have varying increases, see appendix C. 3% has been applied to future years inline with increased budget costs.

** No write-off allowance is included in 2023/24 and 2024/25 while the rent and service charge audit is being carried out and potential refunds are to be processed.

Scrutiny Committee Pre-Meeting Questions Submitted.

Questions Received from the Scrutiny Committee ahead of the meeting on 19 January 2023

Please note – page, section and figures referred to in the questions below relate to the report presented to Cabinet on 3 January 2023.

HRA Budget Report

- 1. P216 2.35 at an average of 18 units a year, it will take 250 years to retrofit our housing stock? Are we using warm home grants? Can we work with a contribution from long term tenants to speed up this process so that it is part financed by savings in tenants energy bills? Where is the total expenditure on these projects? P252 of capital programme has £1.8m for retrofitting – can I have a breakdown please? How many houses done, what done, plan for next year?**

The Council like many housing providers is faced with a huge challenge to determine how it can maintain its compliance, housebuilding and retrofitting aspirations.

Unfortunately, warmer home grants cannot be used on Housing Revenue Account properties, and improvements to a tenant's property legally cannot be charged to the tenant. The expenditure for these projects will therefore have to form part of the HRA Capital Programme.

The £1.8 million forms part of the original 22/23 budget for retrofitting the 2 pilot schemes mentioned in 2.35 of the HRA Budget Report. As these are pilot schemes, these will be the first retrofits carried out on HRA stock.

The £1.8 million budget has been reprofiled and increased in 23/24 and 24/25. The budget has been increased to £2.4 million in 23/24 and £2.7 million in 24/25. Delivering the 17 units in 23/24 and 19 units in 24/25 as stated in 2.35. These budgets are still based on estimated costs, and the full scope of work is yet to be agreed, so these values could change.

For future years there is £1 million budget for retrofitting and a further £1 million for redevelopment of HRA stock, which could include elements of retrofitting.

ESC will shortly be commencing a stock condition survey of all properties, with approximately 20% of stock being surveyed annually. This will enable us to build more bespoke improvement plans for the properties, based on the robust data we will then hold.

During 2023/24 a thorough review of our HRA Business Plan will be carried out, which will enable ESC to consider what its long-term financial options are for capital improvements, retrofitting and the development of additional stock. This will be presented to Members for consideration once this work has progressed further.

- 2. P229 - good to see that loft and cavity wall insulation is being increased from £10k pa to £50k pa next year, and energy efficiency from £5k to £9k but this seems paltry in a budget of £6m.**

Loft and Cavity Wall insulation has previously been recorded under void repairs. The work has always been completed, however with monitoring energy efficiency of our stock, this expenditure will be recorded separately. Previously the £10,000 related to loft insulation only, but cavity wall insulation has been combined. The value is relatively low because most of the housing stock has sufficient loft/wall insulation already, and this budget is for properties that may need upgrades, improvements where the insulation is becoming old and needs replacing. It is not to insulate all the properties, but to ensure the properties remain insulated the best they can be.

The energy efficiency budget relates to the new intelligent energy software mentioned in the environmental section of the HRA Budget Report.

Much of the energy efficiency work carried out on the HRA stock forms part of the HRA Capital Programme. This is because it is an investment or improvement to a property, rather than a repair. From 23/24 there is a £500,000 per annum budget specifically for energy efficiency work (increased from £200,000).

Other works that will contribute to the energy efficiency of a property will be re-roofing, which there is £450,000 per annum, and replacement of boilers/upgrades to central heating system's again, £500,000 per annum allocated.

Window and door replacement will also contribute to the energy efficiency of a property.

Currently 1,762 properties have a current EPC rating (rating that is less than 10 years old), of which 1,266 have a rating of C or above. EPC's will be completed on all properties as part of the stock condition surveys, due to commence in 2023/24.

- 3. How much is the HRA liable to pay for overcharging affordable council rents? How is this risk being registered? Is there a reserve entry?**

ESC along with external expertise have been carrying out an in depth, forensic audit of all rent accounts, which is now nearing completion, at which point the final value the HRA is liable to repay will be clear. The details of the audit and financial implications can be found in the 'Housing Regulation' Report going to Full Council on the 25th January 2023. The agenda and reports for this meeting will be distributed on the 17th January, giving the opportunity to read before the Scrutiny Committee meets on the 19th January. This report follows initial correspondence sent to all Members in 2022 and periodic updates to Group Leaders.

A provision has been made for the estimated values to be repaid, and the HRA opening working balance has this taken into consideration. The budgets are based on full refunds being repaid, and it is not anticipated the refunds will affect the budgets presented in the HRA Budget Report.

A provision in accounting terms is not the same as a reserve and therefore you will not see a reserve entry. The provision will be held in the Councils balance sheet as a back dated adjustment to the 2021-22 accounts. HRA Reserves are shown as part of the budget report because there is control over how much a reserve is topped up/used in a given financial year and there is flexibility to release a reserve back into revenue if they are unused, where as a provision cannot. The creation of a provision is legally necessary for a specific expense.

To mitigate the risk of this happening again, a new rents and service charge policy will be brought to Cabinet for adoption on the 7th March. In addition to this, internal processes are currently being updated to maximise the use of the housing software Orchard and remove the reliance of manual spreadsheets. Training will be given to relevant staff on both.

It is important to note that the historical rent regulation issues and refunds, should not be confused with the budget setting process. This is part of a separate paper, which will be presented to Full Council on 25th January 2023. Therefore, any detailed questions relating to this matter would be better raised at that meeting.



SCRUTINY COMMITTEE
Thursday, 19 January 2023

Subject	Draft General Fund Budget and Council Tax Report 2023/24
Report by	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Officer & S151 Officer brian.mew@eastsuffolk.gov.uk

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

Purpose and high-level overview

Purpose of Report:

This report sets out a further update to the draft Medium Term Financial Strategy (MTFS), taking account of new and revised risks, and presents a draft of the Council's General Fund Budget for 2023/24.

At the end of the 2023/24 budget process, the Council is required to approve a balanced budget for the following financial year and set the Band D rate of Council Tax.

This report provides the Scrutiny Committee with an opportunity to review and make recommendations upon Cabinet recommendations for the proposed Budget and the Band D Council Tax for 2023/24. The recommendations will be considered by Cabinet at its meeting on 7 February 2023.

This report also forms the basis of the Scrutiny Committee's review of the Budget as required under the Budget and Policy Framework.

Options:

The consideration of the MTFS by members as part of the budget process is essential, especially in order to commence actions to achieve a balanced budget and sustainable medium-term position. Setting a balanced budget for the coming year is a statutory requirement, therefore no other options are considered appropriate.

Recommendations:

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

1. Approves the 2023/24 General Fund Revenue Budget as set out in this report and summarised in **Appendix A5** and notes the budget forecast for 2024/25 and beyond;
2. Approves the reserves and balances movements as presented in **Appendix A7**; and
3. Approves a proposed Band D Council Tax for East Suffolk Council of £181.17 for 2023/24, an increase of £4.95 or 2.81%.

Corporate Impact Assessment

Governance:

The MTFS is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the coming year is a statutory requirement. The 2023/24 budget will be considered at the following Council meetings:

- Cabinet 3 January 2023
- Scrutiny Committee 19 January 2023
- Cabinet 7 February 2023
- Full Council 22 February 2023

ESC policies and strategies that directly apply to the proposal:

- East Suffolk Strategic Plan

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

Environmental:

Although, there are no environmental impacts directly related to this report, **Appendix A6** includes details of budgets and reserves specifically provided to assist with the delivery of the Council's Green Agenda.

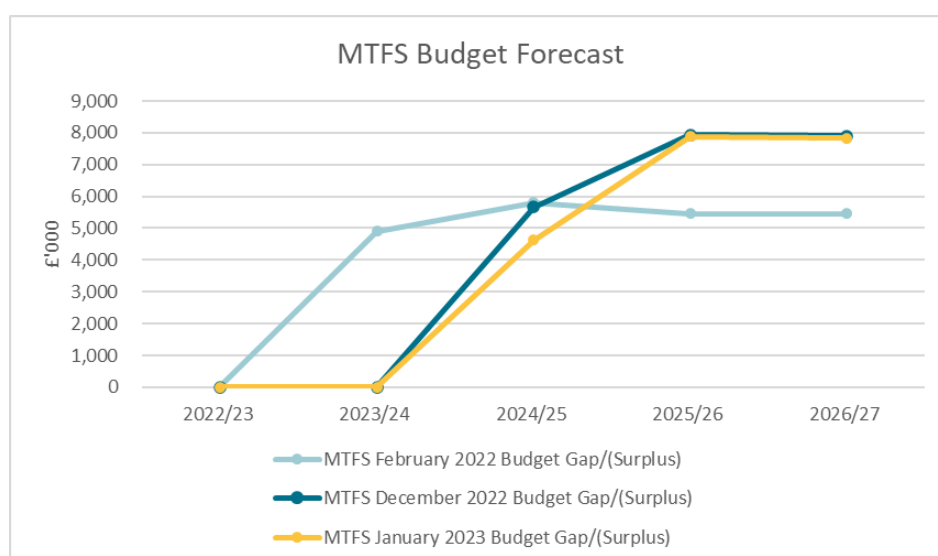
Equalities and Diversity:

An Equality Impact Assessment is not applicable at this stage of the draft Budget and MTFS. This assessment will be completed on the finalisation of the budget for approval in February 2023 and the results taken into consideration.

Financial:

The MTFS was updated in February 2022, and a further draft update was considered by the Cabinet in November 2022 and on 3 January 2023. The MTFS update and the draft General Fund Budget have been prepared against the background of a rapidly changing and volatile economic climate. The Council's operating environment is subject to fast moving changes, particularly the impact of inflationary pressures. Consequently, the updated MTFS features a large number of significant changes, many of which have only been identified and quantified during the latter part of the budget setting process. The latest draft position is shown below, but there is a considerable degree of uncertainty regarding these figures, even in the relatively short term.

The Provisional Local Government Finance Settlement was released on 19 December set out an additional £1m of funding for the Council in 2024/25. This improves the position for next year as reported in December and is illustrated in the movement on the chart and table below.



MTFS Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS February 2022 Budget Gap/(Surplus)	0	4,908	5,805	5,457	5,457
MTFS December 2022 Budget Gap/(Surplus)	0	0	5,660	7,940	7,902
MTFS January 2023 Budget Gap/(Surplus)	0	0	4,629	7,890	7,837

The latest MTFS shows a balanced position for the current year and 2023/24. In the MTFS, very considerable increased expenditure and reducing income pressures are being dealt with by a combination of measures, including a thorough analysis of current and projected savings, and the release of a number of earmarked reserves into the General Fund. Earmarked reserves have been reviewed, and have been released in respect of the following situations:

- to support service expenditure in line with their original intended purpose:
- where the reserve is no longer required for its original purpose.

To ultimately balance the budget in 2022/23 and 2023/24, use has been made of the In-Year Savings Reserve. The Business Rate Equalisation Reserve is a risk based reserve which can assist with balancing the budget going into 2024/25. The balance on this reserve is currently £15m. Use of this reserve would be in addition to the remaining balance in the In-Year Savings Reserve.

As referred to in previous MTFS reports, a key factor in balancing the budget has been the deferral of Business Rates system changes until 2025/26 at the earliest, as East Suffolk is in an advantageous position under the current system. The MTFS now essentially assumes a roll forward of the current position for this period, with the changes in 2025/26 also potentially not impacting as seriously as previously forecast.

There are also prospective activities not yet factored into the MTFS, which have the potential to make inroads into the budget gap towards the end of the MTFS. These include the Council Tax Premium on second homes, expected efficiencies from East Suffolk Services Ltd, and income streams from capital projects.

However, despite these factors, and the uncertainty due to local government finance reforms, the range and scale of expenditure and income pressures indicate that a combination of actions will be needed to ensure a longer term sustainable position including a phased use of reserves, maximisation of income, and the achievement of significant levels of savings.

Human Resources:

There are no HR implications directly arising from this report.

ICT:

There are no ICT implications directly arising from this report.

Legal:

Section 25 of the Local Government Act 2003 places a personal duty on an authority's "Chief Financial Officer" to make a report to Council about the robustness of the estimates made for the purposes of the Council Tax calculations and the adequacy of financial reserves and balances.

The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balance budget with regard to the advice of its Section 151 Officer.

Risk:

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

External Consultees:

Budget-related consultation questions now form a standing part of the permanent residents survey, which is live via the ESC website, and via other channels. This has been promoted again in the Autumn edition of the residents magazine, and there has been increased promotion to businesses. A summary of responses for 2022 as at December 2022 are provided in **Appendix B** and includes responses from residents and businesses.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>

P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>How does this proposal support the priorities selected?</p> <p>By ensuring the robustness of the Medium-Term Financial Strategy and adequate reserves and balances the Council. The MTFS underpins and supports the delivery of the East Suffolk Strategic Plan.</p>			

Background and Justification for Recommendation

1 Background facts	
1.1	The MTFS sets the strategic financial direction for the Council. It sets out the key financial management principles, budget assumptions and service issues.
1.2	<p>The MTFS provides a framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan. It provides a sound basis for planning and decision making, and is reviewed and updated at the following key points in the year:</p> <ul style="list-style-type: none"> • 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	<p>The key underlying principles of the MTFS are:</p> <ul style="list-style-type: none"> • 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.

2 Current position

2.1	Sections 2, 3, and 4 of the MTFS attached as Appendix A provide a comprehensive overview of the national economic background, public finances, and local government finance.
2.2	<p>MTFS Forecasts 2022/23 to 2026/27:</p> <p>As of December 2022, key areas of the budget that are yet to be finalised include;</p>

	<ul style="list-style-type: none"> • Operations • Business rates income • Final Local Government Settlement for 2023/24 • Use of reserves.
2.3	On 19 December DLUHC published the Provisional Local Government Finance Settlement for 2023/24. A summary of this is provided in Appendix A9 . The January update of the MTFS includes the 2023/24 funding allocations as set out in the Provisional Settlement and provides an additional £1m on the position reported in December. Further details are provided in Section 4 of Appendix A .
2.4	Details on reserves is covered in Section 6 of Appendix A . Reserve balances are currently projected to reduce to £29m by the end of the current MTFS period. This is a reduction of £33m from the opening balance as at April 2022. The presented reserves position does include use of the risk based reserves to achieve a balanced budget for 2022/23 and 2023/24 based on current assumptions. £0.904m use of the In-Year Savings reserve is proposed for 2022/23, and £1.347m for 2023/24. In addition to the Covid reserve which will be fully used, there are a number of other reserves that are forecast to be fully or substantially utilised over this period, and not replenished. This includes, the In-Year Savings reserve, NHB reserve, Transformation reserve, Capital reserve and Port Health reserve. Until the budget work is finalised the position presented in this report is subject to further change before reporting to Full Council in February.
2.5	The Council has the discretion to set its own policy on Council Tax Discounts and Premiums. It is a statutory requirement for the Council to set and review annually its Discretionary Council Tax Discounts.
2.6	The consideration of an annual review and potential proposed changes to the Local Council Tax Reduction Scheme (LCTRS) is a statutory requirement under the Local Government Finance Act 2012 which brought in the provisions for localisation of council tax support in April 2013. In a report to Cabinet on 1 November 2022, Cabinet considered options for the Council's LCTRS scheme for 2023/24. It was approved that no changes be made to the scheme.
2.7	Alongside the 2023/24 Provisional Settlement the Government announced £100m Council Tax Support Funding for local authorities to provide further support to households already receiving Council Tax Support. The provisional allocation for East Suffolk is £0.405m. The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use any remaining allocation as they see fit to support vulnerable households with council tax bills. The Council is required to use Discretionary powers to grant this as a relief and this will therefore require Full Council approval of the scheme. This will be considered as part of the budget report to Full Council on 22 February 2023.
2.8	<p>At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows:</p> <ul style="list-style-type: none"> • 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019, • 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and • 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.
2.9	The Government's Levelling Up and Regeneration Bill was published in May 2022 and includes further discretionary options for the application of Council Tax premiums on

	<p>empty properties and second homes. Subject to the Bill receiving Royal Assent the proposed changes will come into effect on 1 April 2024. If the Council wishes to adopt any changes arising from the Bill it is required to make a resolution confirming its requirements by no later than 31 March 2023. Through the Bill it is the Government's intention to:</p> <p>a) reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one year; and</p> <p>b) allow Councils to introduce a Council Tax premium of up to 100% in respect of second homes.</p>
2.10	A report to Full Council on 25 January 2023, will seek an in principle decision from Full Council to agree proposals in regard to the Council Tax premium proposals set out within the Bill, subject to Royal Assent being obtained. An early, in principle decision is recommended to allow timely decisions to be made if and when the Royal Assent is granted.
2.11	With the exception of the one proposed change to Council Tax premiums for empty premises from two years to one year, no further changes are proposed to empty property premiums as detailed in Section 2.8.
2.12	At its meeting on 6 December 2022 Cabinet approved the Council Tax Base for 2023/24 for the East Suffolk district as 90,340.92 Band D equivalent properties, Appendix A2 .

3 How to address current situation

3.1	The Council has a statutory duty to deliver a balanced budget for the forthcoming year and Full Council will consider this budget at its February 2023 meeting.
3.2	The Finance team continue to work with Officers and Members throughout the budget setting process which will lead to continual updating of the MTFS and further revisions will be made to reflect new and emerging information.
3.3	<p>Risk Assessment and Report of The Chief Financial Officer</p> <p>Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in Appendix A1 of the MTFS.</p>
3.4	Section 25 of the Local Government Act 2003 places a personal duty on an authority's Chief Financial Officer to make a report to Council about the robustness of the estimates made for the purposes of the council tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and council tax decisions.
3.5	In relation to the statutory duty under the Act, the Chief Financial Officer considers that the estimates are robust; the General Fund Balance is within the guideline levels established as part of the MTFS; and the contributions to and use of earmarked reserves will assist the Council in meeting its financial challenges and the objective of financial sustainability.
3.6	The Chief Finance Officer's report will be reported to Full Council when it considers the budget for 2023/24 on 22 February 2023. The report statement will clearly set out the budget assumptions used to arrive at the final recommendations.

4 Reason/s for recommendation	
4.1	This report brings together the relevant information to enable Members to review, consider, and comment upon the Council's General Fund revenue budgets before making final recommendations to Council on 22 February 2023. This report also forms the basis of the Scrutiny Committee's review of the Budget as required under the Budget and Policy Framework.

Appendices

Appendices:	
Appendix A	Medium Term Financial Strategy (January 2023 update)
Appendix A1	MTFS Key Principles and Risk Analysis
Appendix A2	East Suffolk Council Tax Base 2023/24
Appendix A3	NHB Reserve Summary 2022/23 to 2026/27
Appendix A4	MTFS Key Changes Analysis by Strategic Theme/Other Factors
Appendix A5	General Fund Revenue Budget Summary 2022/23 to 2026/27
Appendix A6	Financial Provision to Support the Council's Green Agenda - Caring for Our Environment
Appendix A7	General Fund Reserve Summary 2022/23 to 2026/27
Appendix A8	DLUHC - Policy statement on local government finance settlement 2023/24 and 2024/25
Appendix A9	Provisional Local Government Settlement 19 December 2022
Appendix B	Residents Survey Results 2022
Appendix C	Scrutiny Committee Pre-meeting Questions Submitted

Background reference papers:		
Date	Type	Available From
03/11/2022	Bank of England Monetary Policy Report – November 2022	Monetary Policy Report - November 2022 Bank of England
17/11/2022	Chancellor's Autumn Statement 2022	Chancellor delivers plan for stability, growth and public services - GOV.UK (www.gov.uk)
17/11/2022	Office for Budget Responsibility - Economic and fiscal outlook – November 2022	Economic and fiscal outlook - November 2022 - Office for Budget Responsibility (obr.uk)
12/12/2022	DLUHC - Policy statement on local government finance settlement	Local government finance policy statement 2023-24 to 2024-25 - GOV.UK (www.gov.uk)

	2023/24 and 2024/25	
19/12/2022	Provisional Local Government Finance Settlement 2023/24	Provisional local government finance settlement: England, 2023 to 2024 - GOV.UK (www.gov.uk)



**MEDIUM TERM FINANCIAL STRATEGY
2023/24 – 2026/27**

JANUARY 2023

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 can 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, focussing 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.
- 1.5 The key underlying principles of the MTFS are:
- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
 - setting modest increases in Council Tax when appropriate; and
 - delivering service efficiencies and generating additional income where there are opportunities to do so.
- 1.6 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1**.
- 1.7 Sections 2 to 4 provide an update on the financial challenges facing the Council, considering the 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 23 September 2022 the Chancellor delivered a Mini-Budget/Growth Plan 2022. There were also several other policy announcements that are relevant to the Council's financial position, including the reversal of the Health and Social Care Levy and the Energy Bill Relief Scheme. No measures were announced in respect of the Council's key income streams of Council Tax or Business Rates, nor on any specific details regarding Government departmental spending, of which local government finance forms a part.
- 2.2 A statement by the Chancellor on 17 October 2022, reversed some of the measures announced in the Mini Budget, and brought forward several the measures from the Medium-Term Fiscal Plan scheduled for 17 November, to support fiscal sustainability. There were no announcements which changed the Council's financial position.
- 2.3 On the 17 November, the Chancellor delivered the full Medium-Term Financial Plan alongside the Office for Budget Responsibility (OBR) forecast. The Chancellor set out the priorities for stability, growth and public service. Tackling inflation is a top priority for the Government and protecting the most vulnerable through the cost of living crisis. The Chancellor also announced commitment to key infrastructure projects such as Sizewell C and a support package for business rate payers in England. This includes, protecting businesses from rising inflation and to help businesses adjust to the revaluation of properties which takes effect from April 2023.

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 the cost of services to the Council, 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 Following the pandemic, the UK economy is being impacted by a series of other events, including rising energy costs, the Russian invasion of Ukraine, a labour shortage, and UK fiscal policy and financial market turbulence.
- 3.3 The OBR economic and fiscal outlook and forecast published on 17 November provides an independent judgement about the economic and fiscal prospects and impact of the Government's policies. Rising prices continue to erode real wages and reduce living standards by 7% in total over the two financial years to 2023/24 (wiping out the previous eight years' growth), despite over £100 billion of additional government support. The squeeze on real incomes, rising interest rates, and a fall in house prices all weigh on consumption and investment, tipping the economy into a recession lasting just over a year from the third quarter of 2022.
- 3.4 The Monetary Policy Committee (MPC) report in December 2022 raised bank rate by 0.50% to 3.5%. The MPC expect inflation to fall sharply from the middle of next year, as it anticipates energy prices will rise less rapidly because of the Government's scheme to cap energy bills for households and businesses for six months. The slowdown in demand for goods and services should also put downward pressure on prices.

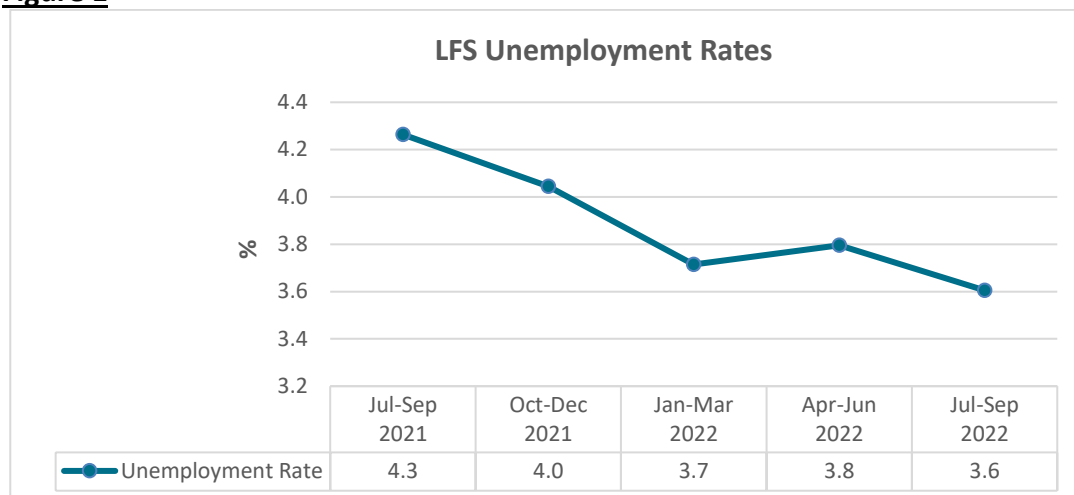
Gross Domestic Product (GDP)

- 3.5 Data released by the Office for National Statistics (ONS), shows GDP fell by 0.2% in Quarter 3 (July to Sept) 2022 compared to the previous three months. GDP is estimated to have fallen by 0.6% in September 2022, after a fall of 0.1% in August 2022 driven by a fall in the services sector.

Unemployment

- 3.6 As per the ONS Labour Force Survey (LFS), the unemployment rate of England was 3.6% in the three months to September 2022, compared with 3.8% in the previous three months. This latest figure is also 0.4% below pre-pandemic levels. **Figure 1** below show the three months LFS since September 2021 to August 2022. Unemployment is expected to rise from 3.6% and peak at 4.9% in the third quarter of 2024.

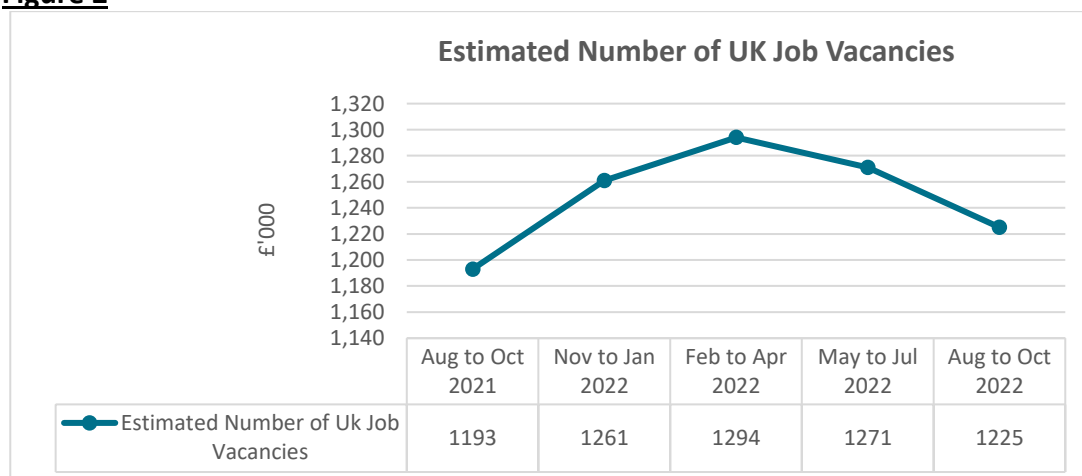
Figure 1



Source: ONS November 2022

- 3.7 As per the ONS, in August to October 2022 the estimated number of job vacancies in the UK was 1,225,000. Compared to May to July 2022, this was a decrease of 46,000. August to October 2022 vacancies were 429,000 above the pre-pandemic level (January to March 2020) and 32,000 above the level one year ago. This is illustrated in **Figure 2** below.

Figure 2

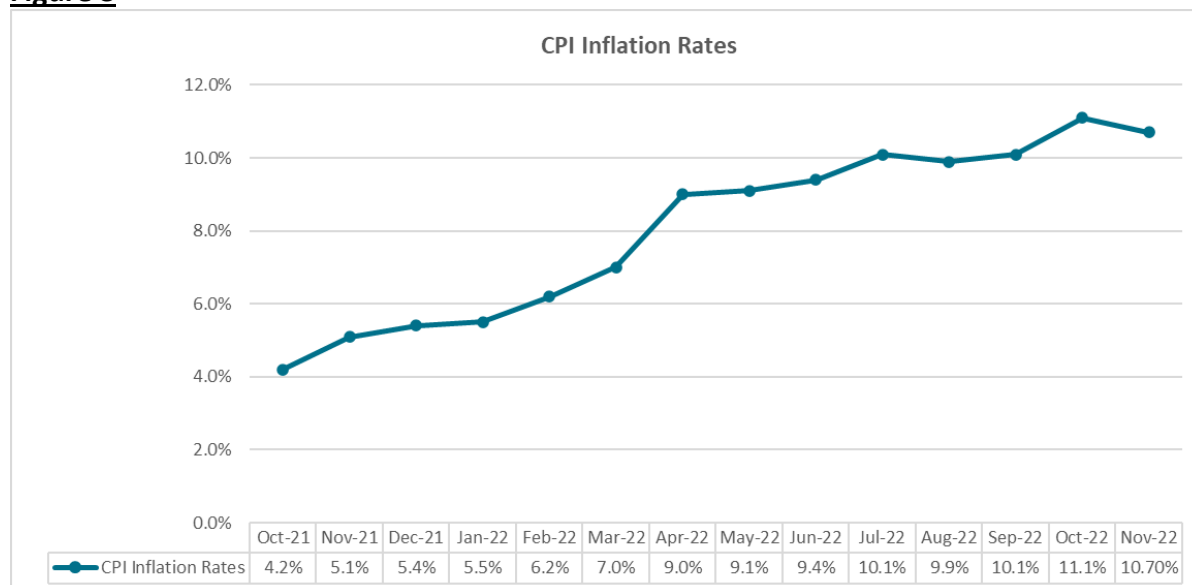


Source: ONS November 2022

Consumer Pricing Index (CPI)

- 3.8 Twelve-month CPI inflation fell from 11.1% in October to 10.7% in October. The Bank of England projects for CPI inflation to remain above 10% for the following few months. It expects inflation to fall to the official target of 2% in around two years. **Figure 3** below shows the CPI rates from August 2021 to date.

Figure 3



Source: ONS December 2022

Bank Interest Rate

- 3.9 At its 15 December 2022 meeting, the MPC voted by a majority of 6-3 to increase the bank rate by 0.50% to 3.5%. This is the ninth increase in a row. The next meeting of the MPC to review the bank rate is 2 February 2023.

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 covered 2022/23 to 2024/25 was broadly positive for local government, with funding better than expected. Increased funding was largely front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years. There were 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".
- 4.3 On the 17 November 2022 the Chancellor announce the Autumn Statement, alongside the updated forecasts from the Office for Budget Responsibility (OBR). The indication at the time was for all existing grant funding to be protected in cash terms in 2023/24 and 2024/25, and then to grow by 1% per year in real terms for the following three years. It was also unlikely that there would be any additional support for inflationary pressures. This has now been superseded by the DLUHC policy statement on 12 December, which is covered in the following sections.

- 4.4 On 12 December DLUHC published a policy statement on Local Government Finance Settlement 2023/24 and 2024/25. This is provided in **Appendix A8**, and sets out the intention for Business Rates, Council Tax, and settlement grants. The Policy Statement also notes reserve balances held by some local authorities have increased significantly in recent years, and local authorities are encouraged to consider using reserves to maintain services under the current inflationary pressures. This provided a strong indication of what local authorities could expect from the Provisional Finance Settlement.

The Provisional Settlement for 2023/24 was released on 19 December and a summary of this is provide in **Appendix A9**. The 2024/25 Finance Settlement is likely to continue in a similar manner and this is reflected in the MTFS updates detailed in Sections 4.5 to 4.11 below.

- 4.5 **Core Funding Streams** – this includes the Revenue Support Grant and the Rural Services Delivery Grant. The below will be subject to further change on release of the Final Local Government Finance Settlement.

Revenue Support Grant (RSG)

- 4.6 It was assumed following the Autumn Statement that there would be no increase to RSG for the next two years. However, the DLUHC Policy Statement issued on 12 December indicated RSG increasing in line with CPI for 2023/24. Based on September CPI this would be an increase of 10.1%, £0.034m. This was also confirmed in the Provisional Settlement. For 2023/24 two grants have been rolled into RSG. This is the Local Council Tax Administration Grant (£0.268m) and the Family Annexe Council Tax Grant (£0.061m). Both Grants are currently received by the Council separate and are not new grants. It is currently assumed that the RSG grant (excluding the rolled in grants) will remain at the current level of £0.340m for 2024/25, and a 1% increase thereafter. This is a slight downward adjustment from the original assumption of a 2% annual increase.

Revenue Support Grant	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS (February 2022)	(340)	(346)	(353)	(360)	(360)
MTFS (January 2023)	(340)	(703)	(340)	(343)	(347)
MTFS Update (January 2023)	0	(357)	13	17	13

Rural Services Delivery Grant (RSDG)

- 4.7 The Rural Services Delivery Grant (RSDG) is a government grant recognising cost pressures associated with service delivery in rural sparse areas. As anticipated from the DLUHC Policy Statement released on 12 December, the Provisional Settlement indicates no change to RSDG in 2023/24. The assumption for future years is no change for 2024/25, followed by a 1% increase thereafter.

Rural Services Delivery Grant	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS (February 2022)	(260)	(266)	(271)	(276)	(276)
MTFS (January 2023)	(260)	(260)	(260)	(263)	(265)
MTFS Update (January 2023)	0	6	11	13	11

- 4.8 **Non-Core Funding Streams** - the below grants are non-core funding streams and they are usually seen as temporary or one-off. This potentially gives the Government scope to make changes to funding distributions. As with the core grant funding streams, this will be subject to change following the release of the Final Local Government Finance Settlement.

Lower Tier Services Grant (LTSG)

- 4.9 The Lower Tier Services Grant (LTSG) was referred to as a one-off grant in 2021/22 to support local authorities with the pressures of Covid. However, it did continue into 2022/23 but at a reduced amount of £0.311m from £0.389m. The DLUHC December Policy Statement indicated that this grant would be repurposed for 2023/24 in recognition of the inflationary pressures across local authorities. This was confirmed in the Provisional Settlement where this grant has been abolished and repurposed towards a new funding stream for 2023/24, the Funding Guarantee Allocation. This is detailed in Section 4.11 below. The MTFS has been updated to reflect this.

Lower Tier Services Grant (LTSG)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS (February 2022)	(311)	(311)	(311)	(311)	(311)
MTFS (January 2023)	(311)	0	0	0	0
MTFS Update (January 2023)	0	311	311	311	311

Services Grant

- 4.10 As with the 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. For 2022/23 the Local Government Finance Settlement included a new one-off Services Grant and the Council received £0.477m. The Government indicated that the grant would 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 included funding for local government costs for the introduction of the Health and Social Care Levy but which has now been reversed from 6 November 2022. Until the Provisional Settlement, it was unclear if and how, the Government intended to address this reversal through the funding streams. As per the Provisional Settlement this grant has been reduced for 2023/24 by £0.208m from the current level of £0.477m. The MTFS has been updated to assume this reduced level of grant for the foreseeable future.

Services Grant/Transition Funding	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS (February 2022)	(477)	(477)	(477)	(477)	(477)
MTFS (January 2023)	(477)	(269)	(269)	(269)	(269)
MTFS Update (January 2023)	0	208	208	208	208

Funding Guarantee Allocation

- 4.11 In the Provisional Local Government Finance Settlement, the Government announced repurposing the Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments to ensure that all Councils will see at least a 3% increase in Core Spending Power before any decisions about organisational efficiencies, use of reserves or Council Tax levels. For East Suffolk the provisional allocation is £1.55m for 2023/24. The MTFS has been updated to assume a continuation of this support into 2024/25 of £1.5m and £1m in each of the following two years. From 2024/25 this assumption takes into consideration the abolition of the Lower Tier Services Grant and a reduction to the Services Grant (tables above). Overall, the net increase in funding is £1m in 2024/25 and £0.5m in 2025/26 and 2026/27.

Funding Guarantee Allocation	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS (February 2022)	0	0	0	0	0
MTFS (January 2023)	0	(1,553)	(1,519)	(1,519)	(1,519)
MTFS Update (January 2023)	0	(1,553)	(1,519)	(1,519)	(1,519)

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 as referred to above is now likely to be implemented until 2025/26 at the earliest.
- 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 Council 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. Following the Autumn Statement, the indications are that there will be no changes or reset of the system for 2023/24 and 2024/25. This base assumption has been rolled forward in the MTFS and the figures presented in paragraph 4.22 below.

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 was a considerably larger-than-normal deficit on the 2021/22 Collection Fund for Business Rates as changes to Retail and Nursery relief were announced after the NNDR1 was submitted in January 2021. These reliefs were paid to precepting authorities in the form of additional Section 31 Grant in 2021/22. Local authorities estimated the deficit in January 2022 and budgeted for it in 2022/23. Additional reliefs for businesses were also awarded in respect of 2021/22 under the Covid Additional Restrictions Fund (CARF), which was 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 over the past couple of years has been complicated by a range of measures in response to the Covid-19 pandemic, and timing differences relating to grant funding in respect of these. The Government funded a range of reliefs by Section 31 Grant, which was accounted for by the Council in 2021/22, but the Collection Fund deficit impacted on the Council’s own budget in 2022/23. Consequently, the Council’s share of this Section 31 Grant, was contributed 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. 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)	2022/23 £’000	2023/24 £’000	2024/25 £’000	2025/26 £’000	2026/27 £’000
MTFS (February 2022)	6,393	785	0	0	0
MTFS (January 2023)	6,393	461	0	0	0
MTFS Update (January 2023)	0	(324)	0	0	0

4.19 **Suffolk Pool** – In October all Suffolk councils agreed to continue a pooling arrangement for 2023/24, 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 updated MTFS includes a Pooling Benefit estimate for 2022/23 of £2.035m based on current monitoring and estimates of £2.000m for the following two years. The estimate for 2023/24 will be confirmed after January when Suffolk County Council, as the administering authority for the Pool, collates the NNDR1 returns of all of the Suffolk authorities.

4.20 Business Rates income for 2023/24 is based on the NNDR1 return. All Business Rates estimates included in the MTFS will be updated following the completion of the return at the end of January 2023. This will include the split between Section 31 Grant and actual rates income.

4.21 As referred to earlier, the Business Rates system may be subject to reform in 2025/26 at the earliest. In the table below, the approach that has been taken for 2023/24 and 2024/25 is essentially a roll forward of the current position, with the changes in 2025/26 also potentially not impacting as seriously as previously forecast. The MTFS assumption is 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 will be coming online during the MTFS period.

Business Rates Income	Original 2022/23 £'000	Revised 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000
Business Rates Income	(6,158)	(6,158)	(7,205)	(7,349)	(7,496)	(7,796)
Business Rates Renewables	(1,203)	(1,203)	(1,253)	(1,278)	(1,303)	(1,329)
Total Business Rates Income	(7,361)	(7,361)	(8,458)	(8,627)	(8,799)	(9,125)
Share of Pooling Benefit	(1,861)	(2,035)	(2,000)	(2,000)	0	0
Section 31 Grant	(8,655)	(11,569)	(8,366)	(8,455)	(8,547)	(8,671)
Total Income Relating to Business Rates	(17,877)	(20,965)	(18,824)	(19,082)	(17,346)	(17,796)
MTFS Update (January 2023)	0	(3,088)	(5,900)	(5,900)	(3,900)	(4,350)

Council Tax

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 2022/23 was the higher of 2% or £5. The Autumn Statement confirmed additional flexibility for Council Tax increases for 2023/24, by increasing the referendum limit from 2% to 3%, but the £5 threshold remains.

- 4.22 **Council Tax Base** – The CTB1 Council Tax Base Return was submitted to Government on 5 October 2022.
- 4.23 The increase in the tax base for East Suffolk is currently estimated to be 1,317.49 (1.48%) Band D equivalent properties, increasing the overall tax base for East Suffolk from 89,023.43 to 90,340.92 for 2023/24. This equates to around £0.232m of additional Council Tax income to the Council based on the current District Band D Council Tax of £176.22.
- 4.24 The 2023/24 Council Tax Base at **Appendix A2** was approved by Cabinet at its meeting on 6 December 2022.
- 4.25 **District Band D Council Tax 2023/24** – An increase of £4.95 for 2023/24 would equate to a District Band D Council Tax for East Suffolk of £181.17 and generate approximately £0.447m of additional income for East Suffolk. Total income to the Council from Council Tax would be £16.37m.
- 4.26 Based on the above data, the table below sets out the estimated Council Tax income and current assumptions for Council Tax as included in this update of the MTFS. The District Band D Council tax for 2023/24, does not assume maximising use of the increased flexibility. This would be an increase of £5.22 compared to £4.95, an increase of £0.27p. This would generate an additional £0.025m of Council Tax income for East Suffolk.

Council Tax Income	2022/23 £'000	2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000
Council Tax Income - Base	(14,959)	(15,688)	(16,367)	(16,882)	(17,400)
Growth in Tax Base	(288)	(232)	(65)	(68)	(70)
Council Tax Increase	(441)	(447)	(449)	(451)	(453)
Total Council Tax Income	(15,688)	(16,367)	(16,882)	(17,400)	(17,922)
Council Tax Band D	£176.22	£181.17	£186.12	£191.07	£196.02
Council Tax Base	89,023.43	90,340.92	90,702.28	91,065.09	91,429.35
Growth/Reduction(-) in Tax Base	1.93%	1.48%	0.40%	0.40%	0.40%
Council Tax Increase £	£4.95	£4.95	£4.95	£4.95	£4.95
Council Tax Increase %	2.89%	2.81%	2.73%	2.66%	2.59%

Assumptions from 2023/24: Council Tax increases of 2% or £5, whichever is the higher.

- 4.27 The February 2022 MTFS for 2023/24 had assumed growth to the tax base of 0.92% compared to the updated position of 1.48%. This additional growth of 0.56% is just under £0.090m of additional income. From 2024/25 a cautious approach continues to be taken to growth in the overall tax base and this is forecast at a lower rate of 0.4%. This is a combination of completion of development sites levelling off, and prudent assumptions regarding Local Council Tax Reduction Scheme (LCTRS) reliefs and collection rates. The below table shows the December update to the MTFS.

MTFS - Council Tax Income	2022/23 £'000	2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000	Estimate 2026/27 £'000
MTFS February 2022	(15,688)	(16,277)	(16,789)	(17,302)	(17,302)
MTFS January 2023	(15,688)	(16,367)	(16,882)	(17,400)	(17,922)
MTFS Update January 2023	(0)	(90)	(93)	(98)	(620)

- 4.28 **Council Tax Collection Fund** – The current estimate for the Council Tax Collection Fund for 2023/24 is a surplus of £2.65m, with East Suffolk's share equating to £0.344m. The remaining balance of the surplus is shared by Suffolk County Council and the Police and Crime Commissioner for Suffolk.
- 4.29 Regulations were implemented on 1 December 2020 that the repayment Collection Fund deficits arising in 2020/21, will be spread over three years from 2021/22 to 2023/24 rather than the usual period of a year. Both the 2022/23 and 2023/24 figures include a deficit figure of £0.032m - the Council's share of the deficit.
- 4.30 The Council's share of the Council Tax Deficit for 2022/23 and 2023/24 is profiled over the MTFS as follows;

Council Tax Collection Fund – Deficit/(Surplus)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Deficit/(Surplus) (February 2022)	(223)	32	0	0	0
Deficit/(Surplus) (January 2023)	(223)	(344)	0	0	0
MTFS Update (January 2023)	0	(376)	0	0	0

- 4.31 The Collection Fund is monitored closely throughout the financial year and the Collection Fund position will be confirmed in January 2023.

- 4.32 **Council Tax Premium on Second Homes** - The Government is proposing that billing authorities will have the power to charge a 100% premium on second homes or empty dwellings. The Levelling-Up and Regeneration Bill would give billing authorities the power to charge a 100% premium on “dwellings occupied periodically”. A determination would have to be “made at least one year before the beginning of the financial year to which it relates”. Assuming receipt of Royal assent in early 2023, authorities should be able to use the premium from 2024/25 at the earliest. Given the number of second homes in Suffolk, this 100% council tax premium should represent a significant addition to the income stream from Council Tax. Based on current information and council tax levels, this could yield additional income of just under £11.2m in Suffolk, the bulk of which is in East Suffolk. In East Suffolk, over £7.6m could be generated – around £5.9m for Suffolk County Council, over £1m for Suffolk Police, and over £0.700m for East Suffolk Council. The current MTFS does not take account of this potential additional income for East Suffolk Council. This will be re-considered for the MTFS following a report to Full Council in January 2023 to approve this in principle, subject to the Bill receiving Royal Assent.

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 the local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.
- 4.34 In recent years there has been much uncertainty as to the future of NHB, with the last three years (2020/21 to 2022/23) being a one-year settlement.
- 4.35 There has been no announcement following a consultation paper in early 2021 and the Spending Review 2021, gave no indication as to its future and whether it will disappear completely within the next two years or continue in some form. DLUHC’s Policy Statement in December indicates a further one-year only NHB settlement for 2023/24, and this has been assumed in the MTFS using the existing allocation methodology. A one-year allocation for the Council is estimated at £0.447m for 2023/24.

NHB	2022/23 £'000	2023/24 £'000
Year 7	0	0
Year 8	0	0
Year 9 (Final legacy payment)	(525)	0
Year 10	0	0
Year 11	0	0
Year 12 (one-year only - actual)	(1,124)	0
Year 13 (one-year only – estimate)	0	(447)
Total	(1,649)	(447)

- 4.36 The Council uses NHB funding to support specific community related projects and initiatives across East Suffolk. This is balanced against the overriding need to retain financial sustainability. NHB funding is transferred to the NHB reserve and released when required.

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

NHB Reserve	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Opening Balance	(5,580)	(4,857)	(3,827)	(2,457)	(1,205)
Add: Allocation Received	(1,649)	(447)	0	0	0
Less: Proposed Use	2,372	1,477	1,370	1,252	1,053
Closing Balance	(4,857)	(3,827)	(2,457)	(1,205)	(152)

5 MEDIUM TERM FINANCIAL POSITION

MTFS Forecasts 2022/23 to 2026/27

5.1 The Finance team works with Service Areas to review their budget requirements and budget monitoring is an ongoing process between Finance, Service Areas, and the Corporate Management Team. This work leads to continual updating of the MTFS for the Council. As of January 2023, key areas of the budget that are yet to be finalised include;

- Operations
- Business rates income
- Final Local Government Settlement for 2023/24
- Use of reserves.

5.2 The below items are highlighted as having potential revenue budget implications for this financial year and over the MTFS period but cannot yet be quantified or quantified with a degree of certainty, i.e., figures are currently being worked on and/or insufficient information available.

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Inflationary pressures.	Utility costs, insurance premiums, fuel and contract costs, and ESSL.	Increased running costs of Council property and services, and delivery of projects.	Current year and future years. Difficult to estimate the duration and level of continued impact from 2023/24.
Workforces pay pressure/grade inflation.	Council staffing costs, partners and ESSL	Increased staffing costs.	Impact being seen in the current year. Uncertainty over the level of pay awards for the next two years.
Recruitment difficulties.	Particularly areas of specialism.	Agency/contractor support has been required which can be more costly.	Impact being seen in the current year.
Planning applications.	Planning fee income	Reduced income due to economic climate.	Current year is running in line with the budget for the year to date. Future years could be impacted due to downturn in the economy.
Non-core Government funding, e.g.,	General Fund.	Loss or reduction of non-core funding	The 2023/24 Provision Local Government Finance Settlement

Lower Tier Services Grant and Services Grant.		which will impact the General Fund.	released on 19 December confirmed reduction to non-core funding but this was more than compensated by a Funding Guarantee Allocation. This needs to be monitored for future years.
Felixstowe Dock strike action.	Port Health Account.	Loss of income. Currently estimated at £0.014m per strike day. 16 days so far this year.	Impact in the current year.

- 5.3 The MTFS was last updated in February 2022. A summary analysis of the key movements as of January 2023 is shown in the following table. This table is supported by **Appendix A4**. As noted in paragraph 5.1 above, there are areas of the budget still to be finalised.

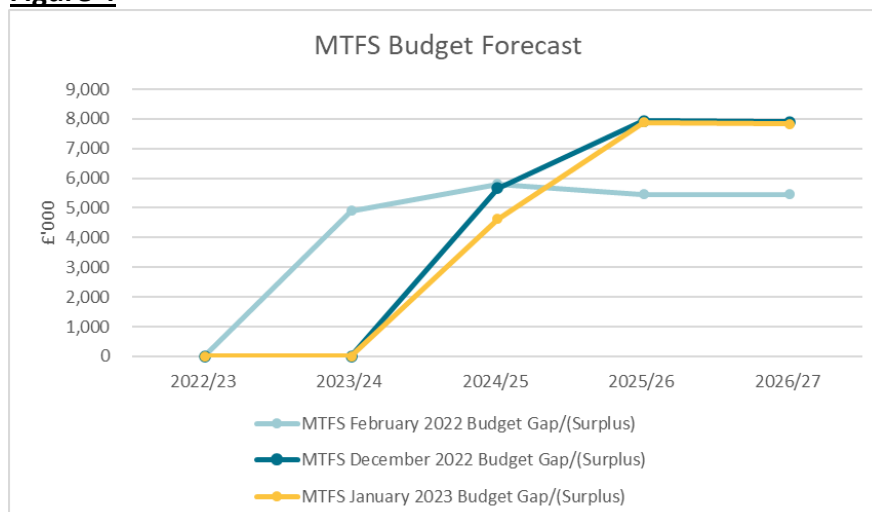
MTFS Key Updates	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Additional Cost	3,411	5,514	7,580	9,046	10,041
Additional Income	(1,013)	(8,710)	(7,656)	(5,668)	(6,641)
Reduced Income	1,300	1,975	1,300	1,300	1,300
Saving	(300)	(2,240)	(2,300)	(2,345)	(2,420)
Use of Reserves	(3,398)	(1,447)	(100)	100	100
Net Total	0	(4,908)	(1,176)	2,433	2,380

- 5.4 **Appendix A4** also provides a visual analysis of the key updates across the MTFS period by Strategic Theme/Other Factor that has primarily required the MTFS to be updated.

Appendix A5, provides an overall summary of the General Fund Budgets as at January 2023.

- 5.5 The updated MTFS position resulting from these movements as of January 2023 is shown below in **Figure 4**. The chart shows a forecast balanced budget for the current year and next year, which is achieved by the use of Risk Based Reserves - £0.904m being used in 2022/23 and £1.347m in 2023/24.

Figure 4



MTFS Position	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS February 2022 Budget Gap/(Surplus)	0	4,908	5,805	5,457	5,457
MTFS December 2022 Budget Gap/(Surplus)	0	0	5,660	7,940	7,902
MTFS January 2023 Budget Gap/(Surplus)	0	0	4,629	7,890	7,837

Budget Planning Assumptions

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

Budget Area	Assumption
Inflation	
<i>Goods & Services</i>	Met within existing budgets where possible (exception is contract).
<i>Utilities (Electricity)</i>	2022/23 revised based on actuals, 2023/24 80% of 2022/23 budgets, future years maintain at the 2023/24 budget.
<i>Utilities (Gas)</i>	2023/24 20% increase on 2022/23 revised estimates, future years maintain at the 2023/24 budget.
<i>Utilities (water & Sewage)</i>	2023/24 11% increase, 2024/25 5% increase, 2025/26 and 2026/27 1% increase. Commercial rates are set in April. Assumptions based on the CPI forecasts as per the Bank of England Monetary Policy Report November 2022.
Fees & Charges	5% increase is applied where appropriate.
Staffing Costs	2022/23 Current offer of an additional £1,925 on all SCP 1 and above, 2023/24 4% increase, plus incremental progression, 2024/25 3% increase, plus incremental progression, 2025/26 onwards 2% increase, plus incremental progression. 4% per annum of staffing costs for vacancy allowance.
Investment Income	1.37% Term Investments (average as of September 2022) 2.15% Call Account (September 2022) 1.73% Money Market Fund (September 2022) 3.40% Property Fund (September 2022) 4.05% Diversified Income Fund (September 2022)

Goods & Services – Inflationary Pressures

5.7 Over the course of the last six months, the Council's MTFS had been significantly impacted by inflation, and to a much higher extent than originally forecast in the early part of the year. This is particularly evident with utility costs which are forecast to increase by 100% for the Council in the current year, in addition to pressure on the Council's leisure centres. The trajectory for utility costs over the MTFS period is difficult to forecast, but it has been assumed that costs will remain high, with no significant fall from the current level. The total estimated impact of rising utility costs over the MTFS period is £3.1m. Inflation is also feeding through to insurance premiums and these are forecast to rise by around £0.150m per annum, with a total impact over the MTFS of £0.670m. As with the assumption for utility costs, insurance premiums are not forecast to fall in the short to medium term.

5.8 The Council's Operations service has also been significantly impacted by inflation through rising fuel costs and also national and local pay settlements. The average price of a litre of diesel in 2022/23 is £1.44, compared to £1.12 in 2021/22, an increase of 29%. This is an

increase in diesel costs of between £0.200m to £0.300m, based on current year usage levels.

- 5.9 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. However, given the extent of these pressures this is becoming an increasing more challenging strategy to implement.
- 5.10 Inflationary pressures on projects within the Capital Programme, indirectly impacts on revenue, through revenue costs to support projects and the revenue financing of capital.
- 5.11 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.

Fees and Charges

- 5.12 Fees and Charges are based on the Council's agreed principles of increasing existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. The usual approach of the Council is for fees and charges to be increased by price inflation as a minimum. However, given the current level of inflation, this approach was not applied for the review of 2023/24 fees and charges, and a minimum of a 5% increase was provided as a guide. The Council continues to review opportunities to introduce new fees as appropriate. Proposed fees and charges for next year were approved by Cabinet on 3 January 2023.

Interest Payable and Receivable

- 5.13 **Interest Payable** - The budget for debt interest over the current MTFS period totals £1.587m. This has not been revised in this update of the MTFS. The existing loans are all fixed rate loans and therefore not susceptible to market increases. Where the capital programme requires future additional borrowing, the budget will be updated as and when projects are completed, and actual borrowing is known.
- 5.14 **Interest Receivable** – In the Bank of England's November Monetary Policy Report, it forecasts the bank rate to peak at 5.2% at Quarter 4 in 2023 and then to fall to 4.7% a year later. In light of these forecasts, the total budget for investment income over the MTFS period has been increased by £4.2m to £7.4m. This is based on the current investment portfolio of short and long-term investments.

Establishment Costs

- 5.15 Establishment costs total approximately are the single largest revenue cost for the Council and represents 50% of its total direct expenditure.
- 5.16 **Public Sector Pay** –The 2022/23 pay offer by the National Employers is a £1,925 increase on all pay points 1 and above. The cost to the General Fund of the pay award is £1.4m to the General Fund. The pay award assumption for 2023/24 and 2024/25 has also been increased from 2% to 4% and 3% respectively. A 1% pay award represents an increase of approximately £0.330m to the General Fund.

- 5.17 **National Insurance Contribution Increase** – Also referred to as the Health and Social Care Levy, the Government increased the Employer National Insurance Contribution by 1.25% from April 2022. However, in the Chancellor’s Mini-Budget announcement, the Government reversed this increase from 6 November 2022. The reduction in employer NICs will produce savings against the General Fund budget in the current year of £0.110m and over £0.300m in subsequent years. However, it should be noted that local government received funding of around £400m for the employer NICs increase through the 2022/23 local government finance settlement, although the actual amounts for local government, either collectively or individually, were never explicitly confirmed. If this funding is going to be removed from local government, then the Settlement Funding Assessment (SFA) or Services Grant would have to be reduced in 2023/24 and 2024/25. This was previously outlined in Section 4.10. If this is the case, there may consequently be some offset to these forecast savings, although it will probably be difficult to ascertain the quantum of this from the settlement. No offsetting has been assumed at this time.
- 5.18 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022. The Fund’s Actuary have reported the actuarial funding position for the Pension Fund of 107%, an increase of 8% since the last valuation exercise in 2019. This is the first time that the Fund has reached 100% funding.
- 5.19 The Pension Fund specially relating to East Suffolk Council is 110% funded, an increase from 99% at the time of the last review on 31 March 2019. The triennial review also sets the employer contribution rates for the next three years – 2023/24 to 2025/26. This is currently out for consultation until 30 December 2022. The Council currently pays an employer contribution rate of 32% and the lowest rate allowed by the Actuary for the next three years is 19%. The Council is proposing a reduction of 7% to 25%. This would provide 88% probability of success that over 20 years the Pension Fund will remain or achieve 100% funded. This level of reduction results in a significant annual saving to the General Fund of £1.4m and has been built into this MTFS update.

Other Pressures

- 5.20 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year’s outturn position.
- 5.21 Ranging from increased demand for services or changes in national policy, the Council’s MTFS has been adjusted to reflect the financial implications of these changes. The budget monitoring work by the Finance Team working with service areas has identified the Council’s budget requirements.
- 5.22 Due to recruitment difficulties in some areas, the Council has been required to cover vacancies with temporary cover, particularly in areas of specialism. Additional resourcing needs have been in response to service demand, national policies and legislation. For example, Homelessness and Environmental Services, and delivering on strategic priorities such as Waste Management.
- 5.23 Work continues within the Suffolk Coastal Port Health Authority area to establish post Brexit requirements and a sustainable operational model for Port Health going forward, which remains a significant area of uncertainty, with financial implications for the service. Due to the strike days at the Port of Felixstowe, Port Health has lost income estimated at over £0.200m so far this year. In the current year, this can be covered from the Port Health Reserve.

Operations Partnership (Norse)

- 5.24 The current MTFS does not take into consideration any financial implications associated with the contract with Norse coming to an end in July 2023, and therefore the efficiencies expected to be delivered with East Suffolk Services Ltd. The budget estimates for 2024/25 and beyond are currently based on the existing arrangements, together with the additional external cost pressures on the Operations service – primarily rising fuel costs and national and local pay settlements. These are challenges that the Council and Norse would have to address, regardless of the set-up of East Suffolk Services Ltd from July 2023.

Green Agenda - Caring For Our Environment

- 5.25 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. 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 an annual saving of £0.200m compared to pre-pandemic levels.
- 5.26 **Appendix A6** includes details of budgets and reserves specifically provided to assist with the delivery of the Council's Green Agenda.

6 RESERVES AND BALANCES

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

General Fund Balance and Earmarked Reserves

- 6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to also release reserves which are no longer required, thereby becoming a one-off resource for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure (in the region of £130 million for East Suffolk). This would equate to maintaining a General Fund balance for East Suffolk, in the region of between £4m and £6m. As of 1 April 2022, 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 any 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 2022/23 are still subject to conclusion of the external audit review for 2021/22.
- 6.8 The total balance of General Fund Earmarked Reserves was £62m as of 1 April 2022. 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. The Business Rate Equalisation Reserve is the main reserve within this group. This reserve is primarily held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The reserve will also be called upon to address budget gap pressures. The balance on this reserve as of April 2022 was £15.2m. The other reserve in this category is the In-Year Savings reserves, which is used to address budget gaps. The balance on this reserve at the start of the year was £3.5m. Based on the current MTFS assumptions, it is expected for this reserve to be fully utilised by the end of March 2025, to address the forecast budget gaps in the current year and through to 2024/25.
 - **Covid Reserve** – Mainly consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the Local Authority support grant. This reserve is forecast to be used by the end of this financial year, with the exception of approximately £0.600m of Section 31 Grant to fund the 2020/21 Collection Fund Deficit treatment, as detailed in

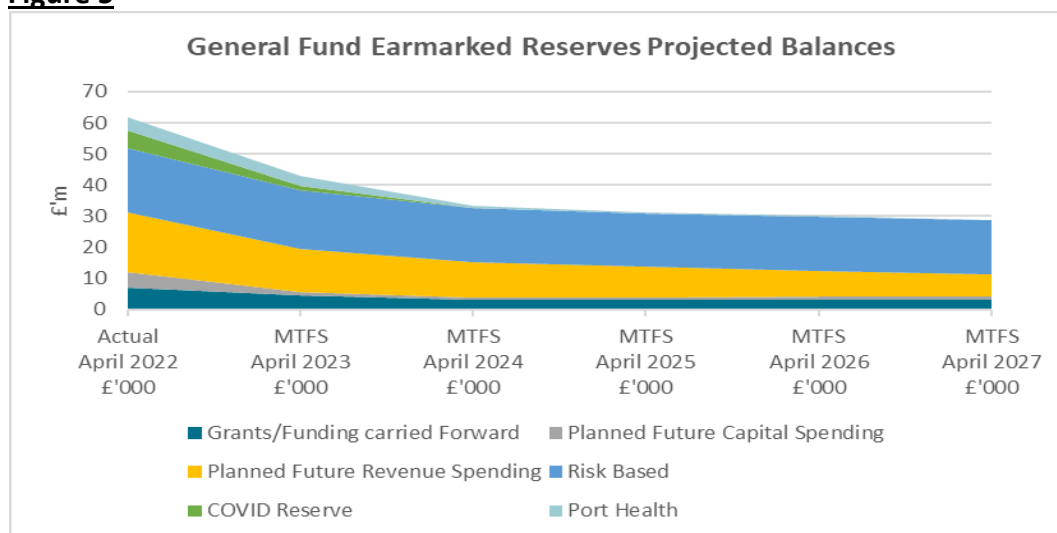
Section 4.16 of the report. The reserve currently holds a balance of £1m from the Covid Support funding. There has been some use of this in the current year, to cover costs associated with Covid, such as backfilling, and post assurance and reconciliation work on the various Covid grant schemes. The MTFS includes release of this £1m balance into the General Fund in the current year, as it is considered to be no longer required for its original purpose beyond March 2023.

- **Port Health** – The Port Health reserve balance as at 1 April 2022 was £4.3m. This reserve is expected to be fully utilised over the MTFS period, to meet operation needs and as external funding held in reserve is allocated towards relevant spent. This reserve will be closely monitored over the MTFS period, due to continuing uncertainty surrounding the post Brexit situation.

6.9 A review of reserves has been undertaken this year, to identify reserve balances which have not been used for some time and/or are no longer required for their original purpose. This exercise has identified £1.8m of reserve balances, included the £1m of Covid support funding mentioned previously. The MTFS includes the proposal for this balance to be released into the General Fund in the current year.

6.10 **Figure 5** below shows the current projections for the General Fund Earmarked Reserves over the MTFS, categorised as above. This shows a decline in reserve balances from £62m at 1 April 2022 to £29m by April 2027. In addition to the Covid reserve which will be fully used, there are a number of other reserves that are forecast to be fully or substantially utilised over this period, and not replenished. This includes, the In-Year Savings reserve, NHB reserve, Transformation reserve, Capital reserve and Port Health reserve. Until the budget work is finalised the position presented in this report is subject to further change before reporting to Full Council in February.

Figure 5



6.11 The presented reserves position does include use of the risk based reserves to achieve a balanced budget for 2022/23 and 2023/24 based on current assumptions. £0.904m use of the In-Year Savings reserve is proposed for 2022/23, and £1.347m for 2023/24. Further changes to the position by the end of the budget process, will be adjusted through the risk based reserves. A summary of Reserve balances is provided below and is supported in more detail by **Appendix A7**.

Reserves	Actual April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	MTFS April 2027 £'000
Unallocated Financial Reserves	6,000	6,000	6,000	6,000	6,000	6,000
Earmarked Reserves:						
Grants/Funding carried Forward	6,861	4,653	3,248	3,190	3,194	3,197
Planned Future Capital Spending	5,285	791	457	549	841	933
Planned Future Revenue Spending	18,948	14,088	11,424	9,892	8,352	7,006
Risk Based	20,591	18,899	17,404	17,390	17,411	17,420
COVID Reserve	5,882	1,186	32	0	0	0
Port Health	4,315	3,286	858	146	160	158
Total Earmarked Reserves	61,882	42,903	33,423	31,167	29,958	28,714

- 6.12 The Planned Revenue Spending group of reserves contains key reserves to highlight which are used to fund projects and initiatives to support the delivery of the Strategic Plan. These are set out in the table below and currently show balances declining with no further contributions to increase available funds over the current MTFS.

Reserves	Actual April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	MTFS April 2027 £'000
Business Rates Pilot	1,385	782	699	699	661	624
New Homes Bonus (NHB)	5,580	4,857	3,827	2,457	1,205	152
Transformation - Digital	296	316	336	332	291	250
Transformation - Environmental	500	333	333	333	333	333
Transformation - Financial Sustainability	2,769	1,589	705	705	705	705

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 2023/24 to 2026/27 was considered by the Audit & Governance Committee at its meeting in December 2022 before approval by Full Council in January 2023. 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 2023/24 and medium-term financial planning, the Capital Programme has been updated to reflect existing projects and the latest capital investment plans for the period 2022/23 to 2026/27.

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 Due to the economic climate and significant changes to major schemes in the current Capital programme for 2022/23 to 2025/26, a mid-year revised General Fund Programme was presented to Cabinet and approved by Full Council in September 2022.
- 7.9 An updated Programme for the MTFS period was presented to Cabinet on 3 January 2023. A further update of the report will be considered by Cabinet on 7 February for recommending to Full Council for 22 February 2023.

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 £4m to £6m.
 - have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
 - review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and
 - return reserve balances no longer required to the General Fund as appropriate.

Treasury Management and Investment

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

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

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

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

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p>Strategic Risks</p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Local Government funding is under continuous pressure and review. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.</p> <p>Budget pressures arising from housing, economic, social and other demographic changes.</p> <p>Financial</p> <p>Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. Brexit, business rates and New Homes Bonus.</p>	<p>L</p> <p>M</p> <p>H</p> <p>H</p> <p>H</p>	<p>H</p> <p>H</p> <p>H</p> <p>H</p> <p>H</p>	<p>Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.</p> <p>Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.</p> <p>Take advantage of the Council's growth opportunities to reduce dependency on government funding. Align service delivery to funding levels, improve exist strategy to minimise risk.</p> <p>Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.</p> <p>Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.</p>

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
Uncertainty surrounding the Government's change agenda including, business rates and welfare reform over the medium term.	H	H	Constantly monitor information from Government and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Lobby through the LGA as appropriate.
Budget pressures from demand led services and income variances reflecting the wider economy.	H	H	Monitor pressures throughout the budget process and take timely actions.
Costs arising from the triennial review of the Local Government Pension Scheme.	L	L	Review and monitor information from Government and actuaries. Update forecasts as necessary.
Interest rate exposure on investments and borrowing.	H	M	Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.
Information			
The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.	H	H	Key assumptions made are regularly reviewed from a variety of sources. Forecasts are updated as necessary.
Operational			
The Council has entered into strategic partnerships and contracts and is therefore susceptible to economic, social and demographic changes	L	M	Effective negotiation, sound governance arrangements and reviews of partnerships performance.
There is a potential risk to the Council if there is a financial failure of an external organisation, providing services to the public on behalf of the Council.	L	M	Ensure rigorous financial evaluations are carried out at tender stage. Consideration of processes to ensure annual review of the successful organisation and review any external auditor comments.

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

Band D Equivalent Taxbase by Parish

PARISH	2022/23	2023/24	Difference
Aldeburgh	1,880.77	1,899.17	18.40
Alderton	181.34	181.06	-0.28
Aldringham-Cum-Thorpe	595.58	606.00	10.42
All Saints & St. Nicholas, St. Michael and St. Peter S E	101.13	98.83	-2.30
Badingham	227.98	235.76	7.78
Barnby	217.87	214.86	-3.01
Barsham and Shipmeadow	134.17	134.31	0.14
Bawdsey	196.37	198.00	1.63
Beccles	3,241.87	3,346.33	104.46
Benacre	32.36	32.02	-0.34
Benhall & Sternfield	306.75	311.61	4.86
Blaxhall	110.29	112.93	2.64
Blundeston and Flixton	466.25	479.77	13.52
Blyford and Sotherton	71.37	71.90	0.53
Blythburgh	193.81	198.44	4.63
Boulge	14.14	14.48	0.34
Boyton	60.45	62.44	1.99
Bramfield & Thorington	192.76	197.96	5.20
Brampton with Stoven	150.65	157.53	6.88
Brandeston	142.24	146.98	4.74
Bredfield	147.53	151.22	3.69
Brightwell, Foxhall & Purdis Farm	998.25	998.79	0.54
Bromeswell	154.41	153.62	-0.79
Bruisyard	70.92	71.81	0.89
Bucklesham	203.25	205.35	2.10
Bungay	1,643.44	1,668.62	25.18
Burgh	78.81	78.95	0.14
Butley, Capel St Andrew & Wantisden	114.77	118.69	3.92
Campsea Ashe	156.10	155.80	-0.30
Carlton Colville	2,664.87	2,671.88	7.01
Charsfield	148.83	162.02	13.19
Chediston, Linstead Magna & Linstead Parva	156.02	157.72	1.70
Chillesford	70.86	75.96	5.10
Clopton	138.64	142.46	3.82
Cookley & Walpole	152.70	153.25	0.55
Corton	582.91	588.59	5.68
Covehithe	12.93	13.92	0.99
Cransford	67.01	67.77	0.76
Cratfield	149.71	152.30	2.59
Cretingham, Hoo & Monewden	209.59	208.88	-0.71

Band D Equivalent Taxbase by Parish

PARISH	2022/23	2023/24	Difference
Dallinghoo	82.79	82.88	0.09
Darsham	200.99	228.14	27.15
Debach	32.89	33.38	0.49
Dennington	235.11	239.53	4.42
Dunwich	86.56	85.66	-0.90
Earl Soham	202.53	202.51	-0.02
Easton	177.12	178.23	1.11
Eyke	152.94	151.75	-1.19
Felixstowe	8,645.91	8,771.40	125.49
Flixton, St. Cross S E & St. Margaret South Elmham	165.75	167.77	2.02
Framlingham	1,618.57	1,644.19	25.62
Friston	210.80	208.50	-2.30
Frostenden, Uggeshall and South Cove	170.56	172.91	2.35
Gisleham	248.63	248.94	0.31
Great Bealings	132.98	133.06	0.08
Great Glemham	100.06	102.19	2.13
Grundisburgh & Culpho	645.74	655.32	9.58
Hacheston	166.03	165.66	-0.37
Halesworth	1,752.20	1,808.83	56.63
Hasketon	183.82	186.36	2.54
Hemley	25.57	26.41	0.84
Henstead with Hulver Street	136.95	138.11	1.16
Heveningham	63.23	61.42	-1.81
Hollesley	494.63	507.88	13.25
Holton	310.84	311.80	0.96
Homersfield	58.64	59.58	0.94
Huntingfield	75.36	79.71	4.35
Iken	62.83	61.93	-0.90
Kelsale-cum-Carlton	404.66	413.65	8.99
Kesgrave	4,809.30	4,826.19	16.89
Kessingland	1,441.05	1,439.26	-1.79
Kettleburgh	106.24	108.33	2.09
Kirton & Falkenham	555.62	557.47	1.85
Knodishall	313.92	311.92	-2.00
Leiston	1,820.58	1,957.72	137.14
Letheringham	41.42	42.41	0.99
Levington & Stratton Hall	123.38	125.14	1.76
Little Bealings	213.78	216.46	2.68
Little Glemham	67.15	66.78	-0.37
Lound	116.56	127.74	11.18
Lowestoft	12,733.88	12,926.07	192.19
Marlesford	89.65	90.73	1.08
Martlesham	2,296.65	2,142.72	-153.93
Melton	1,905.05	1,945.62	40.57

Band D Equivalent Taxbase by Parish

PARISH	2022/23	2023/24	Difference
Mettingham	83.26	83.98	0.72
Middleton	206.24	209.69	3.45
Mutford	186.52	186.40	-0.12
Nacton	343.95	341.61	-2.34
Newbourne	110.64	112.65	2.01
North Cove	151.14	149.77	-1.37
Orford & Gedgrave	396.15	401.90	5.75
Otley	310.55	327.59	17.04
Oulton	1,549.90	1,654.14	104.24
Oulton Broad	3,270.87	3,307.43	36.56
Parham	120.59	131.13	10.54
Peasenhall	240.52	245.78	5.26
Pettistree	88.60	87.12	-1.48
Playford	111.33	110.97	-0.36
Ramsholt	12.22	12.22	0.00
Redisham	53.35	61.82	8.47
Rendham	127.96	127.13	-0.83
Rendlesham	931.19	941.76	10.57
Reydon	1,194.23	1,196.49	2.26
Ringsfield and Weston	220.36	221.74	1.38
Rumburgh	118.80	120.07	1.27
Rushmere	32.68	34.13	1.45
Rushmere St Andrew	2,579.54	2,607.03	27.49
Saxmundham	1,586.60	1,609.94	23.34
Saxtead	127.13	126.45	-0.68
Shadingfield, Sotterley, Willingham and Ellough	185.49	182.31	-3.18
Shottisham	84.00	83.44	-0.56
Sibton	97.02	96.50	-0.52
Snape	328.19	332.72	4.53
Somerleyton, Ashby & Herringfleet	166.95	163.68	-3.27
Southwold	1,082.31	1,100.22	17.91
Spexhall	86.15	85.54	-0.61
St. Andrew Ilketshall	114.71	116.03	1.32
St. James South Elmham	87.25	91.17	3.92
St. John Ilketshall	20.25	20.25	0.00
St. Lawrence Ilketshall	60.24	61.83	1.59
St. Margaret Ilketshall	71.55	70.34	-1.21
Stratford St Andrew and Farnham	139.87	140.49	0.62
Sudbourne	186.67	186.37	-0.30
Sutton	147.22	150.97	3.75
Sutton Heath	367.03	374.89	7.86
Sweffling	95.45	98.89	3.44
Swilland & Witnesham	421.28	427.46	6.18

Band D Equivalent Taxbase by Parish

PARISH	2022/23	2023/24	Difference
Theberton	150.49	150.78	0.29
Trimley St Martin	744.63	767.41	22.78
Trimley St Mary	1,272.73	1,268.02	-4.71
Tuddenham St Martin	162.29	159.80	-2.49
Tunstall	259.85	256.12	-3.73
Ubbeston	43.39	45.10	1.71
Ufford	403.37	406.54	3.17
Walberswick	372.62	375.63	3.01
Waldringfield	256.72	255.28	-1.44
Wangford with Henham	257.31	258.05	0.74
Wenhaston with Mells Hamlet	419.07	421.36	2.29
Westerfield	236.87	248.51	11.64
Westhall	131.28	136.42	5.14
Westleton	309.76	308.17	-1.59
Wickham Market	825.34	829.10	3.76
Wissett	124.25	127.62	3.37
Woodbridge	3,226.36	3,389.95	163.59
Worlingham	1,286.19	1,298.40	12.21
Wrentham	377.07	379.37	2.30
Yoxford	349.27	357.01	7.74
East Suffolk Council - Total	89,023.43	90,340.92	1,317.49

NHB RESERVE SUMMARY 2022/23 TO 2026/27

NHB Reserve					
	2022/23	2023/24	2024/25	2025/26	2026/27
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000
NHB Reserve Balance Brought Forward	(5,580)	(4,857)	(3,827)	(2,457)	(1,205)
NHB In-Year Funding	(1,649)	(447)	0	0	0
Total NHB Funding in Reserve	(7,229)	(5,304)	(3,827)	(2,457)	(1,205)
Application of NHB					
<u>Enabling Communities Budget</u>					
55 Councillors * £7.5k	432	412	412	412	412
Ease the Squeeze	52	0	0	0	0
	484	412	412	412	412
<u>Community Partnerships</u>					
8 Partnership * £25k each	224	200	200	200	200
<u>Resourcing & Engagement</u>					
CP Manager	72	72	74	76	77
Communities Officer	0	21	21	21	21
Funding Officer	18	21	21	21	21
Venues for meetings	3	2	2	2	2
Contribution to Suffolk Association Local Councils	10	10	10	10	10
Contribution to Community Action Suffolk	10	10	10	10	10
	337	336	338	340	341
<u>Strategic Community Partnerships</u>					
	555	300	300	300	300
	555	300	300	300	300
<u>WIFI Implementation on Market Towns</u>					
	82	61	37	0	0
<u>Economic Development Towns Fund</u>					
	22	0	0	0	0
<u>Lowestoft Full Fibre project</u>					
	575	0	0	0	0
<u>UCI World Masters Cycle Cross Championships</u>					
	9	0	0	0	0
<u>City of Culture</u>					
	25	72	0	0	0
<u>First Light Festival</u>					
	0	180	170	150	0
<u>Safeguarding Officer</u>					
	7	13	9	0	0
<u>Empty Homes Officer</u>					
	35	83	84	50	0
<u>Place Based initiatives</u>					
Lowestoft Rising	20	20	20	0	0
Total NHB Earmarked for Community Initiatives	2,151	1,477	1,370	1,252	1,053
Set Aside to Support the Budget					
To Support Transition of NHB use to East Suffolk	221	0	0	0	0
Total NHB use for the Year	2,372	1,477	1,370	1,252	1,053
NHB Reserve Balance Carried Forward					
	(4,857)	(3,827)	(2,457)	(1,205)	(152)

KEY MTF5 CHANGES BY STRATEGIC THEME/OTHER FACTORS

MTFS Update	Category of Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total over MTFS period £'000	Strategic Theme/Other Factors	Comments
Additional Cost									
National Employers pending pay award for 2022/23 - Council direct staffing	Additional Cost	1,400	1,400	1,400	1,400	1,400	7,000	Resourcing Impact	Based on current offer by National Employers.
Future year pay award assumptions	Additional Cost	0	590	920	940	1,560	4,010	Resourcing Impact	Assumptions for pay awards from 2023/24 increased from 2% to 4% in 2023/24 and to 3% in 2024/25.
Agency/contractor costs	Additional Cost	635	100	100	100	100	1,035	Resourcing Impact	Cover for staffing vacancies, particularly in areas of specialism. Increase annual budget to prior years average.
Net establishment growth	Additional Cost	(1,309)	833	818	825	811	1,978	Resourcing Impact	Establishment growth net of vacancy allowance.
External audit fees	Additional Cost	0	95	95	95	95	380	Governance	Public bodies have been advised of a 150% increase on top of the 2022/23 fee.
Ringo costs	Additional Cost	75	72	70	70	70	357	Financial Sustainability	To reflect increased usage of Ringo across Council car parks.
ARP partnership contribution	Additional Cost	300	115	135	135	135	820	Economic Impact	Mainly driven by inflation pressures.
Port Health	Additional Cost	240	275	125	115	100	855	Financial Sustainability	Review of recharges to Port Health, in particular the recharge for accommodate use.
Minimum Revenue Provision (Capital Programme)	Additional Cost	(58)	0	300	820	1,350	2,412	Growing our Economy	Revised to reflect the updated capital programme.
Inflationary pressures - insurance premiums	Additional Cost	75	140	150	150	155	670	Economic Impact	Estimate for the impact of inflation on insurance premiums.
Inflationary pressures - utilities	Additional Cost	700	600	600	600	600	3,100	Economic Impact	Estimate for the impact of inflation on utility costs, particularly on Leisure Centres.
Planned preventative maintenance	Additional Cost	0	265	202	225	225	917	Financial Sustainability	Asset Management schedule of programmed preventative maintenance.
Operation services	Additional Cost	343	1,013	1,990	1,990	1,990	7,326	Economic Impact	Inflationary impacts - from fuel and pay pressures
Operation services	Additional Cost	652	652	0	0	0	1,304	Financial Sustainability	Refuse vehicle hire
Other	Additional Cost	358	(636)	675	1,581	1,450	3,428	Financial Sustainability	
		3,411	5,514	7,580	9,046	10,041	35,592		
Additional Income									
Green waste subscription income	Additional Income	0	0	(50)	(50)	(50)	(150)	Financial Sustainability	Additional income due to subscription fee increase.
Business Rates Pooling Benefit	Additional Income	(174)	(2,000)	(2,000)	0	0	(4,174)	Government Policy	Current year increased based on in-year monitoring.
Business Rates income	Additional Income	0	(3,900)	(3,900)	(3,900)	(4,350)	(16,050)	Government Policy	Delays to funding reform to 2025/26 at the earliest.
Business Rates Collection Fund Deficit	Additional Income	0	(324)	0	0	0	(324)	Government Policy	Updated estimate of the year end deficit on the Collection Fund.
Council Tax income	Additional Income	0	(90)	(90)	(100)	(620)	(900)	Financial Sustainability	The growth in the tax base has been better than originally forecast.
Council Tax Collection Fund Surplus	Additional Income	0	(376)	0	0	0	(376)	Financial Sustainability	The growth in the tax base has been better than originally forecast.
Interest income	Additional Income	(779)	(906)	(630)	(635)	(635)	(3,585)	Economic Impact	Forecasting higher investment rates over the MTF5, and to peak in 2023/24.
Core Funding Streams	Additional Income	(60)	(1,114)	(986)	(983)	(986)	(4,129)	Government Policy	Provisional Local Government Settlement for 2023/24
		(1,013)	(8,710)	(7,656)	(5,668)	(6,641)	(29,688)		
Reduced Income									
Parking services	Reduced Income	500	500	500	500	500	2,500	Financial Sustainability	Recognising a reduction in baseline income for parking services. Further analysis to be done.
Waste recycling credits	Reduced Income	800	800	800	800	800	4,000	Financial Sustainability	Correction to baseline budget.
Operations	Reduced Income	0	675	0	0	0	675	Financial Sustainability	Existing budget for Partnership profit share, not assumed in transition year to ESSL
		1,300	1,975	1,300	1,300	1,300	7,175		
Savings									
Health & Social Care Levy	Savings	(110)	(300)	(310)	(315)	(320)	(1,355)	Government Policy	Reversal of the Employer National Insurance increase (1.25%) introduced from 1 April 2022. The reversal is to take effect from 6 November 2022.
Employer superannuation rate	Savings	0	(1,690)	(1,740)	(1,780)	(1,810)	(7,020)	Resourcing Impact	Triennial review of the pension fund. The employer contribution rate for the next three years from 2023/24 is to reduce from 32% to 25%.
Leisure contracts	Savings	(190)	(250)	(250)	(250)	(290)	(1,230)	Financial Sustainability	Recognition of further efficiencies and income generation.
		(300)	(2,240)	(2,300)	(2,345)	(2,420)	(9,605)		
Use of Reserves									
Reserve balances no longer required	Use of Reserves	(1,845)	0	0	0	0	(1,845)	Use of Reserves	This followed a review of historic balances with no defined purpose or use in recent years.
Transfers to reserves	Use of Reserves	(649)	(100)	(100)	100	100	(649)	Use of Reserves	Transfers identified as no longer required.
Proposed use of reserves to balance the budget	Use of Reserves	(904)	(1,347)	0	0	0	(2,251)	Use of Reserves	Use of risk based reserves.
		(3,398)	(1,447)	(100)	100	100	(4,745)		
Net Total of MTF5 Updates - January 2023	Net Total of MTF5 Updates	0	(4,908)	(1,176)	2,433	2,380	(1,271)		

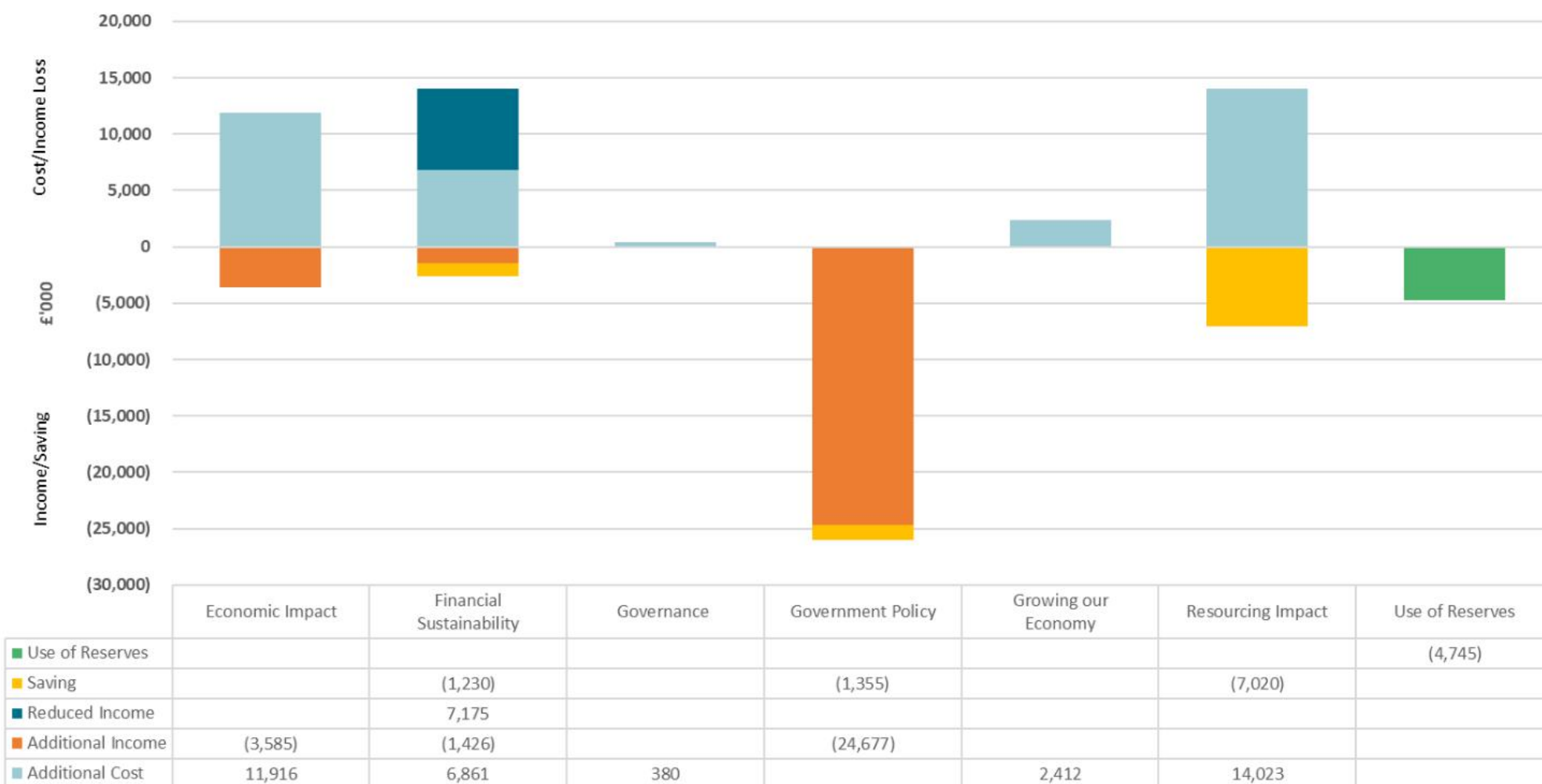
KEY MTFS CHANGES BY STRATEGIC THEME/OTHER FACTORS

Key Updates to MTFS between the Cabinet meeting on 3 January 2023 and the Scrutiny Committee on 19 January 2023

MTFS Update	Category of Change	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Comments
Business Rates Income	Additional Income	0	0	0	0	(150)	Updated review of annual increase assumption
Operations	Reduced Income	0	675	0	0	0	Further review of Operations Budgets during transition year to ESSL
Core Funding Streams	Additional Income	(60)	(1,126)	(1,010)	(1,013)	(1,010)	Update following Provision Finance Settlement
Use of reserves	Use of Reserves	0	0	0	200	200	Adjustment to Capital reserve use following updated Capital Programme
Operations	Additional Cost	(25)	21	0	0	0	Updated review of Norse budget
Other	Additional Cost	203	(852)	(21)	763	895	Other changes processed across all areas
Change in use of reserve to balance budget	Use of Reserves	(118)	1,282	0	0	0	Adjustment for changes above
Total of Changes		0	0	(1,031)	(50)	(65)	

KEY MTFS CHANGES BY STRATEGIC THEME/OTHER FACTORS

MTFS Changes by Strategic Theme (ST)/Other Factors
2022/23 to 2026/27



GENERAL FUND REVENUE BUDGET SUMMARY 2022/23 TO 2026/27

	Original Budget (Feb- 22) 2022/23 £	Total of MTFS Updates (Jan-23) 2022/23 £	Revised Budget (Jan-23) 2022/23 £	Original MTFS (Feb-22) 2023/24 £	Total of MTFS Updates (Jan-23) 2023/24 £	Revised MTFS (Jan-23) 2023/24 £	Original MTFS (Feb-22) 2024/25 £	Total of MTFS Updates (Jan-23) 2024/25 £	Revised MTFS (Jan-23) 2024/25 £	Original MTFS (Feb-22) 2025/26 £	Total of MTFS Updates (Jan-23) 2025/26 £	Revised MTFS (Jan-23) 2025/26 £	Original MTFS (Feb-22) 2026/27 £	Total of MTFS Updates (Jan-23) 2026/27 £	Revised MTFS (Jan-23) 2026/27 £
Service Area															
Senior and Corporate Management	2,582,800	(73,600)	2,509,200	2,629,000	139,000	2,768,000	2,668,300	189,800	2,858,100	2,710,400	197,400	2,907,800	2,710,400	172,600	2,883,000
Economic Development and Regeneration	2,860,700	1,070,400	3,931,100	1,716,200	72,100	1,788,300	1,450,400	11,900	1,462,300	1,453,200	(13,300)	1,439,900	1,453,200	(203,100)	1,250,100
Financial Services and Other Financial Transactions	718,300	31,300	749,600	752,600	(688,800)	63,800	790,200	(697,000)	93,200	816,000	(686,900)	129,100	816,000	(658,400)	157,600
Revenue and Benefits	2,372,000	487,600	2,859,600	2,545,600	584,300	3,129,900	2,703,200	389,100	3,092,300	2,781,100	431,200	3,212,300	2,781,100	512,100	3,293,200
Digital and Programme Management	2,977,100	320,600	3,297,700	2,994,900	465,900	3,460,800	3,036,300	471,500	3,507,800	3,076,000	496,400	3,572,400	3,076,000	577,300	3,653,300
Internal Audit Services	543,400	(46,100)	497,300	542,900	129,600	672,500	558,900	109,400	668,300	572,600	119,300	691,900	572,600	143,200	715,800
Human Resources	864,100	39,500	903,600	804,300	263,600	1,067,900	740,800	581,000	1,321,800	687,500	654,500	1,342,000	687,500	711,100	1,398,600
Legal and Democratic Services	2,312,000	256,400	2,568,400	2,709,300	276,000	2,985,300	2,397,700	277,800	2,675,500	2,441,600	276,900	2,718,500	2,441,600	313,400	2,755,000
Planning and Coastal Management	4,411,800	(98,800)	4,313,000	4,619,900	312,100	4,932,000	4,852,500	205,800	5,058,300	4,864,200	353,500	5,217,700	4,864,200	413,100	5,277,300
Customer Experience Strategic Management	2,361,900	68,600	2,430,500	2,435,100	87,900	2,523,000	2,510,300	164,500	2,674,800	2,584,100	164,300	2,748,400	2,584,100	240,200	2,824,300
Operations	10,819,800	4,126,200	14,946,000	9,636,300	5,411,900	15,048,200	9,474,800	4,637,700	14,112,500	9,572,500	4,471,900	14,044,400	9,572,500	4,429,400	14,001,900
Communities	2,630,700	228,600	2,859,300	1,076,400	1,034,300	2,110,700	1,083,700	841,600	1,925,300	1,080,100	828,400	1,908,500	1,080,100	858,000	1,938,100
Environmental Services and Port Health	1,499,300	841,700	2,341,000	(1,611,700)	4,688,600	3,076,900	(1,327,500)	3,218,300	1,890,800	(1,007,300)	2,945,300	1,938,000	(1,007,300)	3,018,300	2,011,000
Housing Services	2,255,200	774,700	3,029,900	1,619,400	730,500	2,349,900	1,649,700	323,000	1,972,700	1,668,700	304,100	1,972,800	1,668,700	273,500	1,942,200
Net Cost of Service	39,209,100	8,027,100	47,236,200	32,470,200	13,507,000	45,977,200	32,589,300	10,724,400	43,313,700	33,300,700	10,543,000	43,843,700	33,300,700	10,800,700	44,101,400
Non-Cost of Service Expenditure Adjustments															
Direct Revenue Financing (DRF)	3,020,000	2,400,000	5,420,000	1,375,000	(146,000)	1,229,000	675,000	230,000	905,000	805,000	0	805,000	805,000	0	805,000
Revenue provision for the repayment of debt (MRP)	1,265,000	(58,300)	1,206,700	1,735,000	7,500	1,742,500	2,455,000	299,900	2,754,900	2,575,000	822,700	3,397,700	2,575,000	1,347,700	3,922,700
Recharges to the Housing Revenue Account (HRA)	(1,424,300)	14,900	(1,409,400)	(1,462,000)	40,900	(1,421,100)	(1,491,900)	71,000	(1,420,900)	(1,506,800)	75,700	(1,431,100)	(1,506,800)	45,100	(1,461,700)
Bad Debt Provision	5,000	(15,800)	(10,800)	5,000	(19,400)	(14,400)	5,000	(14,300)	(9,300)	5,000	(14,300)	(9,300)	5,000	(7,900)	(2,900)
Other Accounting Adjustments	25,000	0	25,000	25,000	0	25,000	25,000	0	25,000	25,000	0	25,000	25,000	0	25,000
Other Operating Expenditure															
Town & Parish Precepts	6,748,500	0	6,748,500	6,748,500	0	6,748,500	6,748,500	0	6,748,500	6,748,500	0	6,748,500	6,748,500	0	6,748,500
Levies	247,900	0	247,900	250,500	0	250,500	250,500	0	250,500	250,500	0	250,500	250,500	0	250,500
Financing and Investment Income and Expenditure															
Interest Payable	450,000	0	450,000	366,000	0	366,000	282,000	0	282,000	282,000	0	282,000	282,000	0	282,000
Interest Receivable	(650,000)	(886,000)	(1,536,000)	(650,000)	(1,030,000)	(1,680,000)	(650,000)	(760,000)	(1,410,000)	(650,000)	(760,000)	(1,410,000)	(650,000)	(760,000)	(1,410,000)
HRA Share of Interest Payable & Receivable	12,700	107,200	119,900	(4,000)	124,000	120,000	30,400	129,800	160,200	75,900	124,500	200,400	75,900	124,500	200,400
Other Financing Charges	409,100	0	409,100	386,300	0	386,300	386,300	0	386,300	386,300	0	386,300	386,300	0	386,300
Non-Specific Grant Income															
New Homes Bonus	(1,648,700)	0	(1,648,700)	0	(447,000)	(447,000)	0	0	0	0	0	0	0	0	0
Other non-ringfenced grants	0	(61,300)	(61,300)	0	0	0	0	0	0	0	0	0	0	0	0
Capital Grants	(6,400)	(58,800)	(65,200)	0	(39,400)	(39,400)	0	(1,100)	(1,100)	0	(400)	(400)	0	(400)	(400)
Net Budget Expenditure before Reserve Movements	47,662,900	9,469,000	57,131,900	41,245,500	11,997,600	53,243,100	41,305,100	10,679,700	51,984,800	42,297,100	10,791,200	53,088,300	42,297,100	11,549,700	53,846,800

GENERAL FUND REVENUE BUDGET SUMMARY 2022/23 TO 2026/27

	Original Budget (Feb- 22) 2022/23 £	Total of MTFS Updates (Jan-23) 2022/23 £	Revised Budget (Jan-23) 2022/23 £	Original MTFS (Feb-22) 2023/24 £	Total of MTFS Updates (Jan-23) 2023/24 £	Revised MTFS (Jan-23) 2023/24 £	Original MTFS (Feb-22) 2024/25 £	Total of MTFS Updates (Jan-23) 2024/25 £	Revised MTFS (Jan-23) 2024/25 £	Original MTFS (Feb-22) 2025/26 £	Total of MTFS Updates (Jan-23) 2025/26 £	Revised MTFS (Jan-23) 2025/26 £	Original MTFS (Feb-22) 2026/27 £	Total of MTFS Updates (Jan-23) 2026/27 £	Revised MTFS (Jan-23) 2026/27 £
Net Movements on Reserves									0			0			0
General Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Earmarked Reserves									0			0			0
Use of Reserves for Services/Projects/Corporate	(4,434,700)	(3,760,300)	(8,195,000)	1,311,200	(7,214,400)	(5,903,200)	2,259,700	(4,574,700)	(2,315,000)	1,839,000	(3,340,600)	(1,501,600)	1,839,000	(3,174,100)	(1,335,100)
Use of Covid-19 Reserve	(6,629,000)	2,924,200	(3,704,800)	(788,200)	(365,100)	(1,153,300)	0	(32,400)	(32,400)	0	0	0	0	0	0
Reserve Balances Not Required	0	(1,844,000)	(1,844,000)	0	0	0	0	0	0	0	0	0	0	0	0
Use of Reserves to Balance the Budget	549,100	(903,900)	(354,800)	0	(1,346,800)	(1,346,800)	0	0	0	0	0	0	0	0	0
Capital Reserves	(1,617,000)	(2,797,000)	(4,414,000)	(328,000)	96,000	(232,000)	372,000	(280,000)	92,000	242,000	(50,000)	192,000	242,000	(50,000)	192,000
Net Budget Expenditure After Reserve Movements	35,531,300	3,088,000	38,619,300	41,440,500	3,167,300	44,607,800	43,936,800	5,792,600	49,729,400	44,378,100	7,400,600	51,778,700	44,378,100	8,325,600	52,703,700
Financed By:															
Council Tax Income (District Council)	(15,688,000)	0	(15,688,000)	(16,277,000)	(90,000)	(16,367,000)	(16,789,000)	(93,000)	(16,882,000)	(17,302,000)	(98,000)	(17,400,000)	(17,302,000)	(620,000)	(17,922,000)
Council Tax Income (Town & Parish Precepts)	(6,748,500)	0	(6,748,500)	(6,748,500)	0	(6,748,500)	(6,748,500)	0	(6,748,500)	(6,748,500)	0	(6,748,500)	(6,748,500)	0	(6,748,500)
Council Tax Surplus/Deficit on Collection Fund	(223,000)	0	(223,000)	32,000	(376,000)	(344,000)	0	0	0	0	0	0	0	0	0
Business Rates Income (incl. Section 31 Grant)	(17,877,000)	(3,088,000)	(20,965,000)	(12,924,000)	(5,900,000)	(18,824,000)	(13,182,000)	(5,900,000)	(19,082,000)	(13,446,000)	(3,900,000)	(17,346,000)	(13,446,000)	(4,350,000)	(17,796,000)
Business Rates Surplus/Deficit on Collection Fund	6,393,000	0	6,393,000	785,000	(324,000)	461,000	0	0	0	0	0	0	0	0	0
Lower Tier Services Grant	(310,600)	0	(310,600)	(310,600)	310,600	0	(310,600)	310,600	0	(310,600)	310,600	0	(310,600)	310,600	0
Services Grant	(477,400)	0	(477,400)	(477,400)	208,400	(269,000)	(477,400)	208,400	(269,000)	(477,400)	208,400	(269,000)	(477,400)	208,400	(269,000)
Revenue Support Grant	(339,500)	0	(339,500)	(346,300)	(356,500)	(702,800)	(353,200)	13,700	(339,500)	(360,300)	17,400	(342,900)	(360,300)	14,000	(346,300)
Rural Services Delivery Grant	(260,300)	0	(260,300)	(265,500)	5,200	(260,300)	(270,800)	10,500	(260,300)	(276,200)	13,300	(262,900)	(276,200)	10,700	(265,500)
Funding Guarantee Allocation	0	0	0	0	(1,553,200)	(1,553,200)	0	(1,519,000)	(1,519,000)	0	(1,519,000)	(1,519,000)	0	(1,519,000)	(1,519,000)
Total Financing	(35,531,300)	(3,088,000)	(38,619,300)	(36,532,300)	(8,075,500)	(44,607,800)	(38,131,500)	(6,968,800)	(45,100,300)	(38,921,000)	(4,967,300)	(43,888,300)	(38,921,000)	(5,945,300)	(44,866,300)
Budget Shortfall / (Surplus)	0	0	0	4,908,200	(4,908,200)	0	5,805,300	(1,176,200)	4,629,100	5,457,100	2,433,300	7,890,400	5,457,100	2,380,300	7,837,400

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

General Fund Revenue Budgets

Budget Area	Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000	Comments
Environmental challenge/sustainability/climate change resourcing	117	131	135	139	142	Resourcing 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	307	395	395	395	395	Additional cost of migrating 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	0	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	1	0	0	0	0	Funded from the Climate Change Reserve.
Local Air Quality Management (LAQM)	20	20	20	20	20	Budget for Air Quality Management works.
ESH Green Space Maintenance	10	10	10	10	10	Environmentally friendly planting for bees/wildlife corridors.
Lowestoft Kittiwake Partnership	17	0	0	0	0	Funding to support the partnership.
Design & Conservation Team Resourcing	133	138	144	147	150	Design and conservation Team –(one existing post and one new post) which look at the environmental impact of planning applications.
Total	658	697	707	714	720	

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

Reserves

Reserve Name	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	Balance 31 March 2026 £'000	Purpose of Reserve
Transformation Reserve – Environmental Theme	500	333	333	333	333	333	Funding set aside in the Transformation Reserve to support Initiatives under the 'Caring for Our Environment' Strategic theme.
Air Quality Reserve	80	3	3	3	3	3	Funds held for large scale projects that may require Air Quality works to be carried out.
Climate Change	63	12	12	12	12	12	climate change related projects.

GENERAL FUND RESERVE SUMMARY 2022/23 TO 2026/27

East Suffolk General Fund and Earmarked Reserves

East Suffolk General Fund and Earmarked Reserves		2022/23				2023/24			2024/25			2025/26			2026/27		
		Actual Closing Balance 31/03/22 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Budgeted Closing Balance 31/3/23 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Budgeted Closing Balance 31/3/24 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/25 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/26 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/27 £'000
Revenue Balances:	Reserve Group																
General Fund	Unallocated Financial Reserves	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000
General Fund Balance		6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000
Earmarked Reserves - Revenue:																	
Actuarial Contributions	Risk Based	200	0	0	200	0	0	200	0	0	200	0	0	200	0	0	200
Air Quality	Planned Future Revenue Spending	80	0	(77)	3	0	0	3	0	0	3	0	0	3	0	0	3
Homes and Communities Agency (HCA) - Area Action Plan (AAP) land contamination grant	Grants/Funding carried forward	162	0	(19)	143	0	(24)	119	0	0	119	0	0	119	0	0	119
Additional Disabled Facilities Grant(DFG) funding (Non-Ringfenced)	Grants/Funding carried forward	10	0	(10)	0	0	0	0	0	0	0	0	0	0	0	0	0
Afgan Interpreter grant funding	Grants/Funding carried forward	0	53	0	53	0	0	53	0	0	53	0	0	53	0	0	53
Better Broadband	Planned Future Revenue Spending	7	0	(7)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0	(0)
Budget Carry Forward Requests	Planned Future Revenue Spending	266	0	(266)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0	(0)
Building Control	Planned Future Revenue Spending	516	0	(91)	425	0	(54)	371	0	(54)	317	0	(54)	264	0	(54)	210
Business Incentive	Grants/Funding carried forward	2	0	(2)	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Rate Equalisation	Risk Based	15,240	0	(44)	15,196	0	(158)	15,038	0	(35)	15,004	0	0	15,004	0	0	15,004
Business Rates Pilot	Planned Future Revenue Spending	1,385	0	(603)	782	0	(83)	699	0	0	699	0	(37)	661	0	(37)	624
Business Rates SPSL	Planned Future Revenue Spending	1,317	0	(364)	952	0	(231)	722	0	0	722	0	0	722	0	0	722
Brexit	Grants/Funding carried forward	144	0	(144)	0	0	0	0	0	0	0	0	0	0	0	0	0
Climate Change	Planned Future Revenue Spending	63	0	(51)	12	0	0	12	0	0	12	0	0	12	0	0	12
Coastal Management	Planned Future Revenue Spending	379	0	(53)	326	0	(55)	271	0	0	271	0	0	271	0	0	271
Communities	Grants/Funding carried forward	2,484	25	(1,004)	1,505	0	(894)	611	0	(14)	597	0	0	597	0	0	597
Community Housing Fund	Grants/Funding carried forward	2,067	0	(382)	1,685	0	(373)	1,313	0	(0)	1,313	0	(0)	1,312	0	(0)	1,312
Active Suffolk	Planned Future Revenue Spending	776	336	(99)	1,013	212	(232)	993	209	(234)	969	196	(308)	856	183	(312)	727
Customer Services	Planned Future Revenue Spending	326	0	0	326	0	0	326	0	0	326	0	0	326	0	0	326
COVID-19 Response	COVID Reserve	5,882	51	(4,747)	1,186	0	(1,153)	32	0	(32)	(0)	0	0	(0)	0	0	(0)
Contractual Liability	Risk Based	413	0	0	413	0	0	413	0	0	413	0	0	413	0	0	413
District Elections	Planned Future Revenue Spending	200	60	0	260	60	(220)	100	60	0	160	60	0	220	60	0	280
Domestic Violence Support Funding	Grants/Funding carried forward	218	0	(89)	129	0	(42)	87	0	(44)	43	0	0	43	0	0	43
Deployment of Flood Barrier	Planned Future Revenue Spending	88	0	0	88	0	0	88	0	0	88	0	0	88	0	0	88
Economic Development	Planned Future Revenue Spending	1,024	47	(1,024)	47	0	(4)	43	0	(4)	40	0	(5)	35	0	(7)	28
Economic Regeneration	Planned Future Revenue Spending	81	11	(37)	55	0	0	55	0	0	55	0	0	55	0	0	55
Empty Properties and Houses in disrepair	Planned Future Revenue Spending	236	0	(1)	235	0	(5)	230	0	(5)	225	0	(5)	220	0	(5)	216
Enterprise Zone	Planned Future Revenue Spending	560	426	(387)	599	441	(306)	734	441	(306)	870	441	(306)	1,005	437	(303)	1,139
Environmental Protection	Planned Future Revenue Spending	68	0	0	68	0	0	68	0	0	68	0	0	68	0	0	68
Flood Prevention	Risk Based	6	0	0	6	0	0	6	0	0	6	0	0	6	0	0	6
Fuel Payments	Grants/Funding carried forward	6	0	(6)	0	0	0	0	0	0	0	0	0	0	0	0	0
Felixstowe Forwards	Planned Future Revenue Spending	18	0	(11)	8	0	0	8	0	0	8	0	0	8	0	0	8
Food Safety	Planned Future Revenue Spending	195	0	(103)	92	0	0	92	0	0	92	0	0	92	0	0	92
Growth Programme	Planned Future Revenue Spending	64	0	0	64	0	0	64	0	0	64	0	0	64	0	0	64
RES - LAD 2 - SCC - Greener Homes Funding	Grants/Funding carried forward	195	0	0	195	0	0	195	0	0	195	0	0	195	0	0	195
Gypsy and Traveller Macerator	Grants/Funding carried forward	26	14	0	40	0	0	40	0	0	40	0	0	40	0	0	40
Heritage Action Zone North	Grants/Funding carried forward	10	0	(10)	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing Benefit (HB) Subsidy	Risk Based	300	0	(300)	0	0	0	0	0	0	0	0	0	0	0	0	0
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	Grants/Funding carried forward	91	0	(91)	0	0	0	0	0	0	0	0	0	0	0	0	0
Homelessness New Burdens	Grants/Funding carried forward	73	0	0	73	0	0	73	0	0	73	0	0	73	0	0	73
Homelessness- Rough Sleeper	Grants/Funding carried forward	172	0	(143)	29	0	(3)	26	0	(6)	20	0	0	20	0	0	20
Homelessness - Flexible Homelessness Grant	Grants/Funding carried forward	365	0	0	365	0	0	365	0	0	365	0	0	365	0	0	365
Homelessness	Planned Future Revenue Spending	13	7	0	19	0	0	19	0	0	19	0	0	19	0	0	19

GENERAL FUND RESERVE SUMMARY 2022/23 TO 2026/27

East Suffolk General Fund and Earmarked Reserves

Earmarked Reserves - Revenue:

		2022/23			2023/24			2024/25			2025/26			2026/27		
		Revised	Revised	Budgeted	Revised	Revised	Budgeted	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised
		Transfers	Transfers	Closing	Transfers	Transfers	Closing	Transfers	Transfers	Closing	Transfers	Transfers	Closing	Transfers	Transfers	Closing
		In	Out	Balance	In	Out	Balance	In	Out	Balance	In	Out	Balance	In	Out	Balance
		31/03/22		31/3/23			31/3/24			31/3/25			31/3/26			31/3/27
		Actual														
		Closing														
		Balance														
		31/03/22														
Hoarding Support PSH	Planned Future Revenue Spending	26	0	(27)	(0)	0	0	(0)	0	0	(0)	0	0	0	0	(0)
RES - NEW Homelessness Prevention	Planned Future Revenue Spending	273	0	(272)	0	0	0	0	0	0	0	0	0	0	0	0
Human Resources	Planned Future Revenue Spending	10	0	(10)	0	0	0	0	0	0	0	0	0	0	0	0
Housing Advisory Programme	Planned Future Revenue Spending	25	0	(25)	0	0	0	0	0	0	0	0	0	0	0	0
Household Support Grant	Planned Future Revenue Spending	0	72	0	72	0	0	72	0	0	72	0	0	72	0	72
Individual Electoral Registration (IER)	Planned Future Revenue Spending	457	0	(50)	407	0	(50)	357	0	(50)	307	0	(50)	257	0	(50)
Indoor Leisure	Planned Future Revenue Spending	50	0	0	50	0	(50)	0	0	0	0	0	0	0	0	0
Insurance	Risk Based	171	0	0	171	0	0	171	0	0	171	0	0	171	0	0
In-Year Savings	Risk Based	3,572	0	(1,074)	2,498	10	(1,347)	1,161	20	0	1,181	20	0	1,201	10	0
Key Capital Programme	Planned Future Capital Spending	182	0	(80)	101	0	(102)	(0)	0	0	(0)	0	0	(0)	0	0
Land Charges	Planned Future Revenue Spending	150	0	(50)	100	0	(50)	50	0	(50)	0	0	0	0	0	0
Local Development Framework	Planned Future Revenue Spending	5	0	(6)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	(0)
Lowestoft Rising	Grants/Funding carried forward	87	1	(47)	41	3	(25)	20	3	(4)	19	0	0	19	0	0
Landguard	Grants/Funding carried forward	86	90	0	176	46	0	222	8	0	230	6	0	236	4	0
New Homes Bonus (NHB)	Planned Future Revenue Spending	5,580	1,649	(2,372)	4,857	447	(1,477)	3,827	0	(1,370)	2,457	0	(1,252)	1,205	0	(1,053)
RES - Modular ramps - DFG	Grants/Funding carried forward	2	2	0	4	0	0	4	0	0	4	0	0	4	0	0
Next Steps Accommodation Programme (NSAP)	Grants/Funding carried forward	22	0	0	22	0	0	22	0	0	22	0	0	22	0	0
MEES (PSH)	Grants/Funding carried forward	113	0	(113)	0	0	0	0	0	0	0	0	0	0	0	0
Protect and Vaccinate	Grants/Funding carried forward	69	0	(55)	14	0	0	14	0	0	14	0	0	14	0	0
Planning Policy	Planned Future Revenue Spending	0	81	0	81	0	0	81	0	0	81	0	0	81	0	0
Private Sector Housing	Planned Future Revenue Spending	99	0	(15)	83	0	(10)	73	0	(11)	62	0	(44)	18	0	(17)
RES - Planning	Planned Future Revenue Spending	400	0	(65)	335	0	(65)	270	0	(65)	205	0	(65)	140	0	(65)
RES - Planning Legal	Risk Based	400	0	0	400	0	0	400	0	0	400	0	0	400	0	0
Renovation Grants	Planned Future Revenue Spending	635	0	(200)	435	0	(105)	330	0	(105)	225	0	(105)	120	0	(105)
Rent Guarantee Scheme	Risk Based	15	0	0	15	0	0	15	0	0	15	0	0	15	0	0
Revenues & Benefits Administration	Risk Based	243	0	(243)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0
RAM's	Grants/Funding carried forward	103	0	(55)	48	0	(48)	0	0	0	0	0	0	0	0	0
RES - Southwold Harbour	Planned Future Revenue Spending	0	55	0	55	35	0	90	15	0	106	35	0	140	23	0
Stepping Homes - West	Grants/Funding carried forward	60	0	(60)	0	0	0	0	0	0	0	0	0	0	0	0
SEAL	Grants/Funding carried forward	12	0	(4)	8	0	(1)	7	0	(1)	6	0	(1)	5	0	(1)
Stepping Home	Grants/Funding carried forward	31	0	(31)	0	0	0	0	0	0	0	0	0	0	0	0
\$106 Interest	Risk Based	30	0	(30)	0	0	0	0	0	0	0	0	0	0	0	0
Transformation - Digital	Planned Future Revenue Spending	296	20	0	316	20	0	336	20	(24)	332	20	(61)	291	20	(61)
Transformation - Environmental	Planned Future Revenue Spending	500	0	(167)	333	0	0	333	0	0	333	0	0	333	0	0
Transformation - Financial Sustainability	Planned Future Revenue Spending	2,769	265	(1,445)	1,589	45	(929)	705	0	0	705	0	0	705	0	0
Warmer Homes Healthy People	Grants/Funding carried forward	151	0	(103)	47	0	(46)	2	0	(1)	1	0	(0)	1	0	(0)
Warmer Homes Health People COVID pressures	Grants/Funding carried forward	24	0	(24)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0
Youth Leisure	Planned Future Revenue Spending	10	0	(10)	0	0	0	0	0	0	0	0	0	0	0	0
Earmarked Reserves - Revenue sub-total		52,463	3,262	(16,799)	38,927	1,320	(8,139)	32,108	776	(2,413)	30,471	777	(2,293)	28,956	737	(2,070)
																27,623

GENERAL FUND RESERVE SUMMARY 2022/23 TO 2026/27

East Suffolk General Fund and Earmarked Reserves

Earmarked Reserves - Revenue:

Earmarked Reserves - Port Health:

Port Health Planned Future Revenue Spending	Port Health - Planned Future Revenue Spending	2,071	1,564	(1,101)	2,533	0	(1,822)	711	0	(711)	(0)	0	0	(0)	0	0	(0)
RES - Port Health Planned Future Capital Spending	Port Health - Planned Future Capital Spending	613	0	(613)	0	0	0	0	0	0	0	0	0	0	0	0	0
RES - Port Health ICT	Port Health - ICT	400	73	(400)	73	35	0	107	28	0	135	14	0	149	0	(2)	147
RES - Port Health External Funding	Port Health - External Funding	1,230	0	(551)	680	0	(641)	39	0	(28)	11	0	0	11	0	0	11
Total Port Health		4,315	1,636	(2,665)	3,286	35	(2,463)	858	28	(739)	146	14	0	160	0	(2)	158

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	3,246	379	(3,354)	271	279	(404)	146	229	(280)	95	279	(30)	344	379	(30)	693
Coastal Protection - Capital Works	Planned Future Capital Spending	176	0	(115)	61	0	0	61	0	0	61	0	0	61	0	0	61
Short Life Assets	Planned Future Capital Spending	1,508	618	(1,942)	184	718	(825)	77	768	(625)	220	718	(775)	163	618	(775)	6

Earmarked Reserves - Capital sub-total

Total Earmarked Reserves

	2022/23			2023/24			2024/25			2025/26			2026/27		
Actual Closing Balance 31/03/22	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/23	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/24	Revised Transfers In	Revised Transfers Out	Revised Closing Balance 31/3/25	Revised Transfers In	Revised Transfers Out	Revised Closing Balance 31/3/26	Revised Transfers In	Revised Transfers Out	Revised Closing Balance 31/3/27
														0	
2,071	1,564	(1,101)	2,533	0	(1,822)	711	0	(711)	(0)	0	0	(0)	0	0	(0)
613	0	(613)	0	0	0	0	0	0	0	0	0	0	0	0	0
400	73	(400)	73	35	0	107	28	0	135	14	0	149	0	(2)	147
1,230	0	(551)	680	0	(641)	39	0	(28)	11	0	0	11	0	0	11
4,315	1,636	(2,665)	3,286	35	(2,463)	858	28	(739)	146	14	0	160	0	(2)	158
175	0	0	175	0	0	175	0	0	175	0	0	175	0	0	175
3,246	379	(3,354)	271	279	(404)	146	229	(280)	95	279	(30)	344	379	(30)	693
176	0	(115)	61	0	0	61	0	0	61	0	0	61	0	0	61
1,508	618	(1,942)	184	718	(825)	77	768	(625)	220	718	(775)	163	618	(775)	6
5,104	997	(5,411)	690	997	(1,229)	458	997	(905)	550	997	(805)	742	997	(805)	934
61,882	5,896	(24,875)	42,903	2,352	(11,831)	33,423	1,801	(4,057)	31,167	1,789	(3,098)	29,858	1,734	(2,877)	28,714

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[Department for Levelling Up,
Housing & Communities](#)

Policy paper

Local government finance policy statement 2023-24 to 2024-25

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Applies to England



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Today the government sets out its intentions for the local government finance settlement for the next 2 years. For 2023-24, the government recognises that providing councils with greater certainty on key aspects of their funding is incredibly important for their budget setting process and their ability to plan for the future. We will consult on the proposals within this document at the provisional local government finance settlement in the usual way, which will include allocations. This policy statement sets out the following intentions:

For the core settlement:

- The Autumn Statement announced the freezing of the Business Rates Multiplier for 2023-24 at 49.9p. We will compensate local authorities for the reduction in income as a consequence of this decision. From 2023-24 we will align this level of compensation, including the increase in baseline funding levels, with the default link, established by government policy in 2018-19, between the Business Rates Multiplier and the standard Consumer Price Index (CPI) measure rather than the Retail Price Index (RPI).
- We will increase Revenue Support Grant (RSG) in line with CPI.
- We will continue to eliminate so-called 'negative Revenue Support Grant'.

For council tax, the government is giving local authorities in England additional flexibility in setting council tax by:

- Protecting local taxpayers from excessive increases in council tax, by setting the referendum threshold at 3% per year from April 2023 for shire counties, unitary authorities, London boroughs, and the Greater London Authority, without a local referendum. Councils can set higher increases if they wish, via consent of a local referendum.
- In addition, local authorities with social care responsibilities will be able to set an adult social care precept of up to 2% per year, without a referendum.
- A bespoke council tax referendum principle of up to 3% or £5, whichever is higher, for shire districts.

- A bespoke additional council tax flexibility of up to £20 on Band D bills for the Greater London Authority (GLA), as requested by the Mayor of London – while this request will not be opposed, the government is disappointed that London taxpayers are having to foot the bill for the GLA's poor governance and decision-making.
- Setting no council tax referendum principles for Mayoral Combined Authorities (MCAs).
- Setting no council tax referendum principles for town and parish councils.
- A £5 referendum principle on Band D bills for all fire and rescue authorities. A £15 referendum principle on Band D bills for police and crime commissioners.

It is for individual authorities to determine whether to use the flexibilities detailed above.

The Autumn Statement announced additional funding of up to £2.8 billion in 2023-2024 in England and £4.7 billion in 2024-2025 for social care and discharge. This includes £1 billion of new grant funding in 2023-24 and £1.7 billion in 2024-25, further flexibility for local authorities on council tax and delaying the rollout of adult social care charging reform from October 2023 to October 2025:

- Repurposed money from delaying charging reform:
 - £1.265 billion in 2023-24 and £1.877 billion in 2024-25 will be distributed to local authorities through the Social Care Grant for adult and children's social care. This is in addition to the existing Social Care Grant. We will continue to equalise against the adult social care precept.
- New grant funding:
 - £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to get people out of hospital on time into care settings, freeing up NHS beds for those who need them. The funding will be split 50:50 between the Department for Levelling Up Housing and Communities' Local Government DEL and the Department for Health and Social Care DEL, meaning Local Government DEL will allocate and distribute £300 million in 2023-24 and £500

million in 2024-25. This will be in addition to the existing improved Better Care Fund, for which the current distribution will remain.

- £400 million in 2023-24 and £683 million in 2024-25 will be distributed through a grant ringfenced for adult social care which will also help to support capacity and discharge. Alongside this, the funding package for adult social care retains £162 million per year of Fair Cost of Care funding and its distribution to reflect the progress councils and providers have made this year on fees and cost of care exercises.

The government expects this new grant funding to enable local authorities to make tangible improvements to adult social care in particular to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector. There will be reporting requirements placed on the new Adult Social Care Grant and the Better Care Fund regarding performance and use of funding to support improvement against these objectives. The government will provide further details on reporting in due course.

Remaining settlement grants:

- The Rural Services Delivery Grant will remain unchanged.
- The Services Grant will reduce in 2023-24. This is in part because there will no longer be an increase in National Insurance Contributions, therefore the government will not be compensating local government for these contributions from 2023-24. In addition, some funding will go to increase the funding for the Supporting Families programme. The same as last year, the remainder of the Services Grant will be distributed by the Settlement Funding Assessment.

In recognition of the inflationary pressures across the sector, we will repurpose the Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments to create a new one-off, funding guarantee. This will ensure that all authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax levels.

There will be new rounds of New Homes Bonus (NHB) payments in 2023-24. Although, as with last year, these will not attract new legacy payments. NHB allocations for 2023-24 will continue to be paid for in the usual way. There will be no changes to the calculation process from 2022-23 except the expiration of legacy payments.

The government will be extending the Statutory Override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025-26.

Other areas of the settlement

The government notes the significant increase in some local authority reserves over the 2 years of the pandemic. We encourage local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures, taking account, of course, of the need to maintain appropriate levels of reserves to support councils' financial sustainability and future investment. In order to support council members and local electorates to understand the reserves that their authorities are holding and what they are used for, we will also explore releasing a user-friendly publication of the reserves data currently collected in the Local Authority Revenue Expenditure and Financing Outturn statistics. We will consult with trusted partners, including the Local Government Association, about doing this.

We will be consolidating 4 grants totalling £239 million into the local government finance settlement. All of the 4 grants will keep their existing distribution. These are the Independent Living Fund; Council Tax Discounts – Family Annexe; Local Council Tax Support Administration Subsidy; and Natasha's Law.

All current 100% business rates retention areas will continue for 2023-24. During this time the government will review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up white paper.

Where requested, we will proceed with Business Rates Pooling for 2023-24.

Technical adjustment to the Business Rates Retention system

The government published a consultation in September that set out its [proposed approach to a technical adjustment to the Business Rates Retention \(BRR\) system](https://www.gov.uk/government/consultations/technical-adjustment-to-the-business-rates-retention-system-consultation) (<https://www.gov.uk/government/consultations/technical-adjustment-to-the-business-rates-retention-system-consultation>) in response to the 2023 revaluation and transfers of properties from local lists to the central list. This work delivers on the commitment made at the outset of the BRR system, that at revaluations the government would adjust local authorities' income to ensure that as far as practicable it is no more, or less, than it would have been had the revaluation not taken place.

We received 43 returns to this consultation, most of which were from local authorities and a government response will be published shortly. Feedback on the proposed methodology was positive, with a majority agreeing with the proposed change to the main revaluation adjustment; four-fifths of respondents agreeing we should not make a further adjustment for reliefs at this time, but keep this under review; and nearly two-thirds agreeing that the adjustment for the central list transfers would adequately safeguard the position of affected local authorities.

The government therefore intends to proceed with this modified revaluation adjustment for the implementation of the 2023 revaluation, with the methodology and adjustments to tariffs and top-ups published alongside the provisional local government finance settlement.

Adjustments will subsequently be made to account for compiled rating list data for the 2023 list as at 1 April 2023 and for Outturn Business Rates data for 2022-23 at the 2024-25 local government finance settlement, with the final adjustment at the 2025-26 settlement. The government will keep the revaluation adjustment under review.

The government is also providing clarity on areas of the 2024-25 local government finance settlement:

In the longer-term, our ambitions for Levelling Up the country require us to assess our commitments to update local government funding. The government had previously committed to carry out a Review of Relative Needs and Resources and a reset of accumulated business rates growth. Whilst we can confirm that these will not be implemented in this Spending Review period, the government remains committed to improving the local government finance landscape in the next Parliament.

For 2024-25, the core council tax referendum principles will continue the same as 2023-24. We can confirm that the referendum limit for increases to council tax will remain at 3% per year. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2% per year. Councils can set higher increases if they wish via the consent of a local referendum.

The core settlement will continue in a similar manner for 2024-25. The major grants will continue as set out for 2023-24: Revenue Support Grant will continue and be uplifted in line with Baseline Funding Levels; the Social Care Grant and other social care grants will increase as set out at the Autumn Statement. We will proceed with Business Rates Pooling in 2024-25.

2024-25 brings with it a significant new funding stream, subject to successful delivery of the Extended Producer Responsibility for packaging (pEPR) scheme as soon as is feasible within this financial year; local authorities can expect to receive additional income from the scheme whilst being asked to submit data relevant to their waste collection services. Alongside His Majesty's Treasury and the Department for Environment, Food and Rural Affairs, we will be assessing the impact of additional pEPR income on the relative needs and resources of individual local authorities in the coming year.

The government recognises that the position of the lower tier must be understood in the round, therefore we will review the 2024-25 position of funding for lower tier authorities particularly given the possible interactions with the pEPR scheme. We also recognise the need to help councils plan and we will therefore set out the future

position of New Homes Bonus ahead of the 2024-25 local government finance settlement.

The government will provide details on these proposals at the provisional local government finance settlement for 2023-24, including full local authority level allocations for 2023-24 and consultation documents later in December. The government will publish full details of the 2024-25 local government finance settlement in late 2023 at the provisional settlement, in line with the established process.

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PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24

1 OVERVIEW

- 1.1 The Government published the Provisional Local Government Finance Settlement for 2023-24 on 19 December 2022:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024>

<https://questions-statements.parliament.uk/written-statements/detail/2022-12-19/hcws469>

- 1.2 On 12 December 2022, a Policy Statement announced the key principles that ministers intended to use in the provisional settlement, and these remain unchanged:

[Local government finance policy statement 2023-24 to 2024-25 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/local-government-finance-policy-statement-2023-24-to-2024-25)

- 1.3 The final 2023/24 settlement is expected to be laid before the House of Commons, for its approval, in late January or early February 2023.
- 1.4 Local government was a major beneficiary of the Autumn Statement 2022, with larger increases in funding than any other part of the public sector. Much of the increase was directed towards social care, but even authorities without social care responsibilities have done better than assumed at the time of the statement.
- 1.5 The settlement is the best in cash terms that local government has received for over a decade. However, against the current background of inflation, the settlement will still leave many local authorities with significant financial pressures in real terms, although authorities with higher levels of deprivation will receive larger increases in Core Spending Power.
- 1.6 The Policy Statement gave local authorities advanced notice of the principles that ministers would use in both the 2023-24 and 2024-25 local government finance settlements. There have been no changes in these principles in the provisional settlement, but there are now financial values to accompany the principles. These are referred to in subsequent sections of this Appendix, and a number of other points to note include the following:
- Council tax referendum principles (see below) have been confirmed for 2023/24 and 2024/25. In considering Core Spending Power, the settlement assumes that all authorities will make use of the maximum increases under these.
 - The Government has confirmed that the Review of Relative Needs and Resources (also known as the Fair Funding Review) and the business rates reset will not be implemented in this Spending Review period.

- Although there are principles in place for 2024/25, this is not a fixed two-year settlement and there remain some uncertainties in respect of the position for that year.

2 COUNCIL TAX

2.1 The Government has confirmed the following referendum principles for 2023/24 and 2024/25:

- A core referendum principle of up to 3 per cent will apply to shire county councils, shire unitary authorities, metropolitan districts and London boroughs.
- Shire districts will have a referendum principle of up to 3 per cent or £5, whichever is higher.
- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- Fire and Rescue Authorities will have a principle of up to £5.
- £15 for police authorities and police and crime commissioners.
- £23 for the non-police element of the Greater London Authority (GLA).
- There will be no referendum principles for mayoral combined authorities (MCAs) except where the Mayor exercises police and crime commissioner functions.
- No referendum principles will be set for parish and town councils.

3 BUSINESS RATES RETENTION SCHEME (BRRS)

- 3.1 The decision to freeze the business rates multiplier will be fully funded, and, from 2023/24 onwards, compensation to authorities for under-indexation will be paid based on Consumer Price Index (CPI) rather than the Retail Price Index (RPI).
- 3.2 The business rates multiplier is “frozen” (remaining at 49.9p), but contains a reduction to reflect increases in rateable values in the 2023 Revaluation and an offsetting uplift for inflation. Compensation for this will be part-paid via an uplift to Baseline Funding Level (BFL), with the remainder paid via section 31 grant. The Baseline Funding Level (BFL) has been uplifted by the inflation within the multiplier (3.74%)
- 3.3 A 2023 Revaluation Technical Adjustment has been calculated to offset the impact of revaluation for each local authority. This adjustment is applied to the authority’s top-up or tariff, and ensures that authorities’ do not benefit solely from the effect of valuation changes.
- 3.4 Business Rates pooling and pilots will continue in 2023/24, and Suffolk Chief Finance officers have received a letter from DLUHC confirming that the Suffolk Business Rates Pool will operate in 2023/24.
- 3.5 Business rates and Section 31 Grant estimates for 2023/24 that are currently included in the General Fund Budget and MTFS will be revised following confirmation of relevant details in the Settlement, and will be based on the NNDR1 return to Government, which is due to be completed by 31 January 2023.

4 FUNDING

4.1 Revenue Support Grant (RSG)

Methodology for RSG has not changed, and for 2023/24 RSG will increase at 10.1%. There will continue to be no adjustment for “negative RSG”. Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant have been rolled into RSG in 2023/24.

4.2 New Homes Bonus (NHB)

New Homes Bonus (NHB) will continue for one (or perhaps two) more years, but there will be no more legacy payments. A decision on whether NHB will continue into 2024-25 will be made before next year's settlement.

4.3 Funding Guarantee Allocation (FGA)

The Government has announced that it will repurpose the 2022/23 Lower Tier Services Grant and a proportion of the expired New Homes Bonus legacy payments to ensure that all councils will see at least a 3 per cent increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. For eligible authorities, the value of the guarantee will be based on the difference between a 3 per cent increase in their 2022/23 Core Spending Power adjusted for actual council tax requirement in 2022/23, compared to their increase in Core Spending Power (excluding rolled in grants) before any assumed increases to council tax Band D levels in 2023/24

4.4 Services Grant

The Services Grant has been reduced from its 2022/23 level due in part due to the fact that there will no longer be an increase in National Insurance Contributions. The Government has also held a small proportion of the Services Grant back as contingency to cover unexpected movements, and will review whether this contingency is necessary for the final local government finance settlement. Any contingency left unused at that point will go back into the Services Grant.

4.5 Rural Services Funding

The Government proposes to roll-forward the 2022/23 allocations of the £85 million Rural Service Delivery Grant for 2023/24.

4.6 2024/25

In addition to the points noted in respect of Policy Statement principles in 1.6 above, the core settlement will continue in a similar manner for 2024/25. The major grants will continue as set out in 2023/24. Revenue Support Grant will be uplifted in line with BFLs so that councils receive an increase equivalent to the September 2023 level of the Consumer Prices Index (CPI), and Business rate pooling will continue.

Local authorities can also expect to receive new income, subject to the Extended Producer Responsibility for Packaging (pEPR) coming into force during 2024/25. The Government will assess the impact of additional pEPR income on the relative needs and resources of councils, particularly shire district councils.

4.7 Funding Summary

A summary of the funding changes (excluding any Business Rate measures) arising from the settlement compared with the assumptions in the revised December 2022 MTFS is shown in the table below.

East Suffolk Council

Provisional Local Government Finance Settlement 2023/24 (One Year Settlement) – Funding Allocations

Funding Allocations	ESC December 2022 MTFS 2023/24 £	DLUHC Provisional Settlement 19-Dec-22 2023/24 £	Funding Change between December 2022 MTFS assumptions and the Provisional Settlement (Additional)/Less Grant Income 2023/24 £	Comments
Lower Tier Services Grant	(310,600)	0	310,600	This grant has been abolished from 2023/24 and repurposed towards the Funding Guarantee allocation.
Services Grant	(477,400)	(269,000)	208,400	This grant has been reduced in part due to the removal of funding for the National Insurance increase and to pay for other parts of the settlement such as Revenue Support Grant.
Revenue Support Grant	(339,500)	(702,800)	(363,300)	Provisional Settlement includes - 2022/23 Revenue Support Grant increased by 10.1%, plus other grants rolled into RSG. This includes the Family Annexe Council Tax Grant £61,300 and Local Council Tax Scheme Administration Grant £267,600.
Rural Services Delivery Grant	(260,300)	(260,300)	0	Roll forward of the 2022/23 grant with no increase.
Local Council Tax Scheme Admin Subsidy Grant	(271,600)	0	271,600	The provisional settlement proposes to roll this grant into the Revenue Support Grant above - £267,600 for 2023/24.
Funding Guarantee Allocation	0	(1,553,200)	(1,553,200)	This is new funding for 2023/24 to ensure that all councils will see at least a 3% increase in their core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels.
New Homes Bonus	(447,000)	(447,100)	(100)	One year allocation with no legacy payments.
Total	(2,106,400)	(3,232,400)	(1,126,000)	

Source: <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024>

RESIDENTS SURVEY RESULTS 2022

Residents survey: Finance Questions only

Contents (click the header to go to that page)

- Demographics of the survey respondents *(page 2)*
- The type of the survey respondents *(page 3)*
- Which ONE from the options below would you choose to help us close the budget gap? *(page 4)*
- From the following broad themes which should we spend money on? *(page 5)*
- We have pledged to become Carbon Neutral by 2030. Do you support additional spending to achieve this pledge? *(page 6)*
- To help fund crucial services, what level of increase of Council Tax would you consider to be fair? *(page 6)*
- Do you agree with the principle of us investing in land and buildings in the district to generate income for the council? *(page 6)*
- Do you agree with the principle of us transferring viable land and buildings to local communities to use for their own local benefit? *(page 6)*



RESIDENTS SURVEY RESULTS 2022

Demographics of survey respondents

Date survey completed

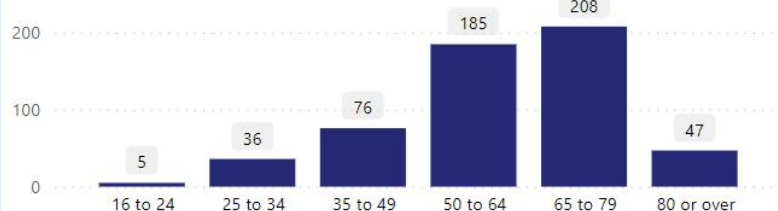
01/01/2022

28/12/2022

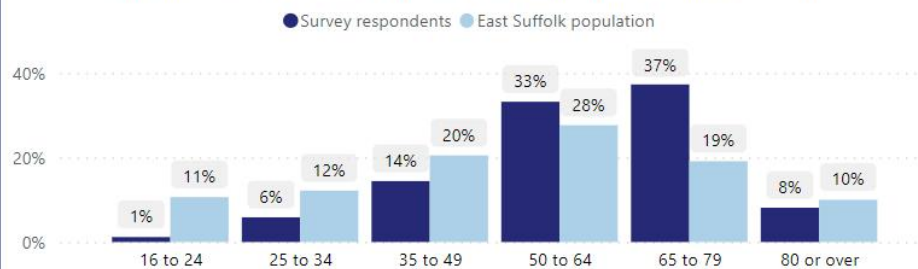
565

Count of respondents

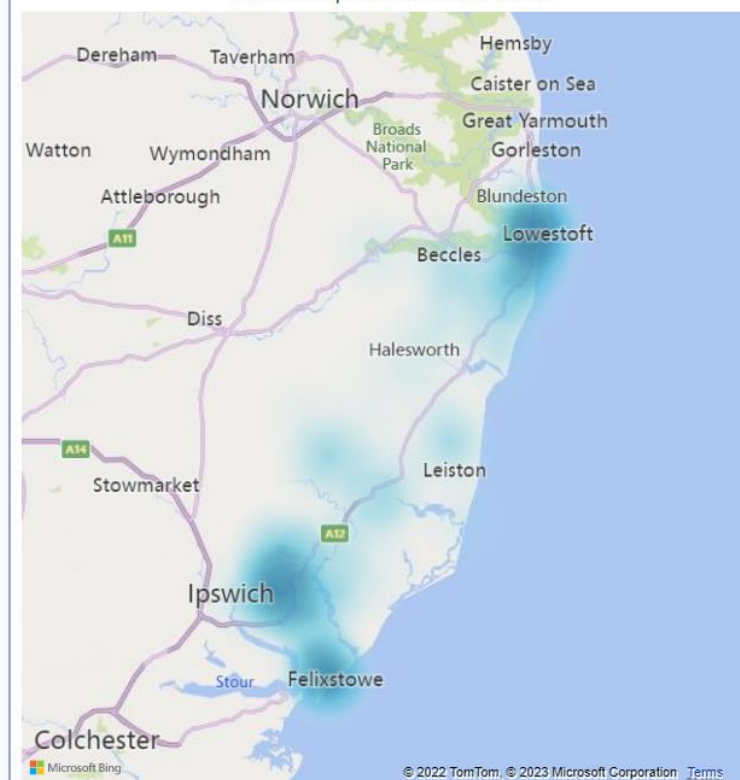
Age of the respondents



Comparing the age of the respondents with the population of East Suffolk



Where respondents come from



RESIDENTS SURVEY RESULTS 2022

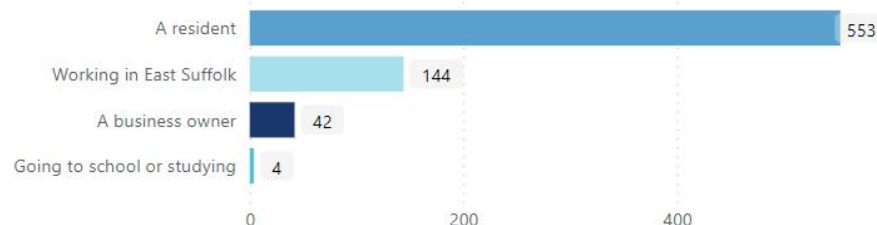
Type of people who responded

01/01/2022 28/12/2022

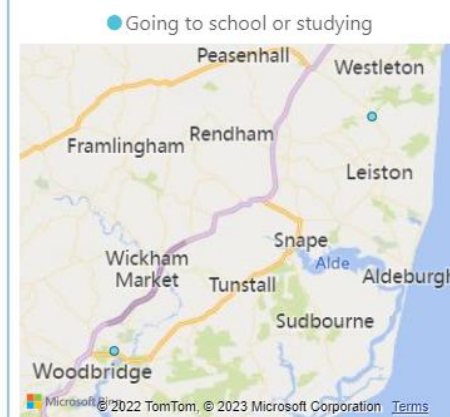
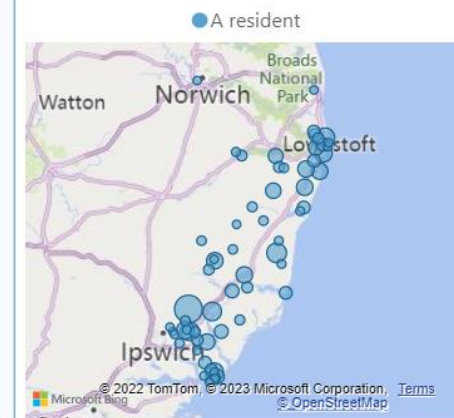
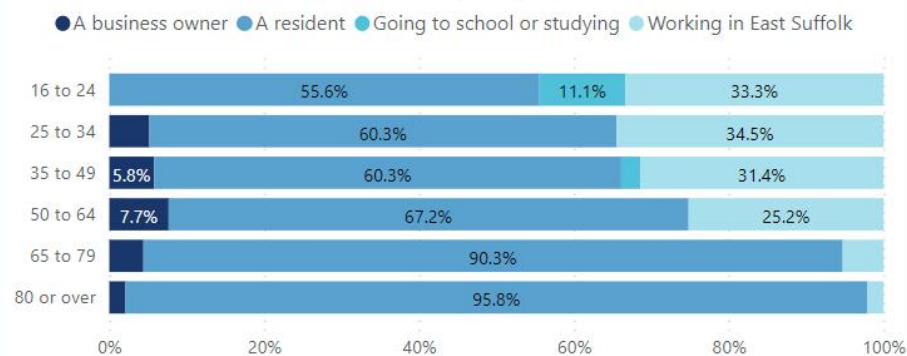
Type of respondent

All

Type of survey respondent

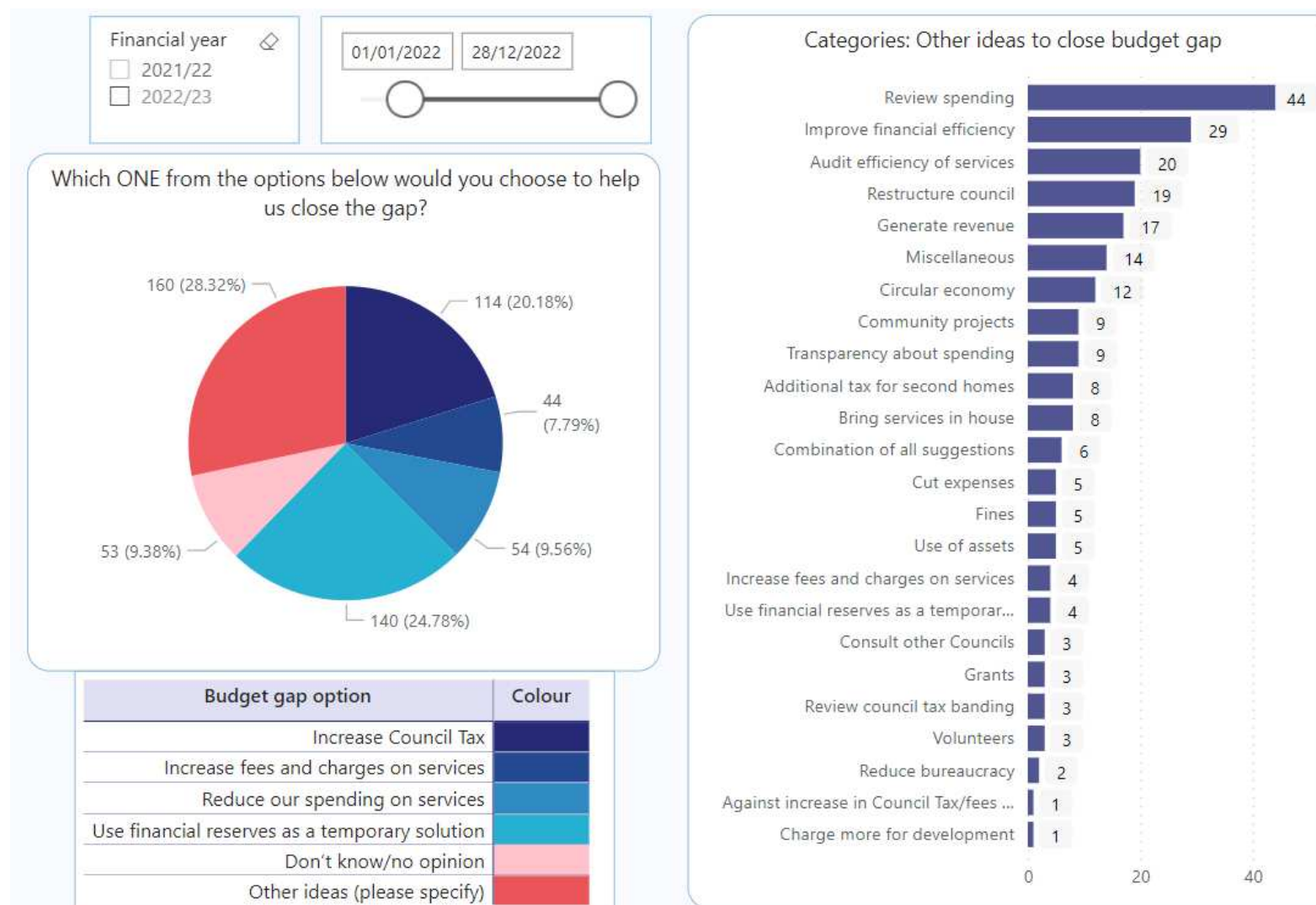


Type of survey respondent



RESIDENTS SURVEY RESULTS 2022

Which ONE from the options below would you choose to help us close the gap?



RESIDENTS SURVEY RESULTS 2022

What should the Council spend their money on?

Financial year

☐ 2021/22☐ 2022/23

01/01/2022

28/12/2022



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

Priority	1	2	3	4	Total
Caring for our environment	180	155	116	78	529
Delivering digital transformation	27	45	96	343	511
Growing and supporting our economy	170	131	149	61	511
Supporting and enabling our communities	146	184	144	40	514
Total	523	515	505	522	2065

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

Priority	1	2	3	4
Caring for our environment	34.4%	30.1%	23.0%	14.9%
Delivering digital transformation	5.2%	8.7%	19.0%	65.7%
Growing and supporting our economy	32.5%	25.4%	29.5%	11.7%
Supporting and enabling our communities	27.9%	35.7%	28.5%	7.7%

Age group	Priority	1	2	3	4
16 to 24	Caring for our environment	60.0%	20.0%	20.0%	
	Delivering digital transformation			20.0%	80.0%
	Growing and supporting our economy	20.0%	40.0%	20.0%	20.0%
	Supporting and enabling our communities	20.0%	40.0%	40.0%	
25 to 34	Caring for our environment	22.2%	38.9%	27.8%	11.1%
	Delivering digital transformation	2.9%	5.7%	14.3%	77.1%
	Growing and supporting our economy	31.4%	28.6%	37.1%	2.9%
	Supporting and enabling our communities	42.9%	25.7%	22.9%	8.6%
35 to 49	Caring for our environment	31.5%	32.9%	24.7%	11.0%
	Delivering digital transformation	8.1%	6.8%	17.6%	67.6%
	Growing and supporting our economy	36.1%	29.2%	26.4%	8.3%
	Supporting and enabling our communities	26.8%	29.6%	31.0%	12.7%
50 to 64	Caring for our environment	34.1%	24.0%	24.0%	17.9%
	Delivering digital transformation	3.4%	12.0%	19.4%	65.1%
	Growing and supporting our economy	37.1%	24.6%	28.0%	10.3%
	Supporting and enabling our communities	25.3%	39.3%	27.5%	7.9%
65 to 79	Caring for our environment	34.9%	30.2%	19.8%	15.1%
	Delivering digital transformation	6.1%	7.3%	19.6%	67.0%
	Growing and supporting our economy	30.2%	25.8%	29.1%	14.8%
	Supporting and enabling our communities	28.8%	36.4%	27.7%	7.1%
80 or over	Caring for our environment	42.5%	35.0%	12.5%	10.0%
	Delivering digital transformation	7.9%	7.9%	21.1%	63.2%
	Growing and supporting our economy	22.2%	19.4%	36.1%	22.2%
	Supporting and enabling our communities	33.3%	36.1%	27.8%	2.8%

RESIDENTS SURVEY RESULTS 2022

How residents think East Suffolk should operate

Financial year

All

01/01/2022

28/12/2022

Carbon neutral by 2030

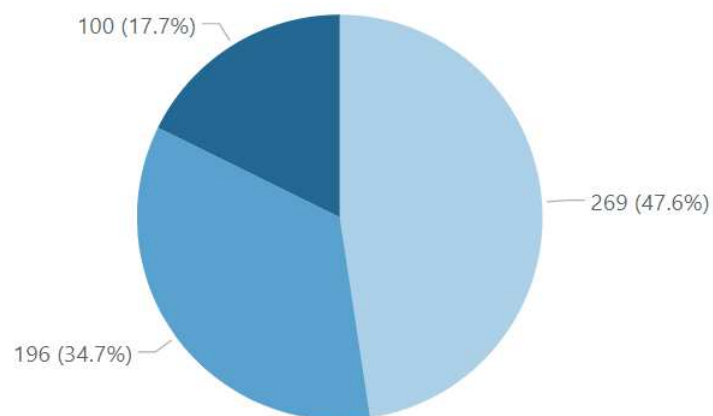
Increase in Council Tax

Invest in land and buildings

Transfer land and buildings to local communities

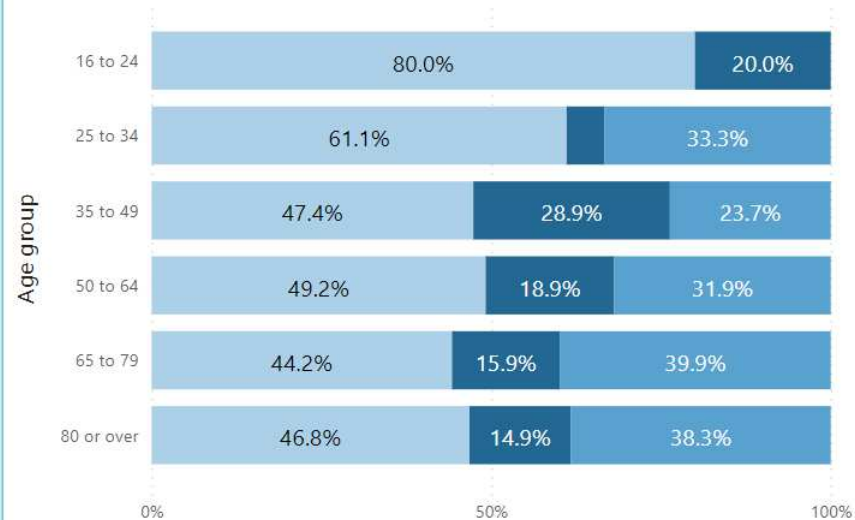
We have pledged to become Carbon Neutral by 2030. Do you support additional spending to achieve this pledge?

Yes No Not sure

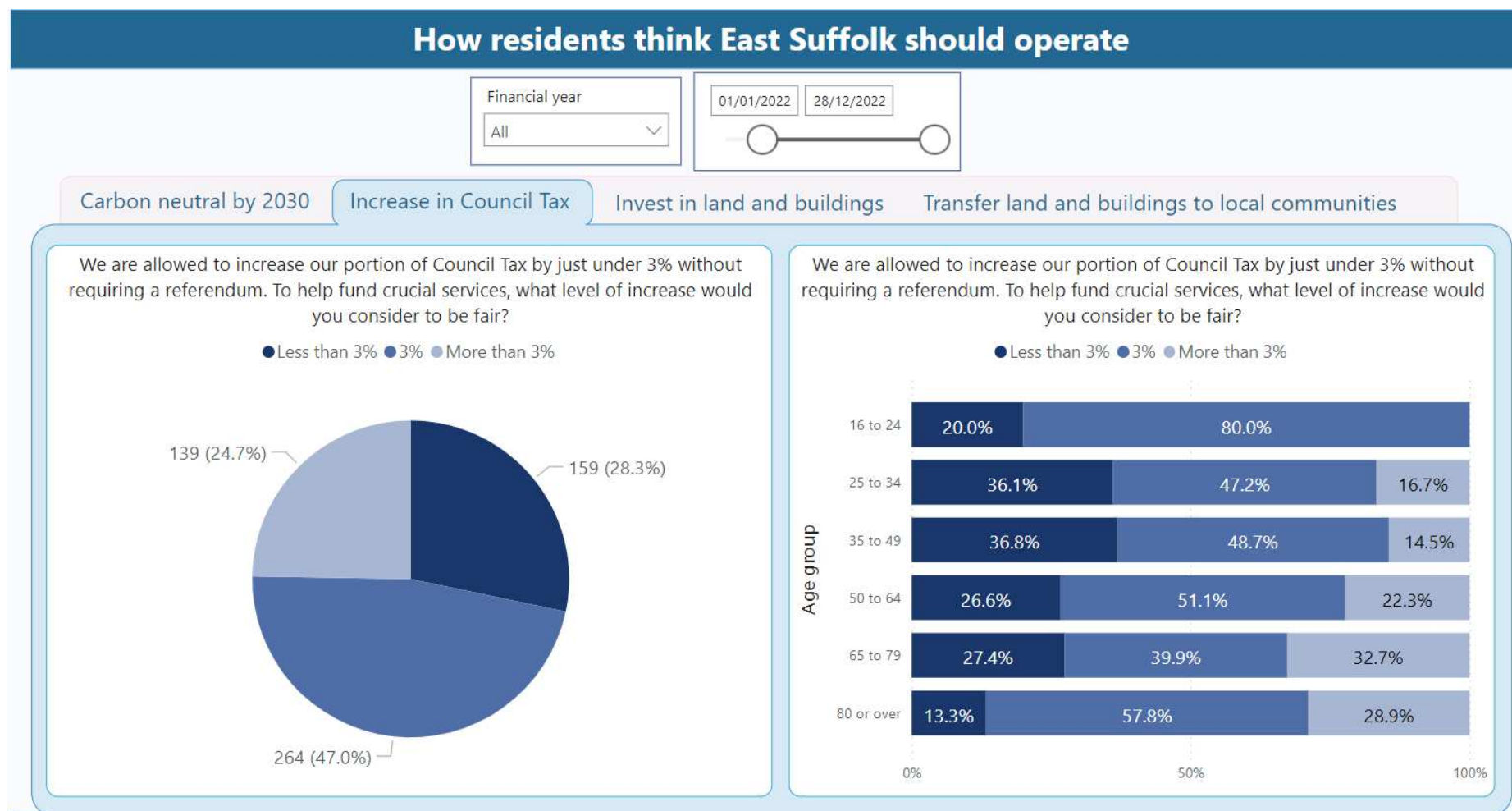


We have pledged to become Carbon Neutral by 2030. Do you support additional spending to achieve this pledge?

Yes Not sure No



RESIDENTS SURVEY RESULTS 2022



RESIDENTS SURVEY RESULTS 2022

How residents think East Suffolk should operate

Financial year

All

01/01/2022

28/12/2022

Carbon neutral by 2030

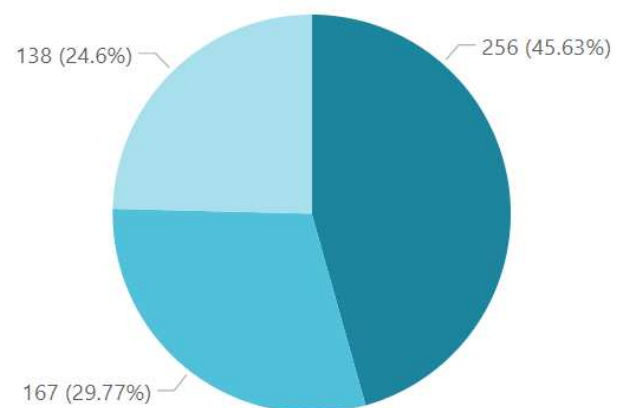
Increase in Council Tax

Invest in land and buildings

Transfer land and buildings to local communities

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

● Yes ● No ● Not sure



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

● Yes ● Not sure ● No



RESIDENTS SURVEY RESULTS 2022

How residents think East Suffolk should operate

Financial year

All

01/01/2022

28/12/2022

Carbon neutral by 2030

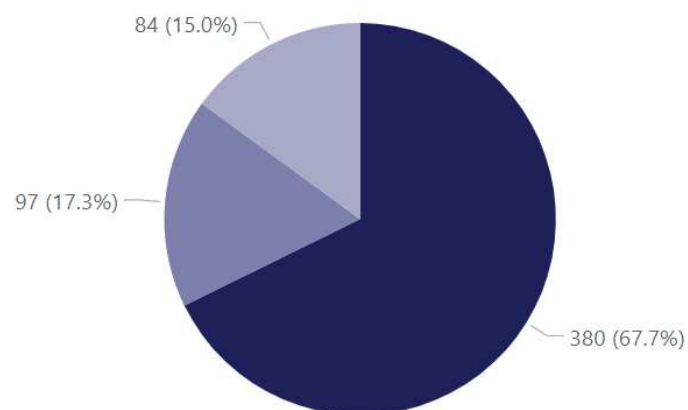
Increase in Council Tax

Invest in land and buildings

Transfer land and buildings to local communities

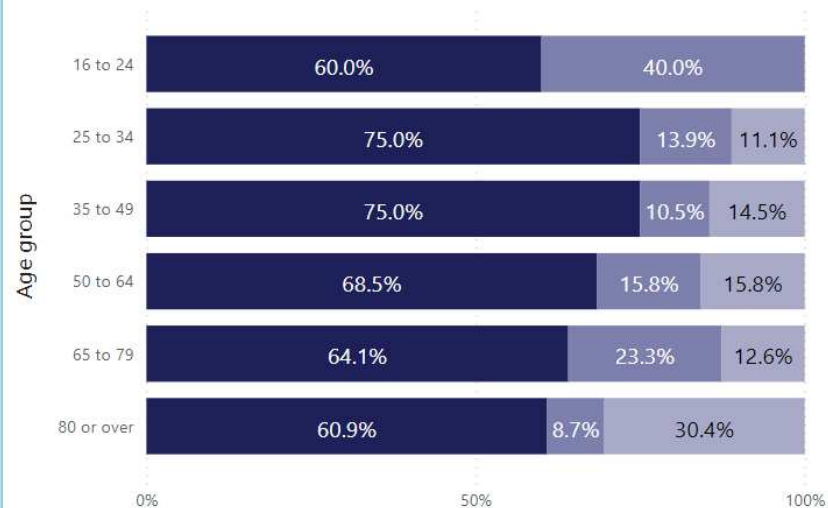
Do you agree with the principle of us transferring viable land and buildings to local communities for them to run, use and maintain for their own local benefit?

● Yes ● Not sure ● No



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

● Yes ● Not sure ● No



SCRUTINY COMMITTEE PRE-MEETING QUESTIONS SUBMITTED

Questions Received from the Scrutiny Committee ahead of the meeting on 19 January 2023

Please note – page, section and figures referred to in the questions below relate to the report presented to Cabinet on 3 January 2023.

General Fund Budget Report

1. **How has the council tax freeze in 2021/22 affected our available revenue under the government referendum limit for next year?**

Not increasing Council Tax in one year does mean a reduction to the baseline income for each year going forward. This is in the region of £0.400m per annum.

2. **P146 why does the forecast MTFS budget gap increase to over £5m in 24/25 when business rate bonus is expected to last until 25/26?**

Excluding £1.3m use of the In-Year Savings Reserve to balance the 2023/24 budget, the unfunded gap increases by £3.3m (2022/23 £1.3m to £4.6m in 2024/25). This can be explained by the following key items:

Minimum Revenue Provision increases by £1m
Operations inflationary cost pressures increasing by £1m (see response to Q7 below)
Support Recharges charged to Port Health decreased by £0.300m
Pay awards and assumptions additional cost of £0.400m
Interest Receivable income down by £0.300m
Other net changes £0.300m
Total £3.3m

3. **P147 Why are we using the business Rate Equalisation Reserve to balance our budget when we know we are going to get a £5m pa hit in two years time? Are we cleaning out the In Year Savings reserve in the next two years as well? Is it a good time to exhaust our reserves against such risks?**

The update of the MTFS presented to the Scrutiny Committee includes £2.25m use of the In-Year Savings Reserve to balance the budget for the current year and 2024/25. This would leave approximately £1.2m in this reserve from April 2024, which could be used to fund future budget gaps.

The Business Rate Equalisation Reserve is a risk based reserve which can assist with balancing the budget. No use of this reserve has been built into the current MTFS for addressing budget shortfalls. It is referred to in the report as a possible source of

SCRUTINY COMMITTEE PRE-MEETING QUESTIONS SUBMITTED

funding a budget gap in 2024/25, currently projected at £4.5m to £5m. The uncommitted balance on the Business Rate Equalisation Reserve is currently £15m.

Use of other earmarked reserves is funding service delivery of Council projects and initiatives.

- 4. P157 – I am confused. What is the latest on the annual increases in RSG and RSDG?
See qu 11**

The 2023/24 Provisional Local Government Finance Settlement released on 19 December detailed the following for RSG and RSDG:

RSG

Methodology for RSG has not changed, and for 2023/24 RSG will increase at 10.1%. There will continue to be no adjustment for “negative RSG”. Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant have been rolled into RSG in 2023/24. The 2023/24 Provisional RSG is calculated as follows:

RSG 2022/23 £339,500

Plus:

10.1% increase £34,400

LCTS Administration Subsidy £267,600

Family Annex Council Tax Discount Grant £61,300

= Provision RSG 2023/24 £702,800

RSDG

The provisional settlement presents a roll forward of this grant, and therefore remaining at £260,300. This is a slight decrease of £5,200 on the original budget assumption for 2023/24.

- 5. P161 – why did we not raise council tax by the maximum 3% allowed, especially if we are exhausting risk reserves?**

Cabinet Member for Resource will address this question at the Scrutiny meeting.

- 6. 5.6 p165 – are service budgets frozen in cash terms? – ie cut by 10% in real terms?
5.9 “ an increasingly more challenging strategy.”**

Key areas of expenditure impacted by inflation have been increased across the MTFs period. This includes insurance premiums, utility costs, fuel and pay. This also

SCRUTINY COMMITTEE PRE-MEETING QUESTIONS SUBMITTED

captures the Council's Operations services currently delivered via the Norse Partnership. In total the Council's budgets have been increase by nearly £12m across the MTFS period for inflation.

- 7. P186 App A4 – How are you going to reduce current year agency/contractor costs of £535k to £100k next year and subsequent years? Operation services cost doubles to almost £2m over next two years due to fuel and pay inflation?**

Agency/Contractor Costs

The figures referred to in the question of £0.535m (actual £0.636m) and £0.10m represent the change to the budget in the current year and next year respective. The actual revised budget proposed for 2022/23 is £0.700m and £.200m in 2023/24. The budget has been updated on the assumption that the need for contractors to address recruitment challenges will be reduced. However, there is an acknowledgement that this may not be what actually transpires and next year's budget may show a variance again in this area, with a compensating saving on the permanent establishment budget.

Operations Services Cost - £2m per annum increase from 2024/25

Due to the 2022/23 National pay award and local pay agreements, this has increased the staffing budget of the Operation Services delivered under the Operations Partnership by £1.4m including assumptions on pay for 2023/24. Fuel inflation has been assumed to continue at around £0.300m, plus a further £0.300m for waste disposal costs, which are forecast to increase from 2023/24.

As outlined in Section 5.24 of Appendix A, it should be noted that the current MTFS does not take into consideration any financial implications associated with the contract with Norse coming to an end in July 2023, and therefore the efficiencies expected to be delivered with East Suffolk Services Ltd. The budget estimates for 2024/25 and beyond are currently based on the existing arrangements, together with the additional external cost pressures on the Operations service – primarily rising fuel costs and national and local pay settlements. These are challenges that the Council and Norse would have to address, regardless of the set-up of East Suffolk Services Ltd from July 2023.

- 8. P188 App a5 -How achievable is it to halve the economic regeneration service area budget from this year to next in cash terms?**

The Economic Development budget for 2022/23 does include some one-off project related spend which is funded from reserves, primarily grants held in reserves for the specific project. This does give the appearance of a significant decrease in the budget

SCRUTINY COMMITTEE PRE-MEETING QUESTIONS SUBMITTED

for this service area between 2022/23 and 2023/24. The £2m difference between years is not due to a reduction in the available budget for Economic Regeneration but is due to the following higher levels of spend on projects in 2022/23:

- £1m Coastal Communities Grant Funding to support the Southwold Enterprise Hub.
- £0.300m Heritage Action Zone North project
- £0.600m Lowestoft Full Fibre project (funded from HNB)

The corresponding reserve entries are captured in the movement on reserves line of the budget.

9. **P188 – according to dec 22 budgets we will reduce our service expenditure from a present net cost of £47.7m to £41.1m next year – won't that hurt?**

The reduction on net cost of service budgets is not due to a reduction of budget available to the delivery of services. There will be variations between years due to project spend and services areas that are in receipt of higher levels of funding from reserves. The service areas most subject to such budget changes between years includes Economic Development and Regeneration, Operations, Communities and Housing.

10. **P204 – this must be the latest on govt funding– RSG up 10% but RSDG frozen? Does the net FGA grant of £1.2m guarantee mean that we get a 3% increase in spending power to deal with 10% inflation?**

Please see the response to Question 4 regarding the latest on Government funding for RSG and RSDG.

The new funding guarantee is in recognition of inflationary pressures and ensures that all Councils see at least a 3% increase in their Core Spending Power (CSP). The change in the balance of council tax and government grant increases within the settlement affects the distribution of CSP increases at local authority level. Shire districts have the smallest average increase in CSP (only 5.0%). This illustrates that Band D increases are lower for districts (2.99% or £5). Districts have gained from the 3% Funding Guarantee, which has boosted districts' government funding. The increase in Core Spending for East Suffolk Council based on the Provisional Settlement for 2023/24 is 4.7%.