



**East Suffolk House, Riduna Park, Station
Road, Melton, Woodbridge, IP12 1RT**

Cabinet

Members:

Councillor Steve Gallant (Leader)

Councillor Craig Rivett (Deputy Leader and
Economic Development)

Councillor Norman Brooks (Transport)

Councillor Stephen Burroughes (Customer
Services and Operational Partnerships)

Councillor Maurice Cook (Resources)

Councillor Richard Kerry (Housing)

Councillor James Mallinder (The Environment)

Councillor David Ritchie (Planning & Coastal
Management)

Councillor Mary Rudd (Community Health)

Councillor Letitia Smith (Communities, Leisure
and Tourism)

Members are invited to a **Meeting of the Cabinet**
to be held on **Tuesday, 7 July 2020 at 6.30pm**

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

The meeting will be facilitated using the Zoom video conferencing system and broadcast via the East Suffolk Council YouTube channel at https://youtu.be/vQhFrG_vYik

An Agenda is set out below.

Part One – Open to the Public

| | | |
|----------|---|----------------|
| 1 | Apologies for Absence To receive apologies for absence, if any. | |
| 2 | Declarations of Interest Members and Officers are invited to make any declarations of Disclosable Pecuniary or Local Non-Pecuniary Interests that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered. | |
| 3 | Announcements To receive any announcements. | |
| 4 | Minutes To confirm as a correct record the Minutes of the Meeting held on 2 June 2020. | 1 - 4 |
| | KEY DECISION | |
| 5 | Smart Towns Project ES/0411 Report of the Cabinet Member with responsibility for Customer Services and Operational Partnerships | 5 - 12 |
| 6 | Towns Fund - Capital Projects 2020/21 ES/0432 Report of the Deputy Leader and Cabinet Member with responsibility for Economic Development | 13 - 20 |
| | NON-KEY DECISIONS | |
| 7 | Local Government Association (LGA) National Code of Conduct ES/0422 Report of the Leader of the Council | 21 - 29 |
| 8 | COVID-19 - Financial Implications ES/0412 Report of the Leader of the Council and the Cabinet Member with responsibility for Resources | 30 - 51 |
| 9 | Exempt/Confidential Items It is recommended that under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act. | |

Part Two – Exempt/Confidential

10 Exempt Minutes

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

KEY DECISION

11 Offer to Purchase Affordable Rented Homes - Melton

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

Close



Stephen Baker, Chief Executive

Filming, Videoing, Photography and Audio Recording at Council Meetings

The Council, members of the public and press may record / film / photograph or broadcast this meeting when the public and press are not lawfully excluded. Any member of the public who attends a meeting and objects to being filmed should advise the Committee Clerk (in advance), who will instruct that they are not included in any filming.

If you require this document in large print, audio or Braille or in a different language, please contact the Democratic Services Team on 01502 523521 or email:

democraticservices@eastsoffolk.gov.uk



The national Charter and Charter Plus Awards for Elected Member Development
East Suffolk Council is committed to achieving excellence in elected member development

www.local.gov.uk/Community-Leadership

| |
|--------------------|
| Unconfirmed |
|--------------------|



Minutes of a Meeting of the **Cabinet** held remotely via Zoom, on **Tuesday, 2 June 2020 at 5:00pm**

Members of the Cabinet present:

Councillor Norman Brooks, Councillor Stephen Burroughes, Councillor Maurice Cook, Councillor Steve Gallant, Councillor Richard Kerry, Councillor James Mallinder, Councillor David Ritchie, Councillor Craig Rivett, Councillor Mary Rudd, Councillor Letitia Smith

Other Members present:

Councillor Peter Byatt, Councillor Alison Cackett, Councillor Judy Cloke, Councillor Tony Cooper, Councillor Linda Coulam, Councillor Graham Elliott, Councillor Tracey Green, Councillor Colin Hedgley, Councillor Mark Jepson, Councillor Steve Wiles

Officers present:

Stephen Baker (Chief Executive), Gary Bellwood (Programme Development Officer), Bradley Borley (Business Support Manager (SCPHA)), John Brown (Building Maintenance Manager), Paul Clack (ICT Team Leader (SCPHA)), Karen Cook (Democratic Services Manager), Cairistine Foster-Cannan (Head of Housing), Phil Gore (Head of Environmental Services and Port Health), Kathryn Hurlock (Asset and Investment Manager), Richard Jacobs (Port Health Manager (SCPHA)), Andrew Jarvis (Strategic Director), Nick Khan (Strategic Director), Matt Makin (Democratic Services Officer), Agnes Ogundiran (Conservative Political Group Support Officer), Chris Phillips (Senior Estate Surveyor), Paul Wood (Head of Economic Development and Regeneration)

1 Apologies for Absence

There were no apologies for absence.

2 Declarations of Interest

There were no declarations of interest.

3 Announcements

The Leader announced that he was pleased to appoint, with effect from 2 June 2020, Councillor Wiles as the Assistant Cabinet Member with responsibility for Economic Development. The Leader referred to the challenges that had arisen from the COVID-19 pandemic and, as such, the amount of work to be undertaken in respect of economic recovery. The Leader referenced that, as of 1 June 2020, the Government had begun its phased re-opening of non-essential retail; the first step in its ambitions

was to kick-start local economies and for customers to return to shops. In the coming weeks and months, the Leader stated, East Suffolk Council (ESC) would need to help businesses to prepare for trading safely in east Suffolk high streets, town centres and other public places.

Last week, the Leader stated, saw significant developments in EDF Energy's project at Sizewell, and with the Deputy Leader and Cabinet Member with responsibility for Economic Development being the lead Cabinet Member for this important and challenging area of business too, Councillor Rivett would be extremely busy. For this reason, Councillor Wiles' role would focus on supporting Councillor Rivett in the economic development recovery work.

The Leader advised members that, as well as being a county councillor, and a town councillor, Councillor Wiles had a wealth of experience and knowledge in retail. The retail sector was about to launch the biggest re-opening in its history and ESC would be there to provide support to businesses and traders. In conclusion, the Leader stated that Councillor Wiles was well placed to understand the issues ahead, and he was confident that he would be a great asset to the Cabinet.

After thanking the Leader, Councillor Wiles referred to the huge changes that had been witnessed to day to day lives, the things that had been taken for granted had changed, as shops, schools and places of work had undergone temporary closures. With life slowly returning to normal new challenges were faced as high streets began to welcome back customers. Councillor Wiles stated that, historically, retail had been based on service and shopping experiences, soon all the doors would start to open to the public and a new focus would be expected, and indeed needed. ESC would, Councillor Wiles stated, have a key part to play to assist and advise, and he looked forward to the challenge and he also looked forward to working with Councillor Rivett and officers to try to deliver this aim.

The Deputy Leader and Cabinet Member with responsibility for Economic Development, firstly, took the opportunity to thank Councillor Wiles for joining him; he then reminded members present that, on 28 May 2020, ESC went live with the discretionary fund as part of the Council's COVID-19 response. This followed on from the two previous grant schemes where ESC had allocated, to date, approximately £58m to over 5,000 small businesses. The new scheme was aimed at small and micro businesses that were not eligible for the previous schemes. Eligible businesses could now apply for up to £10k and Councillor Rivett advised that all details were available on the ESC website. In conclusion, the Deputy Leader advised that the other two schemes remained open.

4 Minutes

RESOLVED

That the Minutes of the Meeting held on 6 May 2020 be approved as a correct record and signed by the Chairman.

5 Temporary Extension to Fixed Term Contracts - Economic Regeneration

Cabinet received report **ES/0382** by the Deputy Leader and Cabinet Member with responsibility for Economic Development who reported that the East Suffolk Regeneration and Development Programme had expanded significantly over the past 18 months; primarily, this now involved ambitious employment, residential, leisure, cultural and public realm led development programmes for Lowestoft and Felixstowe. The invitation from Government to bid for up to £25m from the Towns Fund and develop a comprehensive Town Investment Plan for Lowestoft had further extended the Council's plans and had culminated in the need to review the current staffing resource associated with delivering these programmes.

The Deputy Leader advised that, currently, two full-time project support officers provided support across the whole of the East Suffolk programme and these posts were due to expire at the end of December 2020. This would be a critical time when the Regeneration Team would be delivering a number of projects, including those within the high profile Town Investment Plan. The Deputy Leader was therefore requesting a one year extension for both support officer posts.

The delivery of these programmes would form a central part of East Suffolk Council's economic recovery plan following the COVID-19 downturn and therefore it was crucial that they were adequately resourced to ensure east Suffolk emerged from the recession with a stronger and more resilient economy. The cost to extend the support officer contracts for an additional year would be £76k and it was proposed that this was funded equally from Enterprise Zone income and the Council's core budget.

Councillor Elliott stated that he agreed with the Deputy Leader in that this work was crucial, but he referred to the fact that the funding was still only on a year by year basis; because of this he wondered whether ESC was attracting the best people for these jobs when it could only offer a year's contract at a time. In response, the Head of Economic Development and Regeneration advised that this was an interim measure until the Town Investment Plan was concluded, and the external funding was secured; the plan was then to have more permanent roles within the Regeneration Team. By its very nature regeneration was project work related and, as such, there was a definitive start and end point so, in some ways, it was appropriate to have fixed term positions. Referring to the right calibre of people, the Head of Economic Development and Regeneration stated that he had an excellent team in place and he wanted to put in place this initial short term approach so that ESC did not lose those people, and with the understanding that once the Town Investment Plan was concluded, ESC could then make more permanent arrangements for those staff.

RESOLVED

That a one-year extension to the two Project Support Officer roles within the Economic Regeneration Team be approved to reduce the risk to delivery of the current and future East Suffolk Regeneration and Development Programme. This extension will run from 1 January 2021 to 31 December 2021 and result in growth to the 2020/21 budget of £38k.

6 Exempt/Confidential Items

RESOLVED

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

7 PHILIS Replacement System

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

8 External Wall Cladding and Window Replacement, St Peters Court, Lowestoft

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

9 Felixstowe Ferry Public Conveniences - Sewerage Provision

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

The meeting concluded at 6:20 pm

.....
Chairman



CABINET

Tuesday 7 July 2020

SMART TOWNS PROJECT

EXECUTIVE SUMMARY

1. This report presents the East Suffolk Smart Towns Project, it details the background and describes how this project supports the Strategic Plan outcomes through supporting 11 market towns with technical interventions such as free WiFi networks, footfall tracking and digital platforms. In parallel with this technology roll out, the project will also establish the Springboard Programme which will enable local businesses to maximise the benefits of the digital economy, tools and infrastructure to adapt and meet new challenges. This will also include Digital First Aid, a package of digital interventions aimed at supporting businesses adapt to changing business conditions caused by Covid19. The original project scope and budget of £400k has been revised to include all market towns and expand the digital support offer. Having successfully secured £200k of external funding, approval is now sought to fund a further £500k from the Transformation Reserve and commence project implementation.

| | |
|-------------------------------|------|
| Is the report Open or Exempt? | Open |
|-------------------------------|------|

| | |
|------------------------|-----|
| Wards Affected: | All |
|------------------------|-----|

| | |
|------------------------|--|
| Cabinet Member: | Councillor Stephen Burroughes Cabinet Member with responsibility for Customer Services & Operational Partnerships |
|------------------------|--|

| | |
|----------------------------|--|
| Supporting Officer: | Ann Carey Head of ICT Tel 01502 523215 Email ann.carey@eastsoffolk.gov.uk |
|----------------------------|--|

1 INTRODUCTION

- 1.1 The East Suffolk Smart Towns Project aims to strengthen the economic vitality and community cohesiveness of all our market towns through the installation of digital town technology such as free to use WiFi, footfall tracking sensors, analytics and retail apps. This new digital infrastructure will be combined with a data driven programme of business support: creating a business ecosystem to develop effective digital interventions to support business sustainability and growth across East Suffolk and creating an enhanced sense of digital placemaking in all our market towns.

2 BACKGROUND

- 2.1 The SCDC Enabling Broadband Programme worked with Framlingham Town Council to commission a pilot of free town centre wifi. The scope of the pilot included the design and provision of a 'free to use' public wireless network as well as the establishment of a digital platform to enable digital marketing, monitoring trends of new and repeat visitors, reporting of footfall traffic, etc. The Pilot Team worked closely with the business community to develop social media marketing and supported small traders to implement cashless payment systems. After only 10 months the pilot is already reporting benefits with positive feedback from local businesses, residents and visitors. Decisions on interventions and improvements can now be made based on access to qualitative data rather than anecdotal evidence.
- 2.2 In 2019 East Suffolk Council commissioned The People and Places Partnership to identify the issues and challenges being faced by East Suffolk's town centres. The project entailed data gathering and surveys in all 12 towns (Aldeburgh, Beccles, Bungay, Felixstowe, Framlingham, Halesworth, Leiston, Lowestoft, Saxmundham, Wickham Market, Woodbridge and Southwold) from both town centre traders and user. This information is being used to inform the development of town actions plans and forms part of the Council's town centre revitalisation programme. One of the key findings from this research was that many towns have poor digital presence with low numbers of local businesses connecting and promoting their online offer. There is significant research which demonstrates how the smarter use of technology and digital transformation can provide an opportunity to secure the economic sustainability of high streets and town centres. The People and Places survey demonstrated a strong appetite from the towns to embrace this investment and how it could transform the town centre offer.

3 SMART TOWNS PROJECT

- 3.1 The Smart Towns Project was therefore established to address this need and ensure businesses can benefit fully from the potential of digital enabling technologies. It consists of two key elements:
- **The Town Tech Rollout:** this consists of installing footfall tracking and data capture technology and free town Wi-Fi networks into all 11 towns (free Wi-Fi and footfall infrastructure has already been installed in Framlingham as part of the existing pilot project). Town digital platforms will be formed to enable the Town Council and business associations to access and report on the data as well as use it for promotion and marketing. Accompanying the installation will be a town support package to encourage best use of new technology and encourage next steps to positive digital interventions and learning.

- **The Digital ‘Springboard’:** this consists of the set up and delivery of an accompanying branded business support initiative that aims to deliver bespoke technology solutions according to business need. This will operate as a procured ‘business ecosystem’, developing creative digital interventions, digital upskilling and a responsive business support network. It would be available to all businesses across East Suffolk district not just those within the market towns. **Please note** ‘Springboard’ is a working title, and the programme will be officially branded upon procurement.

3.2 As this Smart Towns project meets many of the ambitions set out in the Economic Strategy for Norfolk & Suffolk, then an application was made to the LEP Innovative Projects Bid. This was judged first out of over 90 other applications and an award of £200k was given in April 2020 demonstrating external endorsement of our proposals.

4 TOWN TECH ROLL-OUT

- 4.1 A key emphasis of the Town Tech Roll-out is that it is to be locally led and owned. Key lessons learnt from the Framlingham pilot is that a “ground up” approach involving the business community and the town is critical to the success of such a project and its ongoing sustainability. Enabling local people and organisations to be an integral part of what happens in their town cannot be over emphasised. Having all 12 towns produce consistent data through footfall technology will be truly ground - breaking as we will have the ability to compare data and the success of initiatives in one town with another: learn, replicate and evidence. We will be able to assess which interventions, support initiatives and strategies work and which do not. This in turn will help focus our resources in the right areas and replicate successful tech initiatives across the East Suffolk geography.
- 4.2 “Hard”, tangible tech infrastructure will serve as an anchor for future tech initiatives in the town and is a visible signifier of investment going into a town. Data gathered locally by the footfall tracking infrastructure will inform local understanding on such as footfall, dwell time, location analysis, movement trends, repeat visits, the impact of events, initiatives and promotions. The data generated in each town, coupled with analytics will enable us to shape the nature the Council’s Towns Revitalisation Programme and interventions so that we are operating in a focussed, evidence-based manner.
- 4.3 The interventions arising from the new town data will create a programme that creates a set of distinct narratives for residents and visitors alike. One aim will be to acknowledge the strengths and distinctive offers of each town into coherent offer that would encourage greater visits, stay-times and spend from locals as much as visitors. Training and support will be delivered to town councils, local businesses and other local stakeholder groups such as Business Associations. This will introduce users to the Town Platform where footfall and Wi-Fi data is collected.
- 4.4 Accompanying the Town Tech Rollout, town stakeholder groups will receive creative and social media training to optimise digital presence and develop East Suffolk wide digital place making through effective and attractive town web presence. The Town Councils will own the data from the footfall tracking infrastructure/town Wi-Fi allowing them to examine further tech-based solutions, promotional opportunities and affect decisions related to local town events and the impacts on the towns/businesses.

5 THE 'DIGITAL SPRINGBOARD'

- 5.1 Whilst the Town digital Roll-Out is an investment in digital infrastructure and local participation in our towns, it is critical to have a complementary programme of “skilling up” businesses and local stakeholders to take advantage of the new digital infrastructure, awareness and opportunity – the ‘Digital Springboard’. To compliment the Town Tech Roll-out we will procure a new, branded and promoted business digital growth programme, the ‘Digital Springboard’, to digitally upskill and transform businesses.
- 5.2 The businesses of East Suffolk towns need to become adaptable and flexible in this ever-changing digital world and learn the skills to take advantage of new digital developments and the opportunities these bring. The new climate of COVID-19 has added to the relevance and importance of this project.
- 5.3 The Digital Springboard will be delivered via a contracted company with relevant local digital networks, excellent social media reach and a proven practice of working with partners and smaller businesses. It will deliver a range of services including:
- Online Digital Health Check to assess businesses online presence and provide a basic diagnostic to help with strategic business planning, digital marketing and guidance on digital technologies.
 - Digital Presence Checks on all 12 towns.
 - Launch Springboard as a brand and start outreach to businesses with a curated offer of online support.
 - Identify businesses looking for specific digital upskilling.
 - Create business support network encompassing a broad base of skills (e.g. analytics, software development, digital HR, app development) to strengthen the local supply chain and create further B2B opportunities for micros/SMEs and the digital sector.
 - Programme of digital skills training, masterclasses and learning events.
- 5.4 The Digital Springboard is a pilot programme and will use feedback and evidence from the wider business community to constantly inform the development of the interventions to ensure that they remain relevant and effective.

6 DATA ANALYTICS

- 6.1 In order to maximise the impact of Smart Towns Project and to identify and optimise next steps for wider economic strategy and business recovery, the Smart Towns Project will work with SODA (Suffolk Office of Data Analytics), expert data analysts from the Springboard Network and our own East Suffolk team (which includes analytical support) to deliver data insight KPIs and crucial insights on our town centres to drive local and regional project development.

7 IMPACT OF COVID 19

- 7.1 The disruption and economic impact created by Covid-19 and the accompanying suspension of a full spectrum of business and commerce, especially in town centres, is unprecedented. Many East Suffolk companies are struggling to adapt and survive, and the immediate economic impact highlights issues of business sustainability and digital readiness. Many companies have implemented an emergency digital switch, whether a move to online sales, or increasing their reach on social media, to even internal business transformation necessitated by home working. Many businesses are making their first steps to become digitally visible however, they will require support to make the most effective adaptations,

and to start implementing longer term digital strategy beyond the emergency response. Many more will need to adapt or improve their skills to create a long term, truly effective shift.

- 7.2 The project plans have been reviewed and adjusted to include a Digital First Aid package to ensure that it can deliver this essential business support function of the Springboard programme as early as possible as this is considered to be a vital part of East Suffolk's Covid-19 response; supporting business recovery, resilience and wider digital placemaking. Whilst some elements of the project may be delayed, for instance the installation of WiFi and footfall trackers due to town centre closures and emergency health and safety measures such as social distancing, work can commence on the procurement process to ensure contracts are in place and detail work plans agreed with suppliers.

8 COMMUNITY PROJECTS

- 8.1 We are aware that there will be a need to develop a community element to the East Suffolk Smart Towns Project and there are ambitions to grow this element of the programme. We are confident that the network of digital expertise developed by the Springboard will also be able to contribute to digital community projects tackling digital isolation, community digital upskilling and local education projects. The East Suffolk Smart Town project team is also working on a social care pilot with BT, which examines uses of technology in care homes and assisted living arrangements.

9 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 9.1 East Suffolk Smart Towns Project directly supports the achievement of two of the five Strategic Plan themes – Delivering Digital Transformation ('skills & training' and 'district wide digital infrastructure') and Growing Our Economy ('attract and stimulate inward investment' and 'business partnerships').

10 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 10.1 The total cost of the project over the two years is assessed at £900k, this covers the Town Tech roll out to all 11 market town as well as the establishment of the Digital Springboard service and its first two years of operation. In March 2020, East Suffolk Council made a successful application for funding of £200k from the New Anglia Local Enterprise Partnership (LEP) to support the implementation of the East Suffolk Smart Towns Project. A commitment of £200k funded from the New Homes Bonus Reserve was included within the approved 2020/21 council budget and it is proposed that the remaining £500k be funded from the Transformation Reserve.
- 10.2 The project will fund a minimum of the first two years' operational costs and will work closely with the Town Councils over this time to identify and develop future funding options which can be based on the economic benefits being achieved from the scheme.
- 10.3 The scope of the project includes exploration of other external funding opportunities for digital innovation, where successful these could expand the project deliverables with targeted actions on issues such as driving commercial growth or tackling societal challenges.

11 PROJECT PLAN

- 11.1 The Project is scheduled to commence in summer 2020 and complete by summer 2022. The actual order of towns for the town tech roll out will be agreed once discussions have commenced with each Town Council as there are a number of pre-requisites which will need to be in place, e.g. Town Council approval and agreement on the organisation required to support the implementation, consultation with local business community and results from technical surveys. The People & Places research work has identified 'digital readiness' for each town and this will be used as the basis for the initial discussions with Town Councils and business associations.
- 11.2 As both the business environment and digital technology will change and evolve over the course of the project, then we need to adopt an agile and flexible approach to its delivery. Also, given that we will be one of the first local authorities to implement such a project and therefore likely to attract significant attention, we need to be able to take advantage of opportunities that may arise during the project for collaboration with other agencies, suppliers or academia and be prepared to adjust project plans as needed to ensure the outcomes are achieved.

12 RESOURCES

- 12.1 The implementation of the Smart Towns Project will require extensive project management and funding for a dedicated Project Manager post has been included within wider project costs as well as funding for specialist consultancy support as required.

13 GOVERNANCE

- 13.1 The project will adopt corporate project management standards and will be controlled by a Project Management Board. Due to the high profile nature of the project it is proposed that there is Member representation on this Board. Strategic Director Nick Khan will act as Project Director supported by Paul Wood, Head of Economic Development, to ensure alignment and co-ordination with wider towns and business development programmes. This is particularly important for the development of Town Action Plans with Town Councils where this project will be providing the digital elements. The project will report into the Strategic Plan Delivery Board with regular updates on achievement of project outcomes. The project will maintain an up to date risk register with clear resolution, mitigation or escalation of all identified risks. All contracts will be subject to corporate legal and procurement standards.

14 PERFORMANCE

- 14.1 A schedule of expected benefits and outcomes has been agreed as part of the LEP funding application and these have been built into the project deliverables, the achievement of these will be closely monitored and reported.

15 PROCUREMENT

- 15.1 To procure the companies and products required for the Town Tech Rollout and the Digital Springboard, the project will develop an innovative Digital Procurement Framework. This will have the advantage that it can be used subsequently by other local authorities across the LEP area and for further East Suffolk Council digital projects.

16 OTHER KEY ISSUES

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

17 CONSULTATION

17.1 The project has been informed by extensive consultation with local stakeholders including town councils and business associations as well as public sector organisations such as Suffolk County Council, New Anglia Market Town Working Group and New Anglia LEP. *(awaiting quote from LEP)* There is strong support for initiatives which enable businesses and market towns to benefit from the potential of digital technologies.

18 OTHER OPTIONS CONSIDERED

18.1 Whilst there are other business support programmes available, they are not specifically focused on digital business support. It would be difficult to achieve the level of engagement and transformation expected without a dedicated programme such as the one that the Smart Towns Project would deliver.

18.2 The individual market towns could implement their own public wifi schemes but this approach would not realise the benefits of a planned, co-ordinated roll out e.g. economies of scale, consistent approach to data collection and reporting, encourage collaboration between towns through sharing of skills & experience, ability to compare data and the success of initiatives in one town with another.

18.3 A do-nothing option would not address the longer term economic sustainability of our market towns, nor would it support the Covid19 business recovery plans.

19 REASON FOR RECOMMENDATION

19.1 The East Suffolk Smart Towns Project will accelerate digital readiness for our market towns and businesses ensuring that they are best supported to achieve economic resilience and sustainability.

RECOMMENDATIONS

1. That approval is given to fund up to £500k from the Transformation Reserve, depending on outcome of other external funding plans, and to commence work on the implementation of the East Suffolk Smart Towns Project.
2. That delegated authority is given to the Strategic Director, in consultation with the Cabinet Member with responsibility for Customer Services and Operational Partnerships, to award contracts, expend the budget to deliver the project and investigate additional external funding sources which could replace or supplement existing internal funding.

| BACKGROUND PAPERS | | |
|--------------------------|---|--------------------------|
| Date | Type | Available From |
| 21 May 2020 | Equalities Impact Assessment – ref EQIA209448066 | Ann Carey Head of ICT |



CABINET

Tuesday 7 July 2020

TOWNS FUND CAPITAL PROJECTS GRANT 2020/21

EXECUTIVE SUMMARY

1. On the 1st July 2020, the Chief Executive was written to by the Ministry of Housing, Communities & Local Government (MHCLG) to offer Lowestoft a grant of £750,000 to fund capital projects that can be delivered this financial year (by March 2021), as part of a post COVID-19 recovery plan. As Lowestoft is 1 of 101 towns selected as part of the Town's Fund Programme, Government have chosen to provide capital funding to fast track delivery of projects, recognising that it is these areas that are likely to suffer significantly from the impacts of COVID 19. The level of grant funding per town has been allocated according to population size from the 2011 Census, using the Office for National Statistics' categorisation of small, medium and large towns.
2. The funding is for capital projects which are "shovel ready", meaning they are at an advanced stage and ready to deliver. Projects selected by the town are required to align with the Towns Fund Intervention Framework.
3. A number of capital projects within the draft Lowestoft Town Investment Plan (Towns Fund) have been looked at to identify those that can be deliverable within the timeframes set by Government. Three were felt to be deliverable. The first is to deliver phase 1 of the redevelopment of the East Point Pavilion (£720,000), the other projects are to erect hoarding and art work to screen the perimeter of the proposed new car park area (the former Burger King site) adjacent to the old Town Hall until this site comes forward for development in 2021 and to support the refurbishment of a pocket park adjacent to the old Town Hall. This is currently the subject of discussions with Lowestoft Town Council and others regarding the possible future management of the site by the local community (£30,000 combined)
4. The next step in releasing the grant is for East Suffolk Council to write to Government to confirm how the grant will be spent. This will need to include confirmation from East Suffolk Council's S151 Officer that the spending is in line with the Towns Fund Intervention Framework, will achieve good value for money and that the project can be delivered this financial year. The deadline for submission to Government is by no later than the 14th August 2020.

| | |
|-------------------------------|---|
| Is the report Open or Exempt? | Open |
| Wards Affected: | Harbour & Normanston Kirkley & Pakefield |
| Cabinet Member: | Councillor Craig Rivett Deputy Leader & Cabinet Member with responsibility for Economic Development |
| Supporting Officer: | Andrew Jarvis Strategic Director Andrew.jarvis@eastsoffolk.gov.uk |

1 INTRODUCTION

- 1.1 In September 2019, Lowestoft was selected as 1 of 101 towns to be a part of the Government's Towns Fund programme, which provides Lowestoft with the opportunity to bid for up to £25 million through a 5 year Town Deal, which involves the development of a much needed Town Investment Plan, which will make a case for investing in transformative projects in Lowestoft over the next 10 years.
- 1.2 The Towns Fund is central to government's ambition to level up the country – creating jobs and building stronger and more resilient local economies and communities. In recognition of the importance of the fund and the pressing need post COVID-19, in the towns that have been selected to benefit, Government is bringing forward funding to this financial year to support projects that will make an immediate impact in towns.
- 1.3 Through this process and in response to the impacts of COVID-19, Government wrote to the Chief Executives of Town Deal selected towns on the 1st July 2020 to offer a grant of £750,000 with immediate effect to fund capital projects that can be delivered during the current financial year (by March 2021). The level of grant funding per town has been allocated according to population size from the 2011 Census, using the Office for National Statistics' categorisation of small, medium and large towns.
- 1.4 The grant must be used to fund capital projects which deliver against the Town's Fund Intervention Framework. The letter from Government set out some examples relating to immediate challenges being faced nationally, which included:
- Improvement to or new parks and green spaces and sustainable transport links
 - Improvements to town centres including repurposing empty commercial properties
 - Demolition or site remediation where this will have an immediate benefit
- 1.5 The Towns Fund Intervention Framework details the type of projects / interventions which are eligible through the Towns Fund. The headline intervention areas are as follows:
- Local Transport
 - Digital Connectivity
 - Urban regeneration, planning and land use
 - Arts, culture and heritage
 - Skills infrastructure
 - Enterprise infrastructure
- 1.6 The next step in releasing the grant funding is for East Suffolk Council to write to the Ministry of Housing, Communities & Local Government (MHCLG) to confirm plans for what the grant funding will be spent on. This will need to include confirmation from East Suffolk Council's S151 Officer that this spending is in line with the Towns Fund Intervention Framework, will achieve good value for money and that the project can be delivered this financial year. The letter needs to be sent by 14th August 2020. Following receipt of the letter, MHCLG will review the proposal to ensure it satisfies the requirements, before releasing the funding via a Section 31 Grant payment.

2 TOWNS FUND CAPITAL PROJECT PROPOSALS

- 2.1 Several capital projects within the draft Lowestoft Town Investment Plan have been looked at to identify those which are deliverable within the timeframes set by Government. Projects were considered against the Towns Fund Intervention Framework, the impact COVID-19 has had on the town / town centre and also the delivery eligibility requirements in terms of timescales.
- 2.2 Whilst plans are currently in development for a project proposal to address the urgent needs identified through the Town Investment Plan and Town Centre Masterplan, which will look at a number of “quick wins” within the town centre in respect of public realm and empty shops, three projects were felt to be realistically deliverable within the parameters given. Two of the three projects are urban regeneration, planning and land use schemes. Here, it is proposed to make an allocation from the grant funding to erect hoardings and public art work to screen the perimeter of the proposed new car park area (the former Burger King site) adjacent to the old Town Hall until this site comes forward for development in 2021. Additionally, an allocation is proposed to support the refurbishment of a pocket park adjacent to the old Town Hall. This is currently the subject of discussions with Lowestoft Town Council and others regarding the possible future management of the site by the local community. These two project interventions above are proposed to be allocated £30,000 from the £750,000.
- 2.3 The remainder of the grant funding (£720,000) is proposed to be allocated to Phase 1 of the redevelopment of the East Point Pavilion which already has Cabinet approval. This project has been worked up for delivery within the timeframes set. The funding from Government would be targeted at the internal redesign of the building, providing community space and space for small entrepreneurial pop-up type business to operate. This would make a distinct, deliverable capital phase, achievable by March 2021. The estimated total cost for this work is £870,000. The additional funding requirement of £150,000 will be met from the capital reserve as previously approved for this project.
- 2.4 East Point Pavilion sits as a project within the Town Investment Plan and aligns well with the Town’s Fund principles, with particular focus and strength around cultural provision, which is part of the intervention framework. It also provides the opportunity for local businesses to grow within this new cultural space. The project is a key part of the emerging Town Centre Masterplan for Lowestoft and would act as the first step in its development, improving linkages to the town centre via Station Square.
- 2.5 The difference between the allocated Towns Fund money and the total estimated cost would come from the existing approved budget within the Councils Medium Term Financial Strategy. The budget previously approved for the refurbishment of the East Point Pavilion is proposed to be reallocated to other priority regeneration works highlighted within the Lowestoft Town Investment Plan, details of which will be put forward at Cabinet in September 2020.

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

- 3.1 The projects deliver against the following aspects of the East Suffolk Strategic Plan:
- Growing Our Economy
 - Maintaining Financial Sustainability
 - Enabling Our Communities

- 3.2 There is an urgent need to make improvements within the town to enable people to engage within the community and feel a sense of pride about the place within which they live. The projects within the Town Investment Plan are focusing on reshaping the Lowestoft so that it has a new purpose that is focused upon community needs, health and wellbeing as well as providing a more sustainable economy and employment opportunities. There is an urgent need to show that Lowestoft is not “forgotten”. A newly regenerated cultural space at East Point Pavilion will provide a catalyst for further development.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 The financial implications come with management of the grant funding, ensuring that the £750,000 is spent as agreed by the parameters set by Government. The grant funding will be managed through East Suffolk Council accountancy procedures. Any grant monitoring of spend will be managed by East Suffolk Council’s Funding Manager.
- 4.2 East Suffolk Council will be the Accountable Body for the grant funding and therefore will own and manage the risks associated with the delivery of the project. Project management and financial processes will be applied to ensure the project is delivered on spec / time.
- 4.3 A process of Governance is already established through the Lowestoft Place Board through the Town’s Fund process, where regular reports will be provided on progress as it is a key deliverable within the Town Investment Plan.
- 4.4 The difference between the allocated Towns Fund money and the total estimated cost for the East Point Pavilion is £150,000. This would come from an existing approved budget within the Council’s Medium Term Financial Strategy. The remaining approved budget would then be available to be reallocated to other as of yet not fully developed Town Investment Plan priority projects. This will be detailed through a subsequent paper at September’s Cabinet.

5 OTHER KEY ISSUES

- 5.1 This report has been prepared having considered the results of an Equality Impact Assessment. The Equality Impact Assessment resulted in no adverse impacts.

6 CONSULTATION

- 6.1 The East Point Pavilion project has already been widely consulted on via the Lowestoft Place Board (formally Lowestoft Regeneration Board), Lowestoft Town Centre Masterplan workshops / stakeholder groups and the Lowestoft Heritage Action Zone Perception Survey. The need for urgent public realm works has been identified as a priority through the Town Centre Masterplan work and also the Town Investment Plan evidence gathering. In both of these forums urgent public realm improvements were identified as the key “quick wins”.

7 OTHER OPTIONS CONSIDERED

- 7.1 A number of capital projects sitting within the draft Town Investment Plan for Lowestoft were considered to be put forward for this grant, however, only the projects proposed within this paper were sufficiently developed to meet Government’s short timeframe for delivery.

8 REASON FOR RECOMMENDATION

- 8.1 Acceptance of the grant and spend against the identified priority projects will provide tangible improvements to Lowestoft and kick-start the towns fund investment. The projects will improve the physical environment of Lowestoft, helping to mitigate against some of the impacts of COVID-19.
- 8.2 The projects will provide a boost to the local economy, creating local direct employment. The delivery of these projects in a short timeframe will instil confidence in the community for an economic recovery post COVID-19 and provide assurance that future plans set out in the Town Investment Plan will be delivered.

RECOMMENDATIONS

1. That Cabinet approves;-
- (a) the acceptance of the £750,000 grant from Government.
 - (b) the use of the grant monies against the recommended priority projects detailed in this report.
 - (c) the reallocation of the money committed previously to the refurbishment of the East Point Pavilions to a series of urgent regeneration works required by the Lowestoft Town Investment Plan, subject to a report on these proposals being presented to Cabinet in September.

APPENDICES

| | |
|-------------------|------------------------|
| Appendix A | Letter from Government |
|-------------------|------------------------|

BACKGROUND PAPERS

| Date | Type | Available From |
|-------------|----------------------------|-----------------------|
| 07/07/2020 | Equality Impact Assessment | Democratic Services |



Ministry of Housing,
Communities &
Local Government

Jenny Dibden
Co-Director, Cities & Local Growth Unit
Ministry of Housing, Communities and Local
Government
Fry Building
2 Marsham Street
London SW1P 4DF

www.gov.uk/mhclg

Stephen Baker
East Suffolk District Council

1 July 2020

Dear Stephen,

Yesterday the Prime Minister announced that government is bringing forward £5bn of capital investment projects, supporting jobs and the economic recovery.

The Towns Fund is central to the government's ambition to level up the country – creating jobs and building stronger and more resilient local economies and communities. In recognition of the importance of this fund and the pressing need in the towns that have been selected to benefit, government is bringing forward funding to this financial year to support projects that will make an immediate impact in towns.

We are therefore offering Lowestoft a grant of £750,000 now to fund capital projects that can be delivered this financial year. Funding is being allocated according to population size from the 2011 Census, using the Office for National Statistics' categorisation of small, medium and large towns. This grant will be used to support capital spend within the intervention framework as set out in the Towns Fund Further Guidance: <https://www.gov.uk/government/publications/towns-fund-further-guidance>.

We are particularly encouraging projects that will support towns in responding to immediate challenges, including:

- Improvement to or new parks and green spaces and sustainable transport links
- Improvements to town centres including repurposing empty commercial properties
- Demolition or site remediation where this will have an immediate benefit

The next step in releasing this money is for you to write to us at towns.fund@communities.gov.uk to confirm what you will do with the grant. You will need to include confirmation from your S151 officer that this spending is in line with the Towns Fund intervention framework, will achieve good value for money and that the project can be delivered this financial year. **Please send your letter by 14 August.** Following receipt of your letter we will review your proposal to ensure it satisfies the requirements above, before releasing the funding.

When your town submits their Town Investment Plan in their agreed cohort, we will ask you to confirm how you are building on this initial investment.

Please get in touch with your named Towns Hub lead if you have any questions. We look forward to seeing your projects and continuing to work with you as you develop your Town Investment Plans.

Jenny Dibden

JENNY DIBDEN



CABINET

Tuesday 7 July 2020

LOCAL GOVERNMENT ASSOCIATION (LGA) NATIONAL CODE OF CONDUCT

EXECUTIVE SUMMARY

1. As part of the Localism Agenda, the Government made changes to the standards regime for local government, when they introduced the Localism Act in 2011 (the Act). Under the Act, this Council has a duty to promote and maintain high standards of conduct. The Act also said that each council had to have a Code of Conduct, but it was at each Council's discretion as to the contents. In Suffolk, all councils adopted the Suffolk Local Code of Conduct (the Code).
2. The Committee on Standards in Public Life (CSPL) reviewed ethical standards in local government in 2018/19. The CSPL produced a report on their review, in January 2019, which made 26 recommendations to Government. The first recommendation was that the LGA produce a national, Model Code of Conduct (the Model Code).
3. The LGA has now published a Model Code and are consulting on it, from 8 June 2020 to 17 August 2020. It has produced a questionnaire for Members and Officers to respond to, about the Model Code.
4. The Audit and Governance Committee considered the consultation and this report at its meeting on 29 June 2010. The Committee's comments will be reported verbally to Cabinet.
5. The purpose of this report is for Cabinet to consider the Model Code and comment on it.

| | |
|-------------------------------|---|
| Is the report Open or Exempt? | Open |
| Wards Affected: | All |
| Cabinet Member: | Councillor Steve Gallant, Leader of the Council |
| Supporting Officer: | Hilary Slater Head of Legal & Democratic Services & Monitoring Officer 01394 444336 Hilary.slater@eastssuffolk.gov.uk |

1 INTRODUCTION

- 1.1 The LGA has provided a Model Member Code of Conduct (Model Code), for consultation. It can be found at this link:

<http://www.local.gov.uk/sites/default/files/documents/LGA%20Model%20Member%20Code%20of%20Conduct.pdf>

The Model Code has been produced by the LGA as part of its support for high standards of behaviour and performance in local government.

- 1.2 Under s27 of the Localism Act 2011 (the Act), the Council has a duty to promote and maintain high standards of behaviour by Members and co-opted Members of the authority. Each local authority must publish a code of conduct but has discretion as to the contents of their code. It must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code. Under the Act, these sanctions cannot include suspension or disqualification from office, for example, but may include censuring the councillor found to be in breach, or requesting that they undertake training, mediation, or issue an apology for their behaviour.

- 1.3 Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence under the Act.

- 1.4 In 2012, all Councils adopted the Suffolk Local Code of Conduct (the Code), so that all tiers of local government had the same. The Code was similar to the national code of conduct that had existed, prior to 2012. A link to the Code is here;

<https://www.eastsuffolk.gov.uk/assets/Your-Council/Councillors/SuffolkLocalCodeofConduct.pdf>

- 1.5 In 2018/19, the Committee on Standards in Public Life (CSPL) reviewed ethical standards in local government. In January 2019, they published a report of their review, and made 26 recommendations to Government about how the regime might be changed. The recommendations were reported to the Audit and Governance Committee on 7 February 2019 (Rep1900 and Rep1919). The first of the CSPL's recommendations was for there to be a return to a national, model code. The CSPL report can be read via the link below.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777315/6.4896_CO_CSPL_Command_Paper_on_Local_Government_Standards_v4_WEB.PDF

To date, due to Brexit and now, the COVID-19 pandemic, the Government has not responded to the CSPL's report. Meanwhile, the LGA was committed to producing the Model Code, as recommended by the CSPL's report.

- 1.6 The LGA held an event on Civility in Public Life with a range of stakeholders at the end of last year and three consultation workshops at the beginning of this year. They engaged consultants to examine examples of good practice, both in local government and other professions, and to draft the Model Code.

- 1.7 The Model Code is the result of this work. The LGA intend to create additional guidance, working examples and explanatory text, to go with it. Note that some of the changes proposed in the Model Code will require a change to the Act. For example, it is not possible

under the Act to impose sanctions on those found to have breached their code of conduct. For sanctions to be imposed, such as suspension from office for those found in breach, the Act will need to be changed.

- 1.8 A summary of what is in the Model Code is set out in the Appendix A to this report. The LGA consultation on the Model Code runs for 10 weeks from Monday 8 June until Monday 17 August. There is an online consultation questionnaire for both Members and Officers to complete. It consists of 17 questions about the Model Code. The LGA are also happy to receive written responses from councils or stakeholder groups via email at ModelCode@local.gov.uk. This email address can also be used if there are any questions regarding the consultation and/Model Code. Details about the consultation can be found here: <http://www.local.gov.uk/code-conduct-consultation-2020>
- 1.9 The LGA will also be holding a number of webinars on the draft code, over the summer. The details of these webinars will be on the LGA's events page on their website. The feedback from the consultation will help the LGA develop a final draft, which will be reviewed by the LGA's Executive Advisory Board before being presented to the next LGA General Assembly, which they hope will be held in the Autumn of 2020.
- 1.10 Cabinet is asked to comment on the Model Code. The comments made on the Model Code by the Audit and Governance Committee at its meeting of 29 June 2020 will be reported verbally to Cabinet. However, Members can also make individual responses, directly to the LGA, via the questionnaire-see the links above.

2 HOW THE CODE DIFFERS FROM THE MODEL CODE

- 2.1 The Act requires the Council to have a code, but the contents are a matter for the Council to decide upon. The Model Code marks a return to a national code which all Councils would be bound by. A national code gives consistency and certainty, in terms of standards of behaviour for all councillors.
- 2.2 The Code applies when councillors or co-opted Members carry out Council business. It does not apply to actions or behaviour carried out privately, when a person is acting in an individual capacity. The Model Code would apply when councillors are acting as councillors, identifying as councillors or giving the impression of acting as a councillor. It also applies to all forms of Members' communications including social media when acting as a councillor or there are implications for the Council's reputation. So, the application of the Model Code is wider than the Code. Also, the Model Code provides clarity and certainty in terms of social media. With an increased use of social media, it is often uncertain, under the Code, whether or not a councillor is posting as a councillor, or as a private individual. Given new ways of working, such as having remote meetings, and the increased use of electronic communications, particularly during the COVID-19 pandemic, the LGA is interested to know if the Model Code's wider ambit is helpful.
- 2.3 The Code requires that councillors show respect to others. The Model Code focusses on the idea of showing "civility", or politeness and courtesy. What amounts to civility or respect can be dependent on the facts and requires a subjective judgement to decide. It is suggested, however, that criticising ideas and opinions is acceptable, but making personal or abusive comment would be showing a lack of civility.
- 2.4 The Code and the Model Code are very similar, in relation to the obligations in the Model Code numbered 3-10 in paragraph 6 of Appendix A to this report. However, the Code says that councillors have to declare gifts or hospitality which they receive (that is, accept) which are worth £25 or over in value. The Model Code says that councillors should not accept

“significant” gifts or hospitality which they are offered from those looking to do business with the Council, or those submitting applications for licenses, consents or permissions. The Model Code is clearer in this respect. However, the threshold for Councillors having to declare the receipt of gifts and hospitality remains at £25 in the Model Code, as in the Code.

- 2.5 Also, in terms of the declaration of interests, currently, under the Act, Members have to declare their own disclosable pecuniary interests (DPIs) and those of their spouse or partner. The requirement to declare DPIs is set out in the Act. The LGA have proposed that Members would need to declare their DPIs and those of “family members and associates”. A change to the legislation would be required to allow for this wider application. However, it is the case that if Members are considering planning or licensing applications, for example, submitted by family members other than their spouse or partner, strictly, they do not have a DPI in that item of business. Yet, clearly, they have a conflict of interest and would be likely to be advised not to take part in that item of business. The widening of the definition of DPIs would mark a return to the wording which was found in the pre-2012, national code and is clearer and more certain in application for the public, Members, and Officers who might have to give advice.

3 HOW DOES THIS RELATE TO EAST SUFFOLK STRATEGIC PLAN?

- 3.1 Good governance underpins all of the five themes in the Council’s Strategic Plan. How Members conduct themselves is key to how the Council conducts its business, and to how Members, Officers and the public inter-relate. High standards of conduct foster good decision making, and good public relations, which in turn, enables our communities to have confidence in the Council. It also ensures that the systems, processes and practices of the Council are sound, and operated in a manner which is consistent with the expectations and obligations in the Code and the Model Code.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 The Model Code is a draft document that is being consulted on at the moment. There are no direct costs associated with this consultation exercise for this Council. However, the Council does have a duty to promote and maintain high standards of behaviour and conduct. It would seem appropriate and expected, therefore, that the Council might wish to comment on a national consultation, and to have its say on an important element in the Council’s governance framework.

5 OTHER KEY ISSUES

- 5.1 None

6 CONSULTATION

- 6.1 None, as this report is about a consultation being undertaken by a third party, that is the LGA.

7 OTHER OPTIONS CONSIDERED

- 7.1 Not to comment on the Model Code. However, this option would deny the Council the opportunity to comment on national proposals and to influence the outcome of a major aspect of the Council’s governance framework.

8 REASON FOR RECOMMENDATION

- 8.1 To comment on a national consultation about a significant proposal for change to the Council's governance framework.

RECOMMENDATIONS

That having considered this report, the Code, the Model Code, the differences between the two, and the comments made by the Audit and Governance Committee at its meeting of 29 June 2020, Cabinet comments on the Model Code and that these comments be submitted to the LGA as a response to its consultation.

APPENDICES

| | |
|-------------------|----------------------------|
| Appendix A | What is in the Model Code? |
|-------------------|----------------------------|

BACKGROUND PAPERS None.

WHAT IS IN THE MODEL CODE?

1. The purpose of the Model Code is to assist councillors in setting the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect councillors, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and places 12 obligations on Members which are actionable if a councillor breaches them. The overarching aim is to create and maintain public confidence in the role of Members and local government.
2. The Model Code will apply when councillors are acting, or claiming, or giving the impression, that they are acting in public or in their capacity as a member or representative of their council, although councillors are expected to uphold high standards of conduct and show leadership at all times. The Model Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and social media, including where councillors could be deemed to be representing their council or if there are potential implications for the council's reputation.
3. The seven principles of public life apply to everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. The Model Code has been developed in line with these seven principles, which are set out in appendix A to it.
4. The expectations set out in the Model Code state that members will conduct themselves in accordance with the public trust placed in them, and on all occasions will:
 - act with integrity and honesty
 - act lawfully
 - treat all persons with civility; and
 - lead by example and act in a way that secures public confidence

In undertaking their role, they will:

- impartially exercise their responsibilities in the interests of the local community
 - not improperly seek to confer an advantage, or disadvantage, on any person
 - avoid conflicts of interest
 - exercise reasonable care and diligence; and
 - ensure that public resources are used prudently and in the public interest
5. There are 12 specific obligations of general conduct which set out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where councillors act or claim or give the impression that they are acting as a councillor or in public, including representing their council on official business and when using social media.

6. The 12 specific obligations are listed below.

- (1) Treating other councillors and members of the public with civility.
- (2) Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play. Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, it is acceptable to express one's views, to challenge, criticise and disagree with others' ideas, opinions and policies, in a civil manner. But subjecting individuals, groups of people or organisations to unreasonable or excessive personal attack is not acceptable or civil.

In contact with the public, councillors should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return, councillors have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory, councillors are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police.

- (3) Not to bully or harass any person. Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

- (4) Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council. Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although it is acceptable to question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, councillors must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.
- (5) Not disclosing information given to a councillor in confidence or disclosing information acquired by a councillor which the councillor believes is of a confidential nature, unless the councillor has received the consent of a person authorised to give it or the councillor is required by law to do so.
- (6) Not preventing anyone getting information that they are entitled to by law. Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public except in certain circumstances. Councillors should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a

confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

- (7) Councillors must not bring their role or council into disrepute. Behaviour that is considered dishonest and/or deceitful can bring the council into disrepute. As a member, there is an expectation that they are entrusted to make decisions on behalf of their community and their actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. Councillors should be aware that their actions might have an adverse impact on other councillors and/or their council.
- (8) Not using, or attempting to use, your position improperly to the advantage or disadvantage yourself or anyone else. The position as a member of the council provides Members with certain opportunities, responsibilities and privileges. However, councillors should not take advantage of these opportunities to further private interests.
- (9) Not misusing council resources. Councillors may be provided with resources and facilities by the council to assist in carrying out their duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given to help carry out the role as a councillor more effectively and not to benefit councillors personally.
- (10) Councillors must register and declare interests. They need to register their interests so that the public, council employees and fellow members know which of their interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests councillors have, and whether they might give rise to a possible conflict of interest. The register also protects councillors who are responsible for deciding whether or not they should declare an interest in a meeting, but it can be helpful for them to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. More details about registering and declaring interests is set out in appendix B to the Model Code.

- (11) There are provisions about not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.
- (12) Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt. Members should exercise caution in accepting any gifts or hospitality which are (or which they reasonably believe to be) offered to them because they are a member. However, councillors do not need to register gifts and hospitality which are not related to their role as a member, such as Christmas gifts from their friends and family, or gifts which they do not accept. However, councillors you may wish to notify their monitoring officer of any significant gifts which they are offered but refuse and which they think may have been offered to influence them.



CABINET

Tuesday 7 July 2020

COVID-19 – FINANCIAL IMPLICATIONS

EXECUTIVE SUMMARY

1. This report provides an overview of the current position regarding the financial implications for the Council of the Covid-19 pandemic. The report focusses primarily on the estimated direct financial impact of the pandemic on the Council, but also briefly covers areas such as the various relief measures introduced by the Government to support businesses and households which are being administered by the Council.
2. The Council and ARP have been implementing and administering a number of support schemes aimed at businesses and households, including expanded business rate reliefs, business grants, and the Council Tax Hardship Fund. These schemes have required considerable resource effort in their implementation and administration, including establishing new systems and processes and dealing with large numbers of applications and queries. They have also resulted in the Council managing cashflows massively in excess of anything previously handled.
3. In addition to these support measures, the Government has provided direct support to the Council in excess of £2.6m, primarily for Covid-19 Emergency Response, and in respect of the merging financial pressures on local authorities. The Council and other authorities are submitting monthly reports to the Ministry of Housing, Communities and Local Government (MHCLG) regarding the impact of the pandemic on local authority finances. It is not known at this stage whether any further funding will be available (other than New Burdens funding for administering the Government schemes), and whether any funding will be available in respect of 2021/22 impacts or the medium term.
4. After taking Government funding into account, the current estimated net impacts on the Council's General Fund over the Medium Term Financial Strategy (MTFS) period are as shown below. These impacts are dependent on the scale and duration of the economic recession, and the speed and nature of economic recovery. These impacts are shown in addition to the budget gaps currently forecast in the MTFS to give an indication of the overall gaps facing the Council.

| MTFS Forecast - East Suffolk | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Budget Gap February 2020 | 0 | 5,350 | 6,163 | 6,676 | 6,676 |
| Deferral of changes to the Business Rates system until 2022/23 | 0 | (4,884) | 0 | 0 | 0 |
| Covid-19 forecast cost and income pressures (net of emergency funding received) Appendix A | 8,629 | 3,250 | 1,152 | 652 | 152 |
| Forecast Budget Gap (23rd June 2020) | 8,629 | 3,716 | 7,315 | 7,328 | 6,828 |

5. These estimates do not take into account any impacts on business rates at this stage, other than potential non-realisation of the Pooling Benefit from the Suffolk Business Rates Pool, and the deferral of changes to the business rates system until 2022/23. There is no assumption of any further changes to the funding regime for local government, or any further support or measures from central Government. In very broad terms, the financial impacts estimated in the current year primarily concern the Council's own income sources, especially car parking and planning, whereas next year's estimated impacts primarily concern council tax as a key external income stream.
6. There will inevitably be an impact on Council Tax income arising primarily from an increase in the number of Local Council Tax Reduction Scheme (LCTRS) claims, and also from a probable reduction in property growth in the council tax base. Current forecasts are for reductions to the Council's share of council tax income of around £0.7m in 2020/21 and around £1.1m in 2021/22, both of which will impact on budget setting for 2021/22. The actual amount of this impact will be dependent on the severity of the recession and the timing and nature of economic recovery.
7. The position on Business Rates is also very uncertain and will also be dependent on recession and recovery impacts, together with Government policy. Through its various relief measures, the Government has effectively become the ratepayer for a large proportion of the district's business rates base for 2020/21. The continuation of these reliefs and the continued operation of the businesses that these relate to in 2021/22 will be key to sustaining income to authorities through the business rates system. The implementation of reforms to the local government finance system that it assumed would remove the favourable position that the Council currently have now, have been deferred until 2022/23 at the earliest and the planned national business rates revaluation exercise has also been postponed. The worst case scenario of the Council's business rates position reverting to a baseline position has now been shown from 2022/23 onwards.
8. Even with financial impacts of the magnitude outlined in this report, the Council is in a position where its current level of Reserves and Balances, especially the availability of the Business Rates Equalisation Reserve which has been built up over the years should enable it to largely absorb this shock to its income streams. However, a prolonged and sustained recession, combined with the need to close the already forecast budget gap could put pressure on other earmarked reserves and Council projects and services. There is a need for the Council to work up a savings plan to deliver a sustainable financial position and replenish reserves enabling key recovery projects to be undertaken.
9. There are already implications for the Council's Capital Programme arising from the Covid-19 pandemic, primarily the need for work to be suspended on a number of projects, but the

Council has been able to start some projects earlier due to lockdown restrictions. Whilst there has been a slow down on capital expenditure spend, the disruption potentially mean that these projects will ultimately be more expensive when restarted. Given the Council's forecast financial position, the economic climate, and the possible need to review priorities in the light of the pandemic, the Capital Programme will need to be reviewed over the coming months.

10. To an extent, the Housing Revenue Account (HRA) is less exposed to the financial impacts of the pandemic than the General Fund. Although rent income will undoubtedly be affected through the increased levels of arrears, this is because the housing benefit costs of rent rebates will be funded through housing benefit subsidy.
11. Overall, the Covid-19 pandemic and the associated recession represent an unprecedented challenge to local authorities. Early indications are that the Council can, through its reserves and balances position, withstand these impacts, but there is obviously an extremely high level of uncertainty about the economic outlook, the local finance environment and ongoing Government policy. Ongoing review, monitoring, and forecasting for all aspects of the Council's financial position will be critical over the course of this year to enable it to respond to this rapidly changing situation and balance the budget over time.

| | |
|-------------------------------|------|
| Is the report Open or Exempt? | Open |
|-------------------------------|------|

| | |
|------------------------|---------------------------|
| Wards Affected: | All wards in East Suffolk |
|------------------------|---------------------------|

| | |
|----------------------------|--|
| Cabinet Member: | <p>Councillor Steve Gallant Leader of the Council</p> <p>Councillor Maurice Cook Cabinet Member with responsibility for Resources</p> |
| Supporting Officer: | <p>Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 simon.taylor@eastsoffolk.gov.uk</p> <p>Lorraine Rogers Finance Manager and Deputy Section 151 Officer 01502 523667 lorraine.rogers@eastsoffolk.gov.uk</p> <p>Brian Mew Finance Consultant 01394 444571 Brian.Mew@eastsoffolk.gov.uk</p> |

1 INTRODUCTION

- 1.1 The Covid-19 pandemic has entailed unprecedented Government actions regarding both the lockdown measures to contain the virus, and in support to businesses and individuals. At the same time, the effective shutdown of large areas of the economy is estimated at the time of writing to result in the most severe recession for centuries. This report seeks to provide an overview of the impact of this situation on the Council, primarily with a focus on the direct financial implications, but also with an outline of the various support measures for businesses and households which are being administered by the Council. These are also important in providing context for the Council's medium-term financial position, in particular the outlook for the Council's key external funding streams.

2 GOVERNMENT SUPPORT TO BUSINESSES AND HOUSEHOLDS

- 2.1 Regarding Government financial support to businesses and households during the current phase of the pandemic, local authorities have been responsible for administering three main areas of relief measures:
- Business Rate Reliefs
 - Business Grants
 - Council Tax Hardship Fund
- 2.2 **Business Rates Reliefs**
- Business Rate Relief measures have focussed on those sectors of the economy most impacted by the lockdown – small businesses, and the Retail, Hospitality, and Leisure (RHL) sectors. These measures and their funding are briefly referred to below.
- 2.3 **Business Rates Reliefs – Retail, Hospitality, and Leisure (RHL)**
- The key measure has been to increase the existing rate relief that was already in place to 100% for 2020/21, and to extend it to all retail premises regardless of rateable value. The extension is to all premises in the sector, regardless of Rateable Value, and to the leisure and hospitality sectors, including Estate agents, lettings agencies and bingo halls. EU State Aid rules do not apply to this relief, large retailers and major supermarkets will receive reliefs.
- The estimated additional cost of providing these extended reliefs is £28m, which is funded by Section 31 Grant. Lost business rates income through awarding reliefs is largely incurred monthly. Rebilling of Business Rates, incorporating all of the reliefs, has taken place and bills were delivered from 1st April onwards.
- 2.4 **Business Rates Pub Relief** - £1,000 Business Rates discount for pubs with a rateable value below £100,000 in 2020/21 was extended to £5,000. This discount has now been superseded by the extended retail scheme as pubs are entitled to 100% relief under this scheme.
- 2.5 **Nursery Relief** - This discount extends 100% rate relief to nurseries with Rateable Values between £15k and £51k. The estimated cost of this is £228k, funded by Section 31 Grant.
- 2.6 All these reliefs are funded by the Government through Section 31 Grant, which is directly paid by the Government to local authorities in lieu of the income that they would have collected from businesses. The existing entitlement to Section 31 Grant, as calculated through the NNDR1 2020/21 return, was paid as one lump sum of £4.861m on 27th March 2020 rather than in 12 instalments to assist authorities' cashflow. The Section 31 Grant payments in respect of the extended reliefs referred to above will be made commencing with a double instalment in May, followed by 10 monthly instalments. As mentioned

previously, the cost of these reliefs is generally incurred monthly, and this arrangement consequently does not represent a cashflow risk to the authority.

2.7 An important implication of these extended relief measures, which is discussed in more detail in the section of this report concerning business rates as an external funding stream, is that they mean that a large proportion of the business rates income base of the district is now effectively being met by the Government. The overall position on business rates is that ESC gross rates in 2020/21 are estimated to be around £114m. Around £16m of this is met by existing reliefs, with approximately £28m to now be met by extended retail reliefs (which now includes major supermarkets). This means that around 39% of rating income is now being met by the Government through the central share of the reliefs and Section 31 Grant. Sizewell Nuclear Power Station and Felixstowe Docks account for income of around £29m and taking these out of the equation means that Government funding would effectively account for nearly 52% of the funding stream.

2.8 **Business Grants**

In addition to Business Rate Reliefs, the key support to small businesses and the RHL sector being administered by local authorities are the Small Business, RHL, and Discretionary Grant Schemes.

2.9 **Small Business Grant Fund (SBGF) and Retail, Hospitality, and Leisure (RHL) Grants**

These two schemes use the Business Rates system as the basis of eligibility for £10k and £25k cash grants to businesses, although they are not part of the business rates system. The Council is acting as an agent for the Government in respect of these grants, and consequently, although the Council is responsible for attempting to recover any fraudulent or erroneous payments, the liability for these rests with the Department for Business, Energy, & Industrial Strategy (BEIS).

£10,000 grants are available for businesses claiming Small Business Rate Relief (SBRR) or Rural Rate Relief (RV below £15k). Businesses can only claim one grant per hereditament under this scheme. £25,000 grants are available for businesses in retail, leisure and hospitality with RV greater than £15k and less than £51k. Where RV is less than £15k, grant will be £10,000. Businesses will not receive two payments under the two schemes, but businesses can receive payments for individual properties under the RHL scheme.

Nationally, ESC has the thirteenth largest allocation of funding in respect of these schemes, which are weighted towards rural and coastal areas due to their focus on providing support to small businesses and smaller businesses in the RHL sector including tourism. Total funding for these schemes national is £12.3bn, and ESC's allocation of £101.526m was received on 1st April 2020. However, the number of businesses in each category estimated from the business rates system to be eligible for the grants is less than the number used by the Government in making these allocations, and the total estimated amount to be awarded is around £75m.

Administration of these schemes has proved to be a major undertaking as the business rates system did not generally hold the information required for grant payments to be made automatically, e.g. bank account details. This is primarily because for the majority of businesses, eligibility is determined by being in receipt of existing reliefs, meaning that no rates were payable and that ARP held no relevant banking information. Consequently, an allocation process and e-form needed to be developed, which been very efficient and effective, and all businesses contacted to advise them of the scheme. At the time of writing the position on grant payments to date compared with the estimated number of eligible businesses is shown in the table below, including the Discretionary Grants scheme referred

to in paragraph 2.14. All eligible applications have been passed for payment, and a concerted effort was undertaken in May to contact the remaining businesses directly to elicit remaining applications. However, in around 50% of cases no contact could be established. Although the scheme remains open, very few new applications are now expected.

| COVID-19 - Small Business and RHL Grants - Grant Payments | | Date: | 23/06/2020 | | | | | | |
|---|-------------------------------|--------|---------------|--------------|--------|---------------|--------------|--------------|--|
| Scheme | Estimated Totals / Allocation | | | Paid To Date | | | % Paid | | |
| | Eligible / Applied | Grant | Total Grant | No. | Grant | Total Grant | No. | £ | |
| | | £ | £m | | £ | £m | | | |
| Scheme 1 Small Business Grants | 5,101 | 10,000 | 51.010 | 3,856 | 10,000 | 38.560 | 75.6% | 75.6% | |
| Scheme 2A RHL Grants RV <£15k | 1,074 | 10,000 | 10.740 | 866 | 10,000 | 8.660 | 80.6% | 80.6% | |
| Scheme 2B RHL Grants RV £15k - £51k | 623 | 25,000 | 15.575 | 508 | 25,000 | 12.700 | 81.5% | 81.5% | |
| Total SB and RHL Grants | 6,798 | | 77.325 | 5,230 | | 59.920 | 76.9% | 77.5% | |
| Scheme 3 Discretionary Business Grants | 315 | | 3.866 | 97 | | 1.050 | | 27.2% | |
| Total All Schemes | | | | 5,327 | | 60.970 | | | |

2.10 Discretionary Business Grants

Recognising that by basing these schemes on the business rates system a range of small businesses would not be eligible for support, the Government announced a new Discretionary Business Grant Scheme on 1st May 2020. An additional 5% uplift to the £12.3bn funding previously announced is available for these grants, but authorities are to utilise underspend from the original allocations up to a minimum funding envelope level. For East Suffolk, the funding envelope is £3.866m. The Council has designed and is administering its Local own discretionary scheme for awarding these grants, prioritise the following categories of business recommended by the Government:

- Small businesses in shared offices or other flexible workspaces e.g. industrial parks, science parks, incubators etc, which do not have their own business rates assessment;
- Regular market traders who do not have their own business rates assessment;
- B&Bs which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

2.11 The Government is setting national criteria that grants should only be paid to:

- Businesses with ongoing fixed building-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Business with fewer than 50 employees
- Businesses that were trading on or before 11th March.

2.12 In addition, the Council is also using the discretion in the scheme to support businesses that have significant premises costs, and which are crucial to the local and regional economy, and additional small and micro businesses with fixed costs.

2.13 Council Tax Hardship Fund

The Government has allocated £500m to authorities to administer a Council Tax Hardship Fund. ESC's allocation of this is £1.917m, and this was received on 3rd April 2020. This funding is to be used to reduce the council tax liability of working age Local Council Tax Reduction Scheme (LCTRS) claimants by a maximum of £150. Although linked to LCTRS, these reductions to council tax do not form part of the LCTRS and the cost of this scheme will

be transferred from the Collection Fund to General Fund at the end of the financial year. The funding is based on 8873 cases, and ARP are revising modelling including both normal caseload turnover and growth scenarios. ARP estimate current cases to be 9196, new cases last year were 2872, and it would not be unreasonable to assume very significant growth in these given current national data on the increase in Universal Credit claims, forecasts for unemployment as a result of the recession. Although this relief measure appears relatively simple on the face of it, in practice it is a complex measure requiring both new software amendments and modelling, and these reliefs will be applied in the council tax system in July. However, LCTRS claimants both new and existing have effectively received this discount as they have not been required to pay the relevant part of their council tax bills. Any funding remaining after existing and new LCTRS claimants are funded could be used to provide further reliefs at the authority's discretion, but caseload will need to be carefully monitored during the course of the year before any proposals for this could be brought forward.

It is worth noting that the Hardship Fund only covers the amount of the council tax that LCTRS claimants are required to pay, typically 8.5% under the Council's scheme. Whilst the Hardship Fund will improve the collection position for existing claimants, for new claimants the award of LCTRS relief for the council tax not covered by this will impact on the council tax collection and potentially the council tax base, as referred to in more detail in Section 5.

3 GOVERNMENT SUPPORT TO THE COUNCIL

- 3.1 In the funding arrangements for the support measures for businesses and households outlined above, the Government has ensured that local authorities are not disadvantaged in terms of cashflow, by way of making very substantial front-loaded and upfront payments. In addition to these cashflow arrangements, there are a number of areas where the Government is providing direct financial support to local authorities in respect of the financial impact of Covid-19.
- 3.2 In March, the Government announced £3.2m for councils supporting rough sleepers or those at risk who need to self-isolate. The Council's allocation of this funding was £9,752. A subsequent round of allocations of this funding was ceased, with the intention now being for councils to fund further costs in respect of rough sleepers from the general allocation of Covid-19 Emergency Response funding referred to below.
- 3.3 In the March 2020 Budget, the Government announced an initial £1.6bn of Covid-19 Emergency Response funding support to local government, £1.390bn for Social Care and £210m for General Support. ESC received an allocation of £122k from this funding, with Suffolk CC receiving £20.7m. Since 15th April 2020, MHCLG have been collecting monthly information from authorities on overall financial impacts and sustainability, and on 28th April 2020 allocations for additional funding of £1.6bn were announced. In this second tranche of funding ESC will receive £2.489m of funding and Suffolk CC will receive £13.977m. It is not known at this stage as to whether there will be further tranches of Emergency Response funding or any additional funding in respect of 2021/22 and medium-term impacts.
- 3.4 On 24th May 2020, the Government also announced a £50m Reopening High Streets Safely Fund. The Council will receive £222,198 from this Fund, which is ringfenced for this work and which must be claimed in arrears and used in consultation with town councils.

4 GENERAL FUND REVENUE IMPACT

- 4.1 **Appendix A** summarises the current estimated impact of Covid-19 on the Council's General Fund over the Covid-19 period. The summary outlines a large number of estimated variances

on budgeted Direct Expenditure and Income but does not consider indirect costs such as staff time reallocated to Covid-19 response work. Data has been collated on officer time diverted to Covid-19 and to date this amounts to approximately £670k, involving 175 members of staff. This is staff time that has been diverted away from Business as Usual to deal with Covid-19 matters, such as work on community hubs, administering business grants, etc. It is not included in the Appendix attached as it is not an additional cost pressure but illustrates the cost of staff time involved in dealing with Covid-19 to date. This information will continue to be collected on a monthly basis.

4.2 The summary provides a brief explanation for each variance, and a brief note on key assumptions, which are reiterated below for information:

Unless stated in the explanation column of the Appendix, the assumption applied for demand led income is:

- a strict lockdown for April to June, assumed that there will be no income for this period
- Some relaxation of restrictions for July to September, assumed 25% of usual income levels for that period
- restrictions lifted from October but assumed economy activity is still low until the end of March 2021. Assumed 50% of usual income levels for that period.

4.3 Income profiles for areas such as car parking, camping and caravan sites are skewed to the spring and summer months so the financial impact will be greater for these areas in 2020/21. In 2021/22, at this stage, the principal cause for concern in terms of financial impact is the effect on council tax income and the council tax base arising from forecast increases in the number of LCTRS claimants. Section 5 of this report considers the potential impacts on external funding streams such as council tax and business rates in more detail.

4.4 These estimates do not take into account any impacts on business rates at this stage, and do not assume any changes to the funding regime for local government, or any further support or measures from central Government. After taking Government funding into account, the current estimated net impacts on the Council's General Fund over the Medium Term Financial Strategy (MTFS) period are as shown below. These impacts are dependent on the scale and duration of the economic recession, and the speed and nature of economic recovery.

| MTFS Forecast - East Suffolk | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Budget Gap February 2020 | 0 | 5,350 | 6,163 | 6,676 | 6,676 |
| Deferral of changes to the Business Rates system until 2022/23 | 0 | (4,884) | 0 | 0 | 0 |
| Covid-19 forecast cost and income pressures (net of emergency funding received) Appendix A | 8,629 | 3,250 | 1,152 | 652 | 152 |
| Forecast Budget Gap (23rd June 2020) | 8,629 | 3,716 | 7,315 | 7,328 | 6,828 |

4.5 Areas of saving arising from Covid-19 are being to be identified and these are shown in Appendix A and included in the figures above. Savings on mileage and travel costs is notable

with a current estimated saving for the current year of £150k. For the period April and May 2020, travel and transport costs are down 40% (£33k) on the same period for 2019.

5 EXTERNAL FUNDING STREAMS

5.1 Council Tax

A total net impact of £5.194m is currently estimated in respect of Council tax income in 2020/21, resulting from the effects of increased LCTRS claims. The impacts of this by precepting authority would be SCC £3.855m, ESC £0.700m and Police £0.639m. There may also be a need to increase the provision for bad debts in respect of arrears.

5.2 As a result of accounting arrangements, these council tax impacts manifest themselves in collection fund deficits to be taken into account in 2021/22 budget setting.

5.3 The potential Covid-19 impact on Council Tax is difficult to forecast, although monthly monitoring will begin to give an indication of emerging trends in both income collection and the increase in working age LCTRS reliefs related to Universal Credit (UC) and unemployment. The other key area of uncertainty is about the impact of the recession and the scale and pace of economic recovery.

5.4 The economic outlook now appears to be for a prolonged and severe recession. Nationally the UC caseload appears to have doubled, so it is not unreasonable to assume that this will be reflected in a doubling of the LCTRS working age reliefs. The base assumption now used in these forecasts is that LCTRS working age reliefs double in September as the current furloughing scheme unwinds into significantly increased unemployment. At this stage, a pessimistic but possibly prudent scenario would be for this position to continue throughout 2021/22, with a gradual decline over the MTFS period.

5.5 These assumptions are speculative and will obviously be reviewed towards the end of the calendar year when the tax base is finalised, and trends can be monitored.

5.6 A doubling of working age LCTRS claimants, would result in a tax base reduction of around 8.5% in total, with an impact on income of around £8.3m in 2021/22. The shares of this in 2021/22 based on current precept proportions, would consequently be approximately: SCC £6.2m, ESC £1.1m, Police £1m.

5.7 As referred to previously, the Government's Hardship Fund does not assist this position, as that only funds the proportion of council tax that existing and new claimants would have to pay.

5.8 A further area affecting the tax base is non delivery of the current growth assumption of 1% per annum. It is not unreasonable for a base assumption of zero growth in 2020/21 feeding into the tax base for 2021/22, as even if new houses are built, demand and probable price falls suggest that they are likely to remain empty. This would impact the assumption in the ESC MTFS by about £150k.

5.9 Actual collection in 2020/21 will also affect the bad debt provision required and consequently the Collection Fund deficit and is an area where monitoring information on non-LCTRS collection rates will be able to provide a steer.

5.10 There may be some offset in the 2021/22 estimate for ESC arising from the difference between the 2019/20 estimated collection fund/surplus compared to the actual for 2019/20,

although this will also need to take into account consideration of the 2019/20 bad debts provision position.

5.11 **New Home Bonus (NHB)**

The current NHB regime is based on growth in the council tax base from both new properties and a reduction in the number of empty properties, combined with an element for the number of new affordable homes. In theory, the estimated impact on the council tax base referred to above would also affect the level of NHB. However, the MTFS already does not include any figure for new NHB allocations, as opposed to the residual amounts included for “legacy” payments relating to earlier years’ allocations. This is because it was already uncertain whether there were going to be any NHB allocations in their current form in 2021/22. The 2020/21 allocation was for one year only and there is / was due to be a consultation this year on changes to the regime. In addition, in the current situation, as NHB is a top slice from Revenue Support Grant (RSG) it might not be surprising if there are no allocations at all in 2021/22, and that the funding that might have been allocated for this is diverted back to RSG or other Covid-19 relief funding.

5.12 **Business Rates**

The position on Business Rates is extremely complex and difficult to predict and is further complicated by the accounting arrangements and the time lags inherent in the Business Rates system. Technically, the Council’s own General Fund position will not be impacted in 2020/21 by any reductions in business rates – in a similar way to Council Tax, these will be reflected in the Council’s budget setting as an estimated deficit in 2021/22 and an actual deficit in 2022/23. In year in 2020/21, it is feasible that the business rates position might not actually be that adversely affected, as a result of the vast amount of small business and retail reliefs that are now being funded by the Government through Section 31 Grant, as referred to in paragraph 2.7. In effect, the Government has effectively become the ratepayer for the small business and Retail, Hospitality, and Leisure (RHL) sectors of the local economy. This is consequently income that should be guaranteed and not subject to any issues of non-collection, or the need for provision for bad debts. In addition, businesses in these sectors might not lodge appeals against rateable values, given that they are not paying rates, although now that the 2017 rating list has been extended to 2021/22 with the postponement of revaluation, appeals may have become more likely. The big caveat here, of course, is that these businesses continue to actually be in existence throughout 2020/21.

5.13 As a result of these reliefs, and the fact that Sizewell Nuclear Power Station and Felixstowe Docks, account for around £29m of business rates income, around £41m of net rates payable is arguably at risk as a result of Covid-19 impacts, although within this figure rating income from the public sector should also be secure. Monitoring of Covid-19 impacts as far as 2020/21 is concerned will consequently focus on the residual amounts payable and monitoring information will begin to provide a basis for this.

5.14 Overall, the hit on business rates income in 2020/21, which is reflected in the deficit for the year as picked up in the 2021/22 NNDR1 return, could conceivably be more limited than it might initially appear. However, it may be prudent to assume that the Pooling Benefit from the Suffolk Pool is not delivered in 2020/21, as this is also affected by business rate changes elsewhere in Suffolk. The bigger concern on business rates, and the other focus of monitoring and forecasting, is trying to assess the impact on the business rates base of

businesses not surviving the impact of the pandemic and the recession. The principal concern in 2020/21 is about those businesses that fall outside of the various reliefs.

- 5.15 A larger concern going forward into 2021/22 is about the businesses receiving Small Business and Retail reliefs. As it stands, as long as these businesses are still in existence, either they or the Government will be liable for the rating income. If they start closing permanently, however, this funding will disappear. Finance, ARP, and Economic Development are currently working together to forecast and model all aspects of the potential impacts on business rates as far as possible.
- 5.16 The implementation of reforms to the local government finance system that it is assumed would remove the favourable position that the Council currently have now been deferred until 2022/23 at the earliest and the planned national business rates revaluation exercise has also been postponed. The worst case scenario of the Council's business rates position reverting to a baseline position has now been shown from 2022/23 onwards.

6 RESERVES AND BALANCES

- 6.1 The Council's ability to absorb the financial shock of the pandemic and the recession without significant detriment to projects and services will be dependent on the availability of Reserves and Balances. The Council is in the position of having built up revenue reserves and balances over the years, with most of these reserves being earmarked in respect of specific projects or eventualities. However, the bulk of these earmarked reserves could ultimately be available to support the Council's position. Use of earmarked reserves to support the council generally would require the projects and risks that they relate to be reassessed and replacement funding identified – in the case of reserves earmarked for capital projects this could take the form of additional borrowing.
- 6.2 The projected balance on the General Fund Balance is £6m for 2020/21 with no committed use of that balance to date pre Covid-19. As set out in the MTFS - Key Principles (February 2020 Budget Report) , the Council will 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.
- 6.3 Earmarked reserves are currently projected at £45m by April 2021, pre Covid-19. Within the earmarked reserves there are two specific reserves set up to deal with fluctuations and pressures with income and spend. This is the Business Rates Equalisation Reserve and the In-Year Savings Reserve.
- 6.4 The Business Rates Equalisation Reserve, which was established specifically to deal with large fluctuations on this key funding stream, would be the first reserve utilised to deal with the General Fund financial impacts outlined in this report. There is a projected balance of £7m at the start of this financial year, and when the 2020/21 Budget was approved, it was also estimated that an additional £6m would be added to the reserve in-year. This might still be the case but is essentially subject to the estimate for the NNDR1 return in January, reflecting the position on business rates referred to earlier. To manage business rates accounting timing differences between financial years, maintaining a minimum balance on this reserve of between £3m to £4m is prudent.
- 6.5 The In-Year Savings Reserve has been established from prior year outturn surpluses set aside to support future year budget pressures. The current uncommitted balance on this reserve is £4m.
- 6.6 The Council is in a position where its current level of reserves and balances, especially the availability of the Business Rates Equalisation Reserve which has been built up over the years

should enable it to largely absorb this shock to its income streams. However, a prolonged and sustained recession, combined with the need to close the already forecast budget gap could put pressure on other earmarked reserves and Council projects and services.

7 CAPITAL PROGRAMME

7.1 There are already implications for the Council's Capital Programme arising from the Covid-19 pandemic, primarily the need for work to be suspended on a number of projects. Whilst these will have slowed down capital expenditure, the disruption will mean that these projects will ultimately be more expensive when restarted. At present, the main project where additional costs have been identified due to this is the Lowestoft Flood Risk Management Project, where costs are estimated to have increased by around £110k. Given the Council's forecast financial position, the economic climate, and the possible need to review priorities in the light of the pandemic, the Capital Programme will need to be reviewed over the coming months.

8 HOUSING REVENUE ACCOUNT (HRA)

8.1 To an extent, the Housing Revenue Account (HRA) is less exposed to the financial impacts of the pandemic than the General Fund. This is primarily because the housing benefit costs of rent rebates will be funded through housing benefit subsidy. However, a need to increase the provision in respect of increased arrears is estimated to cost £420k for 2020/21.

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

9.1 Monitoring, forecasting, and responding to the Covid-19 pandemic and the recession will be the most critical challenge to the Council in delivering on the East Suffolk Strategic Plan theme of Maintaining Financial Sustainability.

10 FINANCIAL AND GOVERNANCE IMPLICATIONS

10.1 All Financial and Governance implications are contained within the report.

11 OTHER KEY ISSUES

11.1 None.

12 CONSULTATION

12.1 None.

13 OTHER OPTIONS CONSIDERED

13.1 None, it is essential that the Council considers the financial impact of the Covid-19 pandemic and the implications for financial sustainability.

14 REASON FOR RECOMMENDATION

14.1 To enable Cabinet to consider the latest position regarding the estimated financial implications of the Covid-19 pandemic and the economic recession. Ongoing review, monitoring, and forecasting for all aspects of the Council's financial position will be critical over the course of this year to enable it to respond to this rapidly changing situation.

RECOMMENDATIONS

To recommend that Cabinet:

1. Reviews and considers this report on the financial implications of the Covid-19 pandemic.
2. Considers what representations it wishes to make to the Government, given the impact of the Covid-19 crisis on the Council's finances.

APPENDICES

| | |
|-------------------|---|
| Appendix A | Covid-19 General Fund Financial Implications – 23 June 2020 |
| Appendix B | Covid-19 Financial Implications Update – 6 July 2020 |
| Appendix C | Covid-19 General Fund Financial Implications – 6 July 2020 |

BACKGROUND PAPERS: None.

Covid-19 General Fund Financial Implications

APPENDIX A

Coronavirus - East Suffolk Council Forecast Financial Implications as at 23rd June 2020

Note: The below excludes all rate relief, business grants and council tax, etc. measures as these are fully funded by Government grant.

Current assumptions:

Unless stated in the explanation column, the assumption applied for demand led income is:

- 1) a strict lockdown for April to June, assumed that there will be no income for this period
- 2) some relaxation of restrictions for July to September, assumed 25% of usual income levels for this period
- 3) restrictions lifted from October, but assumed economy activity is still low until the end of March 2021. Assumed 50% of usual income levels for this period.

Income profiles for areas such as car parking, camping and caravan sites are skewed to the spring and summer months so the financial impact will be greater for these areas in 2020/21.

Impact on General Fund Direct Expenditure

| General Fund - Expenditure | Category on MHCLG Return | Change to budget (saving) / increased costs | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|--|--|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|---|
| | | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| ARP Partnership | Finance & corporate - Revenue & benefits expansion | 0 | 76 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Direct costs to ARP - additional laptops to staff, postage, overtime, agency costs, software costs. Some of this may be covered by new burdens funding from Government. However this has not yet been determined. |
| Leisure Partnerships | Cultural & related - Sports, leisure and community facilities | 0 | 560 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimated closure cost of leisure facilities. |
| Homelessness admin and prevention work | Housing - homelessness services (support, prevention, administration) | 0 | 30 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | Estimate for mortgage/rent rescue payments. |
| Rough Sleepers - accommodation & supporting people sleeping rough or at risk | Housing - rough sleeping - accommodating and supporting those brought into alternative accommodation | 16 | 238 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | £95k Avenue Mansion security for six months. Estimate increased B&B costs £65k, set-up costs of temporary accommodation in the Council's housing stock £15k, other costs £68k. |
| Private Sector Housing - WHHP | Housing - other excluding HRA | 0 | 38 | 0 | 0 | 0 | 0 | Permanent | 22/05/2020 | Stepping Home Co-Ordinator. This role helps to free up hospital beds and supports recovery at home. |
| Council's Hardship Fund | Other - Shielding | 0 | 106 | 0 | 0 | 0 | 0 | Permanent | 07/05/2020 | £55k from the members ECB budget to be re-allocated to a Hardship Fund. £5K from the Chairman's budget. £45k second round of members ECB budget to be re-allocated. |
| Council's Foodbank Grants | Other - Shielding | 15 | 0 | 0 | 0 | 0 | 0 | Permanent | 06/04/2020 | £15k from the ECB 2019/20 underspend to be re-allocated to grants to foodbanks. |
| Social Isolation Grants | Other - Shielding | 5 | 15 | 0 | 0 | 0 | 0 | Permanent | 31/03/2020 | £20k from the 2019/20 Strategic Community Partnerships to be allocated to Social Isolation Grants. |
| Digital Access | Other - Shielding | 0 | 20 | 0 | 0 | 0 | 0 | Permanent | 13/05/2020 | To provide IT equipment to those self-isolating. |
| Community Grants for local organisations, CAB & Foodbank | Funding from other external funds | 0 | 15 | 0 | 0 | 0 | 0 | Permanent | 27/05/2020 | To provide grants to local organisations, CAB and Foodbanks. Grant funding of £15k received. |
| Public Burials | Public Health | 0 | 4 | 0 | 0 | 0 | 0 | Permanent | 08/06/2020 | Potential to fund more public funerals due to not being able to auction goods to recover funeral costs. |
| Port Health | Environment & regulatory - other | 4 | 10 | 0 | 0 | 0 | 0 | Permanent | 24/04/2020 | £15k for 2020/21 and 2021/22 - reduced analyst costs due to reduced income. Other costs shown include IT hardware and other miscellaneous office supplies. |
| Port Health | Environment & regulatory - other | 0 | 20 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | Measure to ensure social distancing in the work environment. |
| Staff Mileage Claims | N/A | 0 | (150) | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimated saving due to reduced work travel by staff. £100k is approximately one third of actual cost for the year. |
| IT costs - remote working | Finance & corporate - ICT & remote working | 3 | 30 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | IT hardware and software. |
| Corporate Costs (non-staffing) | Finance & corporate - other | 0 | 50 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Measures to ensure social distancing in corporate building and other miscellaneous office supplies and equipment, hand sanitisers. This is an estimated figure. |
| Corporate Costs (additional staff costs) | Finance & corporate - other | 0 | 27 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimate for overtime claims due to Covid-19 related work. |
| Unachievable savings/project delays | Other - unachieved savings/delayed projects | 0 | 110 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | £110k for delays to projects. |
| Total Impact on Expenditure | | 43 | 1,199 | 0 | 0 | 0 | 0 | | | |

Covid-19 General Fund Financial Implications

APPENDIX A

Impact on General Fund Direct Income

| General Fund - Income | Change to budget (additional income) / loss of income | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|---|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|--|
| | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| Car Parking Income | 147 | 3,306 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | Includes income for off street parking, resident parking and ECN's. Assumptions will be revisited at the end of June 2020 as the re-introduction of charging will have been in place for a month. |
| Camping & Caravan Park Income | 0 | 460 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | £250k touring camp site income plus £100k refunds. Static site rental income £110k. |
| Harbour & Yacht Station Income | 38 | 100 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | Includes only day mooring fees. It excludes any refund or 'roll forward' of permanent moorings. |
| Building Control Income | 29 | 486 | 0 | 0 | 0 | 0 | tbc | 29/05/2020 | Assumption of strict lockdown for April to June 2020. Assumed almost a stop on current building work until such time there is confidence to begin again. Income is being received in 2020/21 and the income loss assumption is revisited and revised down |
| Planning Income | 149 | 980 | tbc | tbc | tbc | tbc | tbc | 29/05/2020 | Assumption of strict lockdown for April to June 2020. Assumed almost a stop on current building work until such time there is confidence to begin again. Income is being received in 2020/21 and the income loss assumption is regularly revisited and revised down accordingly. |
| CIL 5% Admin Fee | 0 | 179 | 0 | 0 | 0 | 0 | tbc | 30/04/2020 | Assumption of strict lockdown for April to June 2020. |
| Licensing Income | 0 | 103 | tbc | 0 | 0 | 0 | tbc | 15/05/2020 | LGA and the Institute of Licensing guidance - no refunds on premise licence fees will be given. However, where there is non-payment of an annual fee, the Council will try to find out from the premises if this is as a direct result of Covid-19. If it is, then the suspension of the licence will be deferred. It is possible that licensees will not be paying their annual fee until the current situation is over. Premise licence fee income is approximately £12k per month - three months provided in estimates. Taxis licences - the LGA has confirmed there is a bit more flexibility as these fees are set locally. The Council is not offering refunds at the present time, but is instead offering a shorter licence period for those that are due for renewal. This means that there should not be a drop in income as eventually when this is over, the remaining part of the annual (or three yearly) licence will have to be paid. What isn't known, is how many drivers/vehicles may decide not to return at all. No estimate is currently provided for this. Amended to reflect latest assumptions about length of closure being four months for licensed premises. |
| Cemetery Income | 0 | 58 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | The 20% fee increase for 2019/20 in the former WDC area will not now take place. |
| Lease & Commercial Income | 0 | 191 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Rental/lease scheduling arrangements under review. |
| Waste Recycling Credits - Green Waste | 0 | 218 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | Based on estimated tonnage of 7,273 @£30 per tonne. |
| Waste Recycling Credits | 0 | 373 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | Assumption is a loss of 20% of the income for the year for dry recycled, based on 2019/20 tonnes of 17,029 @£54.76 20% reduction is £186.5k per annum for price and another £186.5k for volume (annual budget for Dry and garden recycling is £2.4m). Difficult to predict how this will be affected, but month on month the price has dropped 17.6%. Food waste could be larger than the post Christmas peak - as people have stock piled too many perishable goods. |
| Green Waste Income | 0 | 407 | 394 | 0 | 0 | 0 | Permanent | 30/04/2020 | Total Annual budget £2.4m. Based on subscriptions 'rolled forward' for two months, collections resumed from 25th May 2020. Assumed the same loss each financial year. |
| Investment Income | 0 | 300 | 550 | 0 | 0 | 0 | Permanent | 31/03/2020 | Impact of decreasing interest rates will be felt in the later part of 2020/21 and more so in 2021/22, as deals secured in 2019/20 come to an end during 2020/21. Annual investment income budget is £800k. |
| Housing Benefits Overpayments Recovery | 0 | 333 | 333 | 0 | 0 | 0 | Permanent | 19/06/2020 | In-year recovery has not declined as much as initially anticipated and will be continually monitored. |
| Loss of Enforcement income via ARP | 0 | 626 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Assume 100% loss for the full year. Total enforcement income budget of the ARP partnership for 2020/21 is £1,586,425. ESC share is 39.48% for 2020/21. |
| New Burdens Funding | 0 | tbc | 0 | 0 | 0 | 0 | Permanent | 31/03/2020 | Government funding to compensate LA's for the additional costs associated with the administration of the Hardship funding and grants to businesses. It is expected for this funding to partial cover costs incurred by ARP and the Council. |
| Community Funding | 0 | (15) | 0 | 0 | 0 | 0 | Permanent | 27/05/2020 | Grant received for grants to be paid to local organisations, CAB and Foodbank to help with the COVID-19 crisis. |
| Events Income | 0 | 12 | 0 | 0 | 0 | 0 | Permanent | 08/04/2020 | Reduction in income from rent of land for events. |
| Environmental Protection Water Sampling | 0 | 8 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in water sampling due to not going out to site visits. |

Covid-19 General Fund Financial Implications

APPENDIX A

Impact on General Fund Direct Income (Continued)

| General Fund - Income | Change to budget (additional income) / loss of income | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|---|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|--|
| | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| Contaminated Land | 0 | 1 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in Environmental Information Requests coming in for contaminated land. |
| Environmental Licencing - Animal | 0 | 1 | 0 | 0 | 0 | 0 | tbc | 09/04/2020 | There will be a delay in applications, existing licences may not renew depending how their businesses have been affected. |
| Food Safety - Food Hygiene Revisits | 0 | 3 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in income due to closure of food establishments and no visits happening. |
| Food Safety - Food Hygiene Educational Courses | 0 | 2 | 2 | 2 | 2 | 2 | Permanent | 09/04/2020 | Reduction in income due to food hygiene courses being suspended for the foreseeable future due to social distancing requirements. Demand for these has been reducing over time before COVID-19. |
| Skin Piercing Licences | 0 | 4 | 0 | 0 | 0 | 0 | tbc | 09/04/2020 | Tattoo and piercing parlours have been closed by The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020. Likely to see few applications to register whilst the closure is in place but some may be received ahead of the lifting of closures, may be even a surge in applications. |
| Chairman's Donation | 0 | (1) | 0 | 0 | 0 | 0 | Permanent | 07/05/2020 | Chairman's donation to the Council's Hardship Fund. |
| Council Tax Income - Tax Base Growth | 0 | 0 | 150 | 150 | 150 | 150 | Permanent | 07/05/2020 | The current MTFS assumes growth in the tax base of 1% per annum. Assuming zero growth in the tax base for 2020/21 which would be reflected in the 2021/22 Council Tax income figures, results in £150k per annum loss of income. This assumes tax base growth for future years remains at 1%. |
| Council Tax Income - Increase in LCTRS working age reliefs. | 0 | 0 | 1,821 | 1,000 | 500 | 0 | Permanent | 12/06/2020 | Nationally the Universal Credit(UC) caseload appears to have doubled so assume this will be reflected in a doubling of the LCTRS working age reliefs from September 2020, resulting in a tax base reduction of around 4.7% in total, with an East Suffolk share of around £0.7m. These impact in 2021/22 budget setting. It is also assumed that this September 2020 position continues in 2021/22 with an additional £1.1m full year loss of Council Tax income. This position is anticipated to begin to reduce in future years as the economic position improves. |
| Business Rates - Pooling Benefit | 0 | 1,794 | 0 | 0 | 0 | 0 | Permanent | 12/06/2020 | Loss of Business Rates Pooling Benefit. |
| Total Impact on Income | 363 | 9,929 | 3,250 | 1,152 | 652 | 152 | | | |
| Forecast Net Impact - General Fund | 406 | 11,128 | 3,250 | 1,152 | 652 | 152 | | | |

Government funding received or due to be received in response to Covid-19

| Government Funding Received / Due | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | Date added or amended | Explanation |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|---|
| COVID-19 Rough Sleepers Funding to claim | 0 | (10) | 0 | 0 | 0 | 0 | 31/03/2020 | Government funding to support rough sleepers or those at risk who need to self-isolate. The claim has been submitted this week. |
| COVID-19 Emergency Response Funding Received | (122) | (2,489) | 0 | 0 | 0 | 0 | 15/05/2020 | Government funding to assist with dealing with the response to COVID-19. Two separate allocations, £122k and £2.489m. |
| Total Government Funding Received / Due | (122) | (2,499) | 0 | 0 | 0 | 0 | | |

Covid-19 forecast cost and income pressures (net of emergency funding received)

| | | | | | |
|-----|-------|-------|-------|-----|-----|
| 284 | 8,629 | 3,250 | 1,152 | 652 | 152 |
|-----|-------|-------|-------|-----|-----|



COVID-19 – FINANCIAL IMPLICATIONS - UPDATE

1 INTRODUCTION

- 1.1 The situation on local government and the impact of the Covid-19 pandemic is currently developing rapidly. The Council and other authorities are submitting monthly reports to the Ministry of Housing, Communities and Local Government (MHCLG) and there has been significant lobbying by authorities regarding the impact of the pandemic on local authority finances. The purpose of this Supplementary Appendix is to provide an update on developments since this report to Cabinet was produced, and their potential effect on the Council's forecast position. It should be noted that the Chancellor of the Exchequer, Rishi Sunak, is due to give an economic update on Wednesday 8 July, which could entail the announcement of further support or measures with implications for local authorities.

2 NEW FUNDING PACKAGE

- 2.1 A major support package to help councils respond to coronavirus was announced by the Local Government Secretary, Robert Jenrick, on Thursday 2 July, as part of a comprehensive plan to ensure councils' financial sustainability for the future. The package announced consists of:

- A further, unringfenced, £500 million of support to councils in England to respond to spending pressures.
- A scheme to reimburse authorities for lost income as result of the pandemic.
- Proposals for authorities to spread business rates and council tax Collection Fund deficits over three years rather than one.
- Apportionment of irrecoverable council tax and business rates losses between central and local government for 2020/21 in the next Spending Review.

2.2 **£500 million additional support funding**

In the March 2020 Budget, the Government announced an initial £1.6bn of Covid-19 Emergency Response funding support to local government, £1.390bn for Social Care and £210m for General Support. ESC received an allocation of £122k from this funding, with Suffolk CC receiving £20.7m. On 28th April 2020 allocations for additional funding of £1.6bn were announced. In this second tranche of funding ESC will receive £2.489m of funding and Suffolk CC will receive £13.977m. The details of the allocation of this third tranche of funding are not known as yet.

2.3 **Lost Income Reimbursement Scheme**

The new income loss scheme will involve a 5% deductible rate, whereby councils will pay the first 5% of all lost planned sales, fees and charges income, with the government

compensating them for 75p in every pound of loss thereafter. The purpose of the 5% deductible is to account for an acceptable level of volatility, whilst shielding authorities from the bulk of losses.

Full details of this scheme are awaited, and these will be important with regard to which forecast income losses the Council will actually receive partial reimbursement for. It is assumed that the reimbursement will ultimately be based on actual 2020/21 outturn income compared with the original budget, so the final level of reimbursement will probably not be finally known until around July 2021. It is not known whether the Council will receive any funding on account, possibly based on the monthly returns to MHCLG, during the course of 2020/21 in order to assist cashflow.

It has been assumed that the methodology of the scheme is that an overall 5% threshold will be applied to all of the Council's budgeted sales, fees and charges, not just those areas where income has or will be lost. This will exclude a number of areas where income losses are forecast, such as lease and commercial property income, recycling credits, and investment income.

An initial exercise has been undertaken to assess the value of the 5% threshold and thus the potential financial benefit of this measure based on the income losses currently forecast. The opportunity has also been taken to review the assumptions that these forecasts have been based on, as the lockdown begins to be eased and more budget monitoring information becomes available.

An updated Appendix A to the report, entitled Appendix C, has been produced incorporating these assumptions and showing the potential amount of income loss reimbursement from the Government as an item of Government funding. The sales, fees, and charges that are assumed to be eligible for the scheme are shown separately in the Appendix.

An area of income loss that will need to be investigated and clarified further with the Government is lost income in respect of leisure and recreational facilities, where this potentially manifests itself in the contract payments payable to or from the Council's partners.

2.4 Spreading Collection Fund Deficits

Detailed proposals for changing the accounting treatment of the 2020/21 collection fund deficits will be confirmed over the coming weeks as MHCLG draft the statutory instrument that will give the changes effect.

The spreading over a period of time of the impact of elements of the rates retention scheme is something that has been used before, specifically with regard to the backdated appeals provision from 2013/14 when the scheme was first introduced. A similar approach is expected to be applied to both council tax and non-domestic rates and is expected to be incorporated into the regulatory process of estimating the collection fund deficits in January 2021. This will mean that 2020/21 collection fund deficits will still be recovered but over a longer time frame than the existing regulations require. The potential collection fund deficits currently forecast on council tax are substantial, and the potential benefit of this measure is particularly significant for the county council, given their share of the total precepts on the collection fund. Collection fund cashflow will be a consideration for billing authorities regarding this measure, and this will be reported on more fully when details are available.

No adjustment has been made as yet for this measure in the updated Appendix C and summary.

2.5 Apportionment of council tax and business rate losses between central and local government

No details are available as yet as to how this measure might be reflected in the next Spending Review.

3 OTHER DEVELOPMENTS

3.1 New Homes Bonus

Since the report was produced, there are indications that the consultation on the future of New Homes Bonus and potential alternative incentives for the provision of new housing this year is likely to be postponed and there may be another one-year only round of NHB funding. Whilst not directly affecting the summary of estimated Covid-19 MTFS effects, another round of NHB allocations could be an important addition to this income stream and the ability to fund projects and community initiatives. The MTFS does not assume any new NHB allocations in 2021/22 in addition to the residual legacy payments.

3.2 New Burdens Funding - Business Grants Schemes and Test and Trace Funds

The Council has received notification that it will receive £170,000 in New Burdens Funding in respect of setting up and administering the Small Business and Retail, Hospitality, and Leisure Grant Schemes. This level of funding allocation compares very favourably with the actual additional (as opposed to re-allocated) resources engaged on these schemes.

The Council will also receive £150,000 via Suffolk County Council in support of the Test and Trace scheme.

4 REVISED SUMMARY FORECAST GENERAL FUND REVENUE IMPACT

4.1 The revised and updated **Appendix C** details the current estimated impact of Covid-19 on the Council's General Fund over the Medium Term Financial Strategy (MTFS) period incorporating the measures outlined in this update. These are summarised in the table shown below. It can be seen that the Government measures could significantly improve the Council's position compared with that shown in the report, although there are the same caveats regarding the scale and duration of the economic recession, the speed and nature of economic recovery, and also the precise details of the latest Government measures.

| MTFS Forecast - East Suffolk | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Budget Gap February 2020 | 0 | 5,350 | 6,163 | 6,676 | 6,676 |
| Deferral of changes to the Business Rates system until 2022/23 | 0 | (4,884) | 0 | 0 | 0 |
| Covid-19 forecast cost and income pressures (net of emergency funding received) | 4,536 | 3,250 | 1,152 | 652 | 152 |
| Forecast Budget Gap (03 July 2020) | 4,536 | 3,716 | 7,315 | 7,328 | 6,828 |

Coronavirus - East Suffolk Council Forecast Financial Implications as at 03 July 2020

Note: The below excludes all rate relief, business grants and council tax, etc. measures as these are fully funded by Government grant.

Current assumptions:

Unless stated in the explanation column, the assumption applied for demand led income is:

- 1) a strict lockdown for April to June, assumed that there will be no income for this period
- 2) some relaxation of restrictions for July to September, assumed 25% of usual income levels for this period
- 3) restrictions lifted from October, but assumed economy activity is still low until the end of March 2021. Assumed 50% of usual income levels for this period.

Income profiles for areas such as car parking, camping and caravan sites are skewed to the spring and summer months so the financial impact will be greater for these areas in 2020/21.

Impact on General Fund Direct Expenditure

| General Fund - Expenditure | Service Area | Change to budget (saving) / increased costs | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|--|-----------------------------|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|--|
| | | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| ARP Partnership | Partnerships | 0 | 76 | tbc | 0 | 0 | 0 | Permanent | 19/06/2020 | Direct costs to ARP of additional laptops to staff, postage, overtime, agency costs, software costs. Some of this may be covered by new burdens funding from Government. |
| Leisure Partnerships | Partnerships | 0 | 560 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimated closure cost of leisure facilities. |
| Caravan & Campsites | Operations | 0 | 60 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Hire of additional mobile toilets and showers and additional cleaning to allow social distancing. This estimate is for three months, July to September 2020. |
| Homelessness admin and prevention work | Housing | 0 | 30 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | Estimate for mortgage/rent rescue payments. |
| Rough Sleepers - accommodation & supporting people sleeping rough or at risk | Housing | 16 | 238 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | £95k Avenue Mansion security for 6 months. Estimate increased B&B costs £65k, set-up costs of temporary accommodation in the Council's housing stock £15k, other costs £68k. |
| Private Sector Housing - WHHP | Housing | 0 | 38 | 0 | 0 | 0 | 0 | Permanent | 22/05/2020 | Stepping Home Co-Ordinator. This role helps to free up hospital beds and supports recovery at home. |
| Council's Hardship Fund | Communities | 0 | 106 | 0 | 0 | 0 | 0 | Permanent | 07/05/2020 | £55k from the members ECB budget to be re-allocated to a Hardship Fund. £5k from the Chairman's budget. £45k second round of members ECB budget to be re-allocated. |
| Council's Foodbank Grants | Communities | 15 | 0 | 0 | 0 | 0 | 0 | Permanent | 06/04/2020 | £15k from the ECB 2019/20 underspend to be re-allocated to grants to foodbanks. |
| Social Isolation Grants | Communities | 5 | 15 | 0 | 0 | 0 | 0 | Permanent | 31/03/2020 | £20k from the 2019/20 Strategic Community Partnerships to be allocated to Social Isolation Grants. |
| Digital Access | Communities | 0 | 20 | 0 | 0 | 0 | 0 | Permanent | 13/05/2020 | To provide IT equipment to those self-isolating. |
| Community Grants for local organisations, CAB & Foodbank | Communities | 0 | 15 | 0 | 0 | 0 | 0 | Permanent | 27/05/2020 | To provide grants to local organisations, CAB and Foodbanks. Grant funding of £15k received. |
| Environmental Protection | Environmental & Port Health | 0 | tbc | 0 | 0 | 0 | 0 | tbc | 08/04/2020 | Reduced analyst costs that are related to income. |
| Public Burials | Environmental & Port Health | 0 | 4 | 0 | 0 | 0 | 0 | Permanent | 08/06/2020 | Potential to fund more public funerals due to not being able to auction goods to recover funeral costs. |
| Port Health | Environmental & Port Health | 4 | 10 | tbc | 0 | 0 | 0 | tbc | 24/04/2020 | TBC for 2020/21 and 2021/22 - reduced analyst costs due to reduced income. Other costs shown include IT hardware and other miscellaneous office supplies. |
| Port Health | Environmental & Port Health | 0 | 20 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | Measure to ensure social distancing in the work environment. |
| Food Safety Contract staff | Environmental & Port Health | 0 | 19 | 0 | 0 | 0 | 0 | Permanent | 23/06/2020 | Food Safety Contractor. |
| Elections | Elections | tbc | tbc | 0 | 0 | 0 | 0 | Permanent | 02/04/2020 | Minor costs associated with cancelled elections. |
| Communications | Communications | tbc | tbc | 0 | 0 | 0 | 0 | Permanent | 02/04/2020 | Additional communication costs. |
| Staff Mileage Claims | Corporate | 0 | (150) | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimated saving due to reduced work travel by staff. £100k is approximately one third of actual cost for the year. |
| Staff Training & Conference Attendance | Corporate | 0 | tbc | tbc | 0 | 0 | 0 | tbc | 08/04/2020 | Potential for saving in 2020/21 or delayed to 2021/22. |
| IT costs - remote working | Corporate | 3 | 30 | 0 | 0 | 0 | 0 | Permanent | 15/05/2020 | IT hardware and software. |
| Corporate Costs (non-staffing) | Corporate | 0 | 50 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Measures to ensure social distancing in corporate building and other miscellaneous office supplies and equipment, hand sanitisers. This is an estimated figure. |
| Corporate Costs (additional staff costs) | Corporate | 0 | 27 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Estimate for overtime claims due to Covid-19 related work. |
| Unachievable savings/project delays | Corporate | 0 | 110 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | £110k for delays to projects (Lowestoft Flood Risk Project). |
| Test and Trace Local Outbreak Plans | Environmental & Port Health | 0 | 150 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Test and Trace for Local outbreak plans, £150k of Government funding received. Refer to the Funding table below. |
| Total Impact on Expenditure | | 43 | 1,428 | 0 | 0 | 0 | 0 | | | |

Impact on General Fund Direct Income

| General Fund - Income | | Change to budget (additional income) / loss of income | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|--|-----------------------------|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|---|
| | | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| Sales, Fees & Charges | | | | | | | | | | |
| Car Parking Income | Parking Services | 147 | 2,945 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Includes income for off street parking, resident parking and ECN's. This includes the actual budget variance April to June 2020 and a re-forecast of the remaining budget at 60% under budget for July 2020 to March 2021. |
| Beach Hut Income | Beah Huts | 0 | 0 | 0 | 0 | 0 | 0 | Permanent | 30/04/2020 | Assumed no refund of beach hut income. Annual income from beach huts is £700 to £800k. |
| Camping & Caravan Park Income | Camping & Caravans | 0 | 370 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | £250k touring camp site income plus £100k refunds. Static site rental income £110k. Allowed £90k of additional income for the re-opening for July to September 2020. |
| Harbour & Yacht Station Income | Harbour & Yacht Stations | 38 | 50 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Harbour Dues are still on budget, reduction for 'Day Moorings' and any leases of huts that do not get paid. |
| Building Control Income | Building Control | 29 | 155 | 0 | 0 | 0 | 0 | tbc | 03/07/2020 | This is the actual budget variance April to June 2020 and the remaining budget forecast at 25% under budget. |
| Planning Income | Planning | 149 | 884 | tbc | tbc | tbc | tbc | tbc | 03/07/2020 | Assumption of strict lockdown for April to June 2020. The economic position will dictate whether they will be submitted at all. Estimate loss of income has now been adjusted downwards for actual income in April, May and June 2020. The remaining forecast is unchanged as with the new planning rules there may be a change in fees in the summer budget. |
| CIL 5% Admin Fee | Planning | 0 | 179 | 0 | 0 | 0 | 0 | tbc | 03/07/2020 | Assumption of strict lockdown for April to June 2020. |
| Licensing Income | Licensing | 0 | 103 | tbc | 0 | 0 | 0 | tbc | 15/05/2020 | LGA and the Institute of Licensing guidance - no refunds on premise licence fees will be given. However, where there is non-payment of an annual fee, the Council will try to find out from the premises if this is as a direct result of Covid-19. If it is, then the suspension of the licence will be deferred. It is possible that licensees will not be paying their annual fee until the current situation is over. Premise licence fee income is approximately £12k per month - three months provided in estimates. Taxis licences - the LGA has confirmed there is a bit more flexibility as these fees are set locally. The Council is not offering refunds at the present time, but is instead offering a shorter licence period for those that are due for renewal. This means that there should not be a drop in income as eventually when this is over, the remaining part of the annual (or 3 yearly) licence will have to be paid. What isn't known, is how many drivers/vehicles may decide not to return at all. No estimate is currently provided for this. Amended to reflect latest assumptions about length of closure being 4 months for licensed premises. |
| Cemetery Income | Cemeteries | 0 | 118 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | The 20% fee increase for 2019/20 in the old WDC area will not now take place - sensitivity of the current situation. The income to date is 66% under budget and I have used that to reforecast the year. |
| Events Income | Economic Development | 0 | 12 | 0 | 0 | 0 | 0 | Permanent | 08/04/2020 | Reduction in income from rent of land for events. |
| Green Waste Income | Waste Collection | 0 | 407 | 394 | 0 | 0 | 0 | Permanent | 03/07/2020 | Total Annual budget £2.4m. Based on subscriptions 'rolled forward' for two months, collections being resumed 1st June 2020, assumed the same loss each financial year. |
| Environmental Protection Water Sampling | Environmental & Port Health | 0 | 8 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in water sampling due to not going out to site visits. |
| Environmental Licencing - Fixed Penalty Notices COVID-19 | Environmental & Port Health | 0 | tbc | tbc | | | | Permanent | 09/04/2020 | New income source under COVID-19. |
| Contaminated Land | Environmental & Port Health | 0 | 1 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in Environmental Information Requests coming in for Contaminated land. |
| Environmental Licencing - Animal Licencing | Environmental & Port Health | 0 | 1 | 0 | 0 | 0 | 0 | tbc | 09/04/2020 | There will be a delay in applications, existing licences may not renew depending how their businesses have been affected. |
| Food Safety - Food Hygiene Revisits | Environmental & Port Health | 0 | 3 | 0 | 0 | 0 | 0 | Permanent | 09/04/2020 | Reduction in income due to closure of Food places and no visits currently happening. |
| Food Safety - Food Hygiene Educational Courses | Environmental & Port Health | 0 | 2 | 2 | 2 | 2 | 2 | Permanent | 09/04/2020 | Reduction in income due to food hygiene courses being suspended for the foreseeable future - having people in a room on our premises goes against social distancing criteria and brings risk of infection, the demand for these has been reducing over time before COVID-19. |
| Skin Piercing Licences | Environmental & Port Health | 0 | 4 | 0 | 0 | 0 | 0 | tbc | 09/04/2020 | Tattoo and piercing parlours have been closed by The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020. We are likely to few applications to register whilst the closure is in place but some may be received ahead of the lifting of closures whenever this will be. There may be a surge in applications when the closures are lifted. |
| Other Income | | | | | | | | | | |
| Lease & Commercial Income | Miscellaneous Property | 0 | 191 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Rental/lease scheduling arrangements under review. This is still under review 03/07/2020 |
| Waste Recycling Credits - Green Waste | Waste Collection | 0 | 218 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Based on estimated tonnage of 7,273 @£30 per tonne |
| Waste Recycling Credits | Waste Collection | 0 | 373 | 0 | 0 | 0 | 0 | Permanent | 03/07/2020 | Assumption is a loss of 20% of the income for the year for dry recycled, based on 2019-20 tonnes of 17,029 @£54.76 20% reduction is £186.5k per annum for price and another £186.5k for volume (annual budget for Dry and garden recycling is £2.4m). Difficult to predict how this will be affected, but month on month the price has dropped 17.6%. Food waste could be larger than the post Christmas peak - as people have stock piled too many perishable goods. |
| Investment Income | Investment Income | 0 | 300 | 550 | 0 | 0 | 0 | Permanent | 31/03/2020 | Impact of decreasing interest rates will be felt in the later part of 20/21 and more so in 21/22, as deals secured in 19/20 come to an end during 20/21. Annual investment income budget is £800k. |
| Housing Benefits Overpayments Recovery | Revenues & Benefits | 0 | 333 | 333 | 0 | 0 | 0 | Permanent | 19/06/2020 | In-year recovery has not declined as much as initially anticipated. Estimate has ben revised down and will be continually monitored. |

Impact on General Fund Direct Income (Continued)

| General Fund - Income | | Change to budget (additional income) / loss of income | | | | | | Indicate if permanent impact to budget or a deferral to later | Date added or amended | Explanation |
|---|---------------------|---|------------------|------------------|------------------|------------------|------------------|---|-----------------------|--|
| | | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | | | |
| Other Income | | | | | | | | | | |
| Loss of Enforcement income via ARP | Revenues & Benefits | 0 | 626 | 0 | 0 | 0 | 0 | Permanent | 19/06/2020 | Assume 100% loss for the full year. Total enforcement income budget of the ARP partnership for 2020/21 is £1,586,425. ESC share is 39.48% for 2020/21. |
| New Burdens Funding | Revenues & Benefits | 0 | tbc | 0 | 0 | 0 | 0 | Permanent | 31/03/2020 | Government funding to compensate LA's for the additional costs associated with the administration of the Hardship funding and grants to businesses. It is expected for this funding to cover costs incurred by ARP and the Council. |
| Community Funding | Communities | 0 | (15) | 0 | 0 | 0 | 0 | Permanent | 27/05/2020 | Grant received for grants to be paid to local organisations, CAB and Foodbank to help with the COVID-19 crisis. |
| Chairman's Donation | | 0 | (1) | 0 | 0 | 0 | 0 | Permanent | 07/05/2020 | Chairman's donation to the hardship fund. |
| Council Tax Income - Tax Base Growth | | 0 | 0 | 150 | 150 | 150 | 150 | Permanent | 07/05/2020 | The current MTFs assumes growth in the tax base of 1% per annum. Assuming zero growth in the tax base for 2020/21 which would be reflected in the 2021/22 Council Tax income figures, results in £150k per annum loss of income. This assumes tax base growth for future years remains at 1%. |
| Council Tax Income - Increase in LCTRS working age reliefs. | | 0 | 0 | 1,821 | 1,000 | 500 | 0 | Permanent | 12/06/2020 | Nationally the Universal Credit(UC) caseload appears to have doubled so assume this will be reflected in a doubling of the LCTRS working age reliefs from September 2020, resulting in a tax base reduction of around 4.7% in total, with an East Suffolk share of around £0.7m. These impact in 2021/22 budget setting. It is also assumed that this September 2020 position continues in 2021/22 with an additional £1.1m full year loss of Council Tax income. This position is anticipated to begin to reduce in future years as the economic position improves. |
| Business Rates - Pooling Benefit | | 0 | 1,794 | 0 | 0 | 0 | 0 | Permanent | 12/06/2020 | Loss of Business Rates Pooling Benefit. |
| Total Impact on Income | | 363 | 9,061 | 3,250 | 1,152 | 652 | 152 | | | |
| Forecast Net Impact - General Fund | | 406 | 10,489 | 3,250 | 1,152 | 652 | 152 | | | |

Government funding received or due to be received in response to Covid-19

| Government Funding Received / Due | | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | Date added or amended | Explanation |
|--|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|---|
| COVID-19 Rough Sleepers Funding to claim | Homelessness | 0 | (10) | 0 | 0 | 0 | 0 | 31/03/2020 | Government funding to support rough sleepers or those at risk who need to self-isolate. The claim has been submitted this week. |
| COVID-19 Emergency Response Funding Received | Corporate | (122) | (2,489) | 0 | 0 | 0 | 0 | 15/05/2020 | Government funding to assist with dealing with the response to COVID-19. Two separate allocations, £122k and £2,489m. |
| New Burdens Funding | Corporate | 0 | (170) | 0 | 0 | 0 | 0 | 03/07/2020 | New Burdens Funding for Business Grant Scheme - Retail, Hospitality & Leisure Grants (Scheme 1 and 2). To provide funding towards the cost of administering the scheme 1 and 2 only. |
| Government Coronavirus funding package announcement 02/07/2020 | Corporate | 0 | (3,134) | 0 | 0 | 0 | 0 | 03/07/2020 | Total 2020/21 income budget for Sales, Fees & Charges is £21.27m. 5% of this is £1.064m. Total estimated loss of income from Sales, Fees & Charges is £5.242m. Potential funding is calculated at 75% of the estimated loss above the 5% threshold. Based on current projections this is estimated at £3.134m. This is a provisional figure based on interpretation of the initial Government announcement on 02/07/2020. |
| Test & Trace Funds | Environmental & Port Health | 0 | (150) | 0 | 0 | 0 | 0 | 03/07/2020 | Test & Trace Funds to support Local outbreak plans. |
| Total Government Funding Received / Due | | (122) | (5,953) | 0 | 0 | 0 | 0 | | |
| Covid-19 forecast cost and income pressures (Net of Government funding) | | 284 | 4,536 | 3,250 | 1,152 | 652 | 152 | | |