

EAST SUFFOLK COUNCIL

**MEDIUM TERM FINANCIAL STRATEGY
2019/20 – 2022/23**

NOVEMBER 2018 UPDATE

1 INTRODUCTION

- 1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This ensures Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year:
- October/November – as a framework for initial detailed budget discussions for the forthcoming financial year
 - January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build
 - February – with the final Budget for the new financial year.
- 1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Business Plan, over the medium term.
- 1.3 The vision of the East Suffolk Business Plan is to “Maintain and sustainably improve the quality of life for everybody growing up, living in, working in and visiting East Suffolk”. The MTFS underpins the **Efficiency Plan**, which outlines how the key Business Plan objective of Financial Self Sufficiency will be delivered.
- 1.4 The MTFS provides an integrated view of the Council's finances, recognising that the allocation and management of its human, financial and physical resources play a key role in delivering its priorities and ensuring that the Council works effectively with its partners locally, regionally and nationally.
- 1.5 The key underlying principles of the MTFS are:
- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
 - setting modest increases in Council Tax when appropriate; and
 - delivering service efficiencies and generating additional income where there are opportunities to do so.
- 1.6 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in Appendix B1.
- 1.7 This will be the first MTFS for East Suffolk Council, based on Suffolk Coastal and Waveney District Councils being dissolved on 31 March 2019 and the creation of East Suffolk from 1 April 2019. For the purposed of an opening MTFS position for East Suffolk, this is based on the combined MTFS position for Suffolk Coastal and Waveney as approved by the respective Councils in February 2018.

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

2 PUBLIC FINANCES

- 2.1 The Chancellor of the Exchequer presented the Government’s Autumn Budget to Parliament on 29 October 2018. The Autumn Budget provided a formal update on the state of the economy, respond to new economic and fiscal forecasts from the Office for Budget Responsibility (OBR) and set out fiscal measures for the following year. This budget was earlier than usual due to the need to clarify financial decisions before a final Brexit deal is reached with the European Union (EU).

3 ECONOMIC INDICATORS

- 3.1 The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances. The inflation rate impacts on the cost of services the Council purchases, as the Council delivers much of its service provision through contractual arrangements where inflationary pressures have to be negotiated and managed. Specific contractual inflation has been incorporated into the Council’s financial position, where appropriate, based on the actual contractual indices.
- 3.2 The economic outlook will depend significantly on the nature of the EU withdrawal.

Gross Domestic Product (GDP)

- 3.3 The Bank of England’s overall forecast for growth in Gross Domestic Product as outlined in its November 2018 Inflation Report, are shown below. Data for August released by the Office for National Statistics (ONS) reported growth at 0.7% for quarter 3 of 2018 and in annual terms the economy grew by 1.3%.

Bank of England - November 2018			
Gross Domestic Product (GDP) Forecasts			
2018	2019	2020	2021
1.50%	1.70%	1.70%	1.70%

- 3.4 In the Government’s Autumn Budget on the 29 October 2018, the latest Office for Budgetary Responsibility (OBR) forecasts GDP growth slightly below the Bank of England Forecasts. The OBR has not attempted to predict the precise outcome of negotiations with the European Union (EU). Instead it has made broad assumptions, which have not changed since the Autumn Statement 2016. The OBR forecasts are set out in the table below.

OBR - October 2018			
Gross Domestic Product (GDP) Forecasts			
2018	2019	2020	2021
1.30%	1.60%	1.40%	1.40%

Consumer Pricing Index (CPI)

- 3.5 Inflation as measured by CPI, was 2.4% for October 2018, unchanged from August. The Bank of England's latest forecast (as at November 2018) is set out below. The Bank of England target rate for inflation is 2%.

Bank of England - November 2018			
Consumer Pricing Index (CPI) Inflation Forecasts			
2018	2019	2020	2021
2.50%	2.10%	2.10%	2.00%

- 3.6 The OBR forecasts CPI inflation to be 2.6% in 2018 and then in the region of 2.0% for the remainder of the forecast period to 2021.

Bank Interest Rate

- 3.7 At its October 2018 meeting, the Bank of England Monetary Policy Committee voted unanimously to maintain the bank rate at 0.75%, and indicated that there could be a faster pace of interest rate increases if the UK manages a smooth exit from the European Union. It is widely expected that the next move in rates will most certainly not happen until 2019.

4 LOCAL GOVERNMENT FINANCE

Local Business Rates Retention

- 4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the Government's programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.
- 4.2 The following paragraphs provide some information on each of the Council's key funding sources.

Government Grant Funding and Four-year Settlements

- 4.3 The 2016/17 Settlement offered councils a four-year settlement, giving greater certainty of funding until the end of the spending period (2019/20). The offer included:
- Revenue Support Grant (RSG)
 - Business rates tariff and top-up payments
 - Rural Services Delivery Grant, and

- Transitional Grant

- 4.4 The Government's current intention is that the 2019/20 Settlement will confirm the final year of the multi-year settlement that has provided some certainty to councils for four years.
- 4.5 The 2019 Spending Review will confirm overall local government resourcing from 2020/21, and the Government is working towards significant reform in the local government finance system in 2020/21. This includes an updated, more robust and transparent distribution methodology to set baseline funding levels and resetting business rates baselines.
- 4.6 Prior to these reforms in 2020/21, the Government is committed to testing aspects of the new system and will be implementing a further round of Business Rates Retention pilots in 2019/20.
- 4.7 On 24 July 2018 the Ministry of Housing, Communities & Local Government (MHCLG) issued a technical consultation on the 2019/20 Local Government Finance Settlement. The consultation closed on 18 September 2018. The document set out the Government's proposed approach to the 2019/20 Settlement and outlined the following:
- The fourth year of the multi-year settlement
 - The Government's position on the New Homes Bonus threshold
 - The Government's proposal for Council Tax referendum principles for 2019/20
 - The Government's proposal for dealing with the issue of 'Negative Revenue Support Grant'
- 4.8 In April 2018 the former Secretary of State commissioned a review of the MHCLG oversight of the business rates system. On 24 October 2018 the report of an independent review of the governance and processes of the system was published. The terms of reference for the review were set out under five themes: complexity; governance and management; capacity and capability; openness; and culture. In general the review found that MHCLG and local authorities have managed the growing complexity of the system well, however noted that the Department's processes can be strengthened to ensure future challenges can be managed effectively.
- 4.9 In addition to focus on the MHCLG's own processes, the report also considered the overall approach to annual decisions on the local government finance system. The report recommended that the Provision Settlement should be released around 5 December and the Final Settlement no later than the 5 January. Having a clear settlement timetable in place will help ensure that local authorities can take a more planned approach. In light of this recommendation, the MHCLG has announced that it will aim to publish the Provisional Settlement for 2019/20 on Thursday 6 December 2018.

Revenue Support Grant (RSG)

- 4.10 RSG has been substantially reduced in recent years. The RSG for 2019/20 was confirmed in the Final Local Government Finance Settlement for 2018/19 (February 2018). Together with the Rural Services Delivery Grant it constituted the Government's four-year funding

settlement offer to councils. As mentioned in the introduction of this report, the opening MTFs for East Suffolk Council is a combination of the MTFs position for Suffolk Coastal and Waveney District Council's as at February 2018. This provides an opening RSG position for East Suffolk as follows:

Revenue Support Grant	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
East Suffolk	(10)	(10)	(10)	(10)

- 4.11 In 2019/20 Suffolk Coastal moved into a position of negative RSG, whereby this amount would need to be paid over to the Government from other income sources. This amounted to £313k. In contrast, Waveney would continue to receive RSG for 2019/20, £323k, hence giving a net RSG position for East Suffolk of £10k due to the Council.
- 4.12 The RSG position for East Suffolk is yet to be confirmed, i.e. whether the element of negative RSG will still apply. Also, the technical consultation in July 2018 outlined the Government's preferred approach to negative RSG, which is to eliminate it in full via forgone business rates receipts in 2019/20. The Government considers this approach to meet the key criteria of being both fair and affordable, plus the benefit of being simple and direct. Not resolving Negative RSG in its entirety would mean the Government failing to meet its commitment not to adjust tariffs and top-ups and undermine the incentive for local government to invest in local growth. Further updates will be released in the Provision Financial Settlement 2019/20.

Business Rates – Business Rates Retention Proposals and Pilots

- 4.13 In its 2015 Spending Review, the Government announced proposals for Councils to retain all locally raised business rates by the end of the decade, and to end the distribution of core grant from central Government. This was planned to begin in 2019/20, but has been subject to delay, following the snap 2017 General Election and the subsequent fall of the Local Government Finance Bill 2016/17. However, the Government continues to be committed to give local government greater control over the money it raises and to address concerns about the fairness of current funding distributions.
- 4.14 To complement these changes the Government announced 'fair funding review' in February 2016. The Fair Funding review will affect how funding is allocated and redistributed between local authorities from 2020. How this will be done is the subject of further consultation between now and mid-2019. The Government is continuing to work with the Local Government Association (LGA) and local authority representatives to develop the new system. Indicative numbers for funding allocations to individual councils are expected to be available by spring-summer 2019, and the review is to be implemented in April 2020 via the Local Government Finance Settlement process.
- 4.15 In December 2017, the Government announced proposals for the proportion of business rates income to be retained by the local authority sector to be increased from the current 50% to 75% from April 2020, a development which does not require primary legislation, unlike the move to 100% local retention.

- 4.16 The new system of 75% rate retention will consist of a 'reset', which will involve assigning a new baseline funding level and subsequent new tariff or top-up values. Reset of the system and the establishment of new funding formulae could result in East Suffolk losing the financial advantage that it has under the current system - Suffolk Coastal has benefited from actual business rates income being significantly above the baseline, which was set at a low level in 2013/14.
- 4.17 General grants, e.g. RSG and the Rural Services Delivery Grant, will be few and far between after 2020, because the proportion of local business rate retention will rise. It is not yet clear whether any of these grants will be abolished when 75% retention is introduced. Local authorities have expressed the view that the additional revenue available with 75% retention should be available to meet existing spending pressures, instead of being matched with new responsibilities or being offset by the removal of grant funding. The sector will not initially, at least, have more funding. Over the longer term that will depend on whether business rates grow faster or slower than local authority service demands and costs.
- 4.18 In 2017/18 local authorities in England were invited to bid to pilot 100% Business Rates Retention scheme in 2018/19 and to pioneer new pooling and tier-split models. Suffolk was one of ten successful bids with its "Inclusive Growth" focus. The Suffolk Pilot is expected to result in over £30m of retained business rate income for Suffolk. This is £10.5m more retained income than the previous 50%, with East Suffolk's share in the region of £3.6m.
- 4.19 In July of this year, the Government invited local authorities in England to apply for a 75% business rates retention pilot scheme for 2019/20. In order for the Government to test its proposals for a reformed business rates system, the successful pilot authorities will again be expected to forego RSG and Rural Services Delivery Grant. The ten pilot authorities in 2018/19 are also invited to apply. Suffolk has submitted an application for the 2019/20 pilot based on the same principals as set out in the 100% pilot, which were to split the gain based on local population and local growth. Suffolk County Council have once again agreed that Districts can spend their 20% share on growth initiatives which benefit them also. The focus this time will be on sustainable public finances rather than simply economic growth. This would enable the additional growth in business rates to be targeted to reduce demand on public services and prevention/early help in the most relevant way to meet local need. For example, additional specialist housing provision for adults with learning disabilities, investing in planning skills to unlock housing developments and investing in business intelligence skills to improve evidence based decision making and targeting resources. The closing date for applications was 25 September and successful bids are expected to be announced before or at the time of the provision Local Government Financial Settlement in early December.

Business Rates

- 4.20 Since 2013/14, business rates income has tended to be characterised by a high degree of volatility and uncertainty. Variances between estimated and actual business rate income are realised in the form of deficits or surpluses on the business rates element of the Collection Fund. For each year, the amount of business rates income credited to the General Fund is the amount estimated on the National Non Domestic Rate (NNDR1) return to Government submitted in January in the preceding year, including a calculation of the estimated Collection Fund deficit or surplus to be charged to the General Fund. As a result,

in practice, variances between business rates estimates and actual figures are reflected as an element of the Collection Fund deficit or surplus two years after they take place.

- 4.21 The impact of appeals by businesses against their rating valuations has been the main cause of this volatility in recent years, particularly where the financial impact of these has been backdated. Since April 2017, there has been a new regime for appeals entitled “Check, Challenge, Appeal”. This change has been introduced at the same time as the 2017 Revaluation has come into effect. As a result, there is currently very little data available on which to base the estimation of the provisions that are required to be made in respect of the potential financial impact of appeals. However, there is a possibility that the ultimate financial impacts of appeals on local authority finances may be less than under the previous regime.
- 4.22 In the Autumn Budget on 29 October the Chancellor announced Business Rates will be cut by one-third for retailers in England with a rateable value below £51k, which will benefit up to 90% of retail properties for two years from April 2019, subject to state aid limits. The Chancellor also announced 100% business rate relief for all public conveniences from 2020/21. It was stated in the Budget that local authorities will be fully compensated for the loss of income as a result of these measures.
- 4.23 *Second Properties* - The Autumn Budget did make reference to second properties, to ensure that they are subject to the appropriate tax. The Government has now released a consultation on the Business Rates treatment of self catering accommodation. This consultation runs until 15 January 2019.
- 4.24 **Suffolk Pool** - In order to reduce the amounts paid to Government in levy, in 2012, all Suffolk Councils agreed to enter a pooling arrangement which would allow them to retain a larger proportion of their share of growth by reducing their individual rate of levy. The estimated Pooling benefit for 2019/20 is dependent on all of the NNDR1 returns being prepared by the Suffolk Councils and then collated by Suffolk County Council in January.
- 4.25 Business Rate movements and assumptions will be updated in the MTFS over the coming months as the uncertainties referred to above begin to be clarified. Key dates in respect of this will be the Provisional Local Government Finance Settlement in December and the production of the NNDR1 return for 2019/20 in January.
- 4.26 The MTFS currently includes the following estimates for Business Rates income for East Suffolk. These figures will be updated as per paragraph 4.20 above.

Business Rates Income	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
East Suffolk	(6,794)	(6,993)	(6,993)	(6,993)

Council Tax

- 4.27 Council Tax is one of the Council’s most important and stable income streams, funding over 50% of the net budget requirement of the Council. In the Technical Consultation for the 2019/20 Local Government Finance Settlement, the Government has proposed that the Council Tax increase referendum limits continue as at present, i.e. shire districts in two-tier

areas will be able to increase Council Tax by a maximum of £5 or 3%, whichever is the higher. An increase of 3% for East Suffolk, equates to an increase of around £4.86 (the current District Band D Council Tax is £162.27). An increase of £4.95 would therefore be higher than a 3% increase and would provide a Band D Council Tax for East Suffolk of £167.22 for 2019/20. The Provisional Settlement in early December will detail any change to the proposed referendum limits.

- 4.28 The Government intends to defer the setting of referendum principles to Town and Parish Councils and will continue to review this area. In 2018/19 the average Band D parish precept increased by 4.9% (£3.02), compared to 6.3% (£3.63) in 2017/18. It was the lowest year-on-year increase since 2015/16 and the Government encourages parish councils to continue this downward trend.
- 4.29 **Council Tax Base** - As per the CTB1 forms submitted to Government on 12 October 2018, growth in the tax base for East Suffolk is 1.34%, 1,161.96 Band D equivalent properties. This means the overall tax base for East Suffolk has increased from 85,593.18 to 86,755.14 Band D equivalents for 2019/20. This equates to around £188k of additional Council Tax income to the Council based on the current District Band D Council Tax of £162.27.
- 4.30 **District Band D Council Tax 2019/20** – An increase of £4.95 for 2019/20 would equate to a District Band D Council Tax for East Suffolk of £167.22. For 2018/19 Suffolk Coastal and Waveney, the District Band D Council Tax is already aligned at £162.27. An increase of £4.95 will generate £429k of income for East Suffolk in 2019/20. The overall Council Tax income for East Suffolk for 2019/20 based on a Band D equivalent of £167.22 is £14.507m.
- 4.31 The table below provides Council Tax income estimates to be included in the latest update of the MTFS for East Suffolk, based on the above data. This provides in the region of £55k per annum of additional Council Tax income to the original MTFS assumptions for East Suffolk.

Council Tax Income	2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000
Council Tax Base	(13,890)	(14,507)	(15,089)	(15,697)
Growth in Tax Base (1.34% in 2019/20)	(188)	(145)	(151)	(157)
Council Tax Increase (£167.22 in 2019/20)	(429)	(437)	(457)	(469)
Total Council Tax Income	(14,507)	(15,089)	(15,697)	(16,323)
Revision to ESC Budget	(56)	(54)	(55)	(57)

**Assumptions from 2020/21: Growth in the tax base of 1% and Council Tax increases of 3% or £5, which ever is the higher.*

- 4.32 **The Council Tax Collection Fund** – The Collection Fund is monitored closely throughout the financial year. An estimate for any surplus or deficit generated from the Collection Fund in 2018/19 will be included in the budget for 2019/20. This figure is yet to be determined.

New Homes Bonus (NHB)

- 4.33 The Government established the New Homes Bonus in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. Over £7 billion has been allocated to local authorities through the scheme to reward additional housing supply.
- 4.34 NHB is funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the New Homes Bonus is to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.
- 4.35 The NHB allocations for 2017/18 (Year 7) reflected a previous Government consultation which had the objectives of diverting at least £800m of funding to Social Care (the Better Care Fund), and of sharpening the incentives for authorities. Although the Bonus has been successful in encouraging authorities to welcome housing growth, it has not rewarded those authorities who are the most open to growth, and in December 2016 the Government announced reforms to the system. The key features in the new NHB allocations included:
- The allocation period being reduced from 6 to 4 years in 2018/19, with 2017/18 as a transition year with a 5 year allocation; and
 - The introduction of a national baseline for housing growth was set at 0.4% of Council Tax base growth (weighted by band) for 2017/18 and remained at this level for 2018/19. The purpose of the baseline is to remove “deadweight” growth that would occur normally without active delivery by councils – councils will only receive NHB for new properties above this level.
- 4.36 The Government has retained the option to review and make adjustment to the baseline in future years to reflect significant housing growth and to remain within the spending limits set at the Spending Review 2015.
- 4.37 **NHB Baseline 2019/20** - In the July Technical Consultation on the 2019/20 Local Government Finance Settlement, the Government stated that any change to the baseline for 2019/20 will be detailed in the Provisional Settlement in December. This will follow a review of the Council Tax Base returns submitted to Government (CTB1) in October 2018.
- 4.38 **NHB Estimated Allocation 2019/20** - The Council Tax Base return to Government (CTB1) provides the basis for calculating the NHB allocation each year. The table below provides an updated forecast for NHB for East Suffolk based on the existing methodology for 2019/20, i.e. baseline of 0.4%. As highlighted in 4.35 this is subject to change.

NHB 2019/20 Allocation (estimate)	2019/20
Baseline 0.4% (no. of properties)	417
Average Band D 2018/19 (per property)	£1,671
Baseline Value	696,807
Growth @ 0.7% (no. of properties)	729
NHB Allocation for 2019/20	£1,218,159
Less Baseline (£696,807)	£521,352
East Suffolk - 80%	£417,082

- 4.39 The above table shows growth of 0.7%, slightly down from 2018/19 (growth of 0.77%). In addition to the above, the Council also receives payment for each affordable home completed (80% of £350 per property). For the 2019/20 NHB allocation the total payment due to the Council is £92.4k (330 properties). Assuming this level of growth was to continue over the MTFS period and the NHB baseline remained unchanged, the table below illustrates the impact this would have on the opening MTFS position for East Suffolk.

NHB	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
February 2018	(2,431)	(2,209)	(2,192)	(2,192)
Estimate - November 2018	(2,392)	(2,133)	(2,077)	(2,039)
Reduction in NHB (Estimate)	39	76	115	153

- 4.40 Prior to 2019/20 the approach to the income from NHB differs between Suffolk Coastal and Waveney. Suffolk Coastal has used NHB to support specific community related projects and initiatives, whereas Waveney has used the income as part of its core funding to support the General Fund budget. With inconsistent treatment between the two Councils it was necessary to agree a way forward for East Suffolk. The application of NHB income has been considered by the relevant Member Working Groups for the East Suffolk project and it has been agreed that a modified version of the Suffolk Coastal approach be adopted for East Suffolk. This approach for East Suffolk will provide an expansion to supporting community initiatives across East Suffolk but will need to be balanced against the overriding need to retain financial sustainability. The specific details for allocating the NHB income for East Suffolk is yet to be finalised.
- 4.41 **NHB baseline 2020 Onwards** – As 2019/20 represents the final year of funding agreed through the 2015 Spending Review, the Government’s intention is to consider how to effectively incentivise housing growth, e.g. rewarding delivery or incentivising plans that meet or exceed local housing need.

5 MEDIUM TERM FINANCIAL POSITION

MTFS Forecasts 2019/20 to 2022/23

East Suffolk MTFS Opening Position

- 5.1 The opening MTFS position for East Suffolk is the combined position of Suffolk Coastal and Waveney as approved by Full Council at each authority in February 2018. This is summarised in the table below.

Budget Gap (February 2018)	2019/20 £'000	2020/21 £'000	2021/22 £'000
Suffolk Coastal	1,317	1,268	1,325
Waveney	2,275	2,665	2,589
East Suffolk	3,592	3,933	3,914

- 5.2 Appendix B2a to B2c provides a more detailed summary of the February 2018 budgets for Suffolk Coastal and Waveney then a combined budget for East Suffolk.

East Suffolk MTFS Updates - November 2018

- 5.3 The Finance team works with Services Areas to review their budget requirements and budget monitoring is an ongoing process between Finance, Service Areas and the Corporate Management Team. This work leads to continual updating of the MTFS for East Suffolk. A summary analysis of the key movements to date is provided in the following table.

MTFS Updates - Nov 18	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Net Budget:				
Additional Income	(1,352)	(1,350)	(1,350)	(1,350)
Operational Savings	(780)	(779)	(779)	(779)
Operational Requirements	1,623	1,542	1,537	1,532
Reduced Income	219	181	180	180
Funding:				
Council Tax Income	(56)	(54)	(55)	(57)
Net Total of Updates	(346)	(460)	(467)	(474)

- 5.4 The table below outlines the updates to the East Suffolk MTFS forecasts since February 2018 until November 2018. These forecasts have been updated in respect of:

- Ongoing budget review of service areas
- 2% pay award from 2020/21 onwards (a change from a 1% assumption)
- Alignment of Pension Backfunding for East Suffolk (see section 5.10)
- Council Tax Income calculation for 2019/20

MTFS Forecast - East Suffolk	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
February 2018	3,592	3,933	3,914	
October 2018	4,172	4,402	4,381	4,379
November 2018	3,246	3,472	3,446	3,439

5.5 The above MTFS latest position period as at November 2018 represents a base MTFS position giving the underlying budget gaps for East Suffolk - the reported budget gaps in the above table do not yet include;

- Incentivised external income due to the high degree of uncertainty
- Updates to NHB methodology from 2019/20
- Revision of business rates income estimates for 2019/20 onwards
- The possible implementation of 75% Business Rates Retention from 2020/21; and
- Any other actions or use of balances to address the currently forecast budget gap.

Budget Planning Assumptions

5.6 **Goods & Services** - The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. This will be kept under review to ensure this planning assumption remains adequate. This does not impact on inflation for specific contracts where the budget planning assumptions reflect specific contract increases.

5.7 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.

5.8 **Fees and Charges** are based on the Council's agreed principles of increasing existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum, fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate. Proposed fees and charges will be agreed by the Shadow Cabinet in December 2018.

5.9 **Public Sector Pay** – In December 2017 the National Employers made a final pay offer covering the period 1 April 2018 to March 2020, which included a 2% increase in 2018/19 and 2019/20. The opening MTFS position for East Suffolk had assumed a 2% increase in pay for 2019/20 followed by 1% per annum thereafter. After a number of years of pay restraint on public sector pay there appears to be indications of some relaxation of this. The MTFS is therefore updated with a pay award assumption of 2% per annum from 2020/21 onwards. This increase in pay equates to approximately £200k per annum. In addition to pay increases, pay costs include incremental progression and on-costs such as employer national insurance and pension contributions.

5.10 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31st March 2016. To ensure the

Council stays in line with the policy of aiming to have its share of the pension fund fully funded within the next 20 years, the employers pension contribution rate for 2017/18, 2018/19 and 2019/20 was increased for Suffolk Coastal and Waveney to 22.7% and 22.9% respectively. Given that the rates are different for the two Councils, a new joint rate is required for East Suffolk. This has been confirmed as 22.8% for 2019/20 for East Suffolk. The rate from 1 April 2020 will be determined by the 2019 Actuarial Valuation. At the same time of adjusting for a joint rate for East Suffolk, the annual pension back funding amount for the Council will be revised in 2019/20 to £3m. This is an increase of £320k to the General Fund (£400k less £80k for the HRA share) on the opening MTFS assumption and has been included in the November update for the MTFS.

5.11 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year's outturn position.

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

Budget Area	Assumption
Inflation	
<i>Goods & Services</i>	Met within existing budgets (exception is contract)
<i>Utilities</i>	3.6% RPI (utilities) August 2018
Fees & Charges	3.4% RPI June 2018
Staffing Costs	2% per annum plus incremental progression
In-Year Vacancy Saving	£400k per annum
Investment Income	0.62% Term Investments (average) 0.4% Call Accounts 4.27% Property Fund
Interest Payable	0.5% every 6 months

5.13 **Other Pressures** – Ranging from increased demand for services or changes in national policy, the Council's MTFS will be adjusted to reflect the financial implications of these changes. The budget monitoring work is ongoing with the Finance Team working with service areas to review their budget requirements. This work will continue to update the MTFS over the coming weeks.

6 RESERVES AND BALANCES

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

- a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
- b) deal promptly and efficiently with emergencies if they occur, as this year;
- c) take previously unseen opportunities to secure benefits that may arise during the year;

- d) mitigate reliance on volatile sources of funding;
- e) set money aside for known events but where the timing or precise amount required is not yet certain; and
- f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.

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

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

General Fund Balance and Earmarked Reserves

6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to also release reserves which are no longer required, thereby becoming a one-off resource for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure (in the region of £120m for East Suffolk). This would equate to maintaining a General Fund balance for East Suffolk, in the region of between £4.0m and £6.0m. As at 1 April 2018, the combined General Fund balance of Suffolk Coastal and Waveney stood at £8.0m (£4.0m at each authority).

6.5 Subject to no further use of the General Fund balanced, there is the potential for £2.0m to be released from the General Fund balance for East Suffolk and to be re-allocated for use as deemed appropriate. This would be evaluated against an assessment of risk, to ensure financial sustainability for the Council is maintained, whilst supporting the strategy direction and ambitions of the new East Suffolk Council.

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

6.7 The current projected position on Reserves and Balances for East Suffolk is summarised in the following table. The projected totals are the combined balances for Suffolk Coastal and Waveney, as reported in the Budget Reports in February 2018 and are yet to be updated.

Reserve	Projected April 2019 £'000	Projected April 2020 £'000	Projected April 2021 £'000	Projected April 2022 £'000
General	8,000	8,000	8,000	8,000
Earmarked	15,838	16,433	17,280	18,214
Port Health	5,365	5,961	6,554	7,102
Business Rates	21,927	21,927	21,927	21,927
Capital	802	455	272	265

7 CAPITAL PROGRAMME STRATEGY

7.1 Capital planning is about financial investment on the purchase of new assets, the creation of new assets and enhancing and/or extending the useful life of existing assets. The Council's approach is being enhanced with the aim of achieving the optimum balance between the future needs of East Suffolk (including the need to drive growth) and the ongoing challenge of public sector austerity. Key principles include:

- Developing asset and capital strategies that facilitate a long-term approach to decision-making;
- Ensuring that assets are only held as needed to achieve Council objectives;
- Maximising efficiency in the management and use of assets;
- Ensuring that pressure to achieve short-term savings does not compromise the value of assets through lack of investment; and
- Ensuring that capital investment is targeted where it will achieve the greatest long-term benefit.

7.2 Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a major priority. Most notably, an updated (and more detailed) Asset Strategy is being developed that will feature:

- Good (and comprehensive) information on existing assets;
- An optimal asset base for the efficient delivery of Council objectives;
- The gap between existing assets and optimal assets;
- Strategies for purchasing and constructing new assets, investment in existing assets, transferring assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

7.3 The new Asset Strategy will also be shaped by the priorities of the newly elected Council in May 2019, forming the cornerstone of the future Capital Programme. For the purposes of setting the budget for 2019/20 and medium-term financial planning, the current rolling Capital Programme will be updated to reflect the existing projects transferring from Suffolk Coastal and Waveney, and the latest capital investments plans for the period 2019/20 to 2022/23.

- 7.4 The Capital Programme including both General Fund and HRA elements is subject to the scrutiny process and formally adopted by full Council each year and the decision to accept individual projects onto the Programme is driven by the overriding requirement to support the priorities communicated in the East Suffolk Business Plan.
- 7.5 As well as adequately maintaining the asset base, a range of other important factors also have to be considered, especially when deciding upon the allocation of General Fund resources. Notably:
- Legislation – the need for capital investment due to changes in legislation, including those with health and safety implications, is given due priority; and
 - Resource Availability – the sustainability of the Capital Programme is a primary consideration and integral to the MTFS.
- 7.6 Where required, capital projects are supported by a detailed business case, which demonstrates a set of clear objectives and measurable benefits, as well as detailed financial implications. This includes the on-going revenue implications of a capital project, to ensure these are built into the MTFS revenue assumptions.
- 7.7 Major capital projects are delivered by dedicated project managers, with leadership and oversight provided by the Senior Management Team.

EAST SUFFOLK MEDIUM TERM FINANCIAL STRATEGY - KEY PRINCIPLES

1 PRIORITIES, AIMS AND OBJECTIVES

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

2 STRATEGY OBJECTIVES

2.1 The Council's MTFS aims to ensure the provision of the best quality services possible within the resources available. To do so it must maximise the use of its resources to ensure they are used efficiently and effectively to support the development of longer term sustainable objectives.

2.2 The specific objectives of the MTFS are to:

- a) ensure that the Council sets a balanced, sustainable budget year by year, so that forecast spending does not exceed forecast resources available to it;
- b) plan for a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to ensure that it has the financial capacity to deliver the Council's policies and objectives;
- c) redirect resources over time to adequately support and resource the priorities of the both the Council and the wider community; and
- d) maintain sufficient reserves and balances to ensure that the Council's long term financial health remains sound.

3 STRATEGY PRINCIPLES

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

General

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

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

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

General Fund (Revenue)

3.2 In relation to its revenue budgets the Council will:

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

Capital

3.3 When considering its capital investment the Council will:

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

Balances and Reserves

3.4 In relation to its balances and earmarked reserves, the Council will:

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

Treasury Management and Investment

3.5 The Council will:

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

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

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

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

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p style="text-align: center;">Strategic Risks</p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council’s budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Government is continuously reducing its departmental spending budget. Failure to respond to these funding pressures may adversely impact on the Council’s ability to service delivery.</p> <p>Budget pressures arising from housing and economic growth and other demographic changes.</p>	<p style="text-align: center;">L</p> <p style="text-align: center;">L</p> <p style="text-align: center;">M</p> <p style="text-align: center;">H</p>	<p style="text-align: center;">H</p> <p style="text-align: center;">H</p> <p style="text-align: center;">H</p> <p style="text-align: center;">H</p>	<p>Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.</p> <p>Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.</p> <p>Take advantage of the Council’s growth opportunities to reduce dependency on government funding. Align service delivery to funding levels, improve exist strategy to minimise risk.</p> <p>Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.</p>

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
Financial			
Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. Brexit, business rates and New Homes Bonus.	H	H	Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.
Uncertainty surrounding the Government's change agenda including, business rates and welfare reform over the medium term.	H	H	Constantly monitor information from Government and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Lobby through the LGA as appropriate.
Budget pressures from demand led services and income variances reflecting the wider economy.	M	M	Monitor pressures throughout the budget process and take timely actions.
Costs arising from the triennial review of the Local Government Pension Scheme.	H	M	Review and monitor information from Government and actuaries. Update forecasts as necessary.
Interest rate exposure on investments and borrowing.	L	L	Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.
Information			
The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.	L	M	Key assumptions made are regularly reviewed from a variety of sources. Forecasts are updated as necessary.

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p style="text-align: center;">Operational</p> <p>The Council has entered into a number of strategic partnerships and contracts and is therefore susceptible to price changes.</p> <p>There is a potential risk to the Council if there is a financial failure of an external organisation, providing services to the public on behalf of the Council.</p> <p style="text-align: center;">People</p> <p>Loss of key skills, resources and expertise.</p> <p style="text-align: center;">Regulatory</p> <p>Changes of responsibility from Government can adversely impact on service priorities and objectives.</p> <p style="text-align: center;">Reputation</p> <p>Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	<p style="text-align: center;">M</p> <p style="text-align: center;">L</p> <p style="text-align: center;">M</p> <p style="text-align: center;">L</p> <p style="text-align: center;">L</p>	<p style="text-align: center;">H</p> <p style="text-align: center;">H</p> <p style="text-align: center;">L</p> <p style="text-align: center;">L</p> <p style="text-align: center;">H</p>	<p>Effective negotiation, sound governance arrangements and regular reviews of performance and partnership risks.</p> <p>Ensure rigorous financial evaluations are carried out at tender stage. Consideration of processes to ensure annual review of the successful organisation, and review any external auditor comments.</p> <p>Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied.</p> <p>Sound system of service and financial planning in place. Lobby as appropriate.</p> <p>Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.</p>

East Suffolk Council MTFS Summary - February 2018

	MTFS 2019/20 £	MTFS 2020/21 £	MTFS 2021/22 £	* MTFS 2022/23 £
Customer Services	1,841,900	1,863,600	1,884,900	1,884,900
Communities	982,300	961,900	964,900	964,900
Economic Development & Regeneration	1,478,200	1,414,500	1,159,500	1,159,500
Environmental Services and Port Health	255,300	306,400	353,700	353,700
Financial Services, Corporate Performance and Risk Management	4,724,200	4,553,600	4,798,200	4,798,200
Housing Operations and Landlord Services	1,459,000	1,494,200	1,519,400	1,519,400
ICT Services	2,336,600	2,339,900	2,358,800	2,358,800
Internal Audit	534,400	544,400	554,700	554,700
Legal & Democratic Service	2,168,000	2,046,000	2,103,800	2,103,800
Operations	7,320,700	7,614,000	7,890,400	7,890,400
Planning & Coastal Management	2,067,300	2,139,900	2,203,700	2,203,700
Revenue and Benefits	1,728,700	1,853,700	1,881,800	1,881,800
Senior and Corporate Management	1,738,700	1,754,200	1,770,300	1,770,300
Net Cost of Service	28,635,300	28,886,300	29,444,100	29,444,100
Non-Cost of Service Expenditure Adjustments				
Direct Revenue Financing (DRF)	1,273,000	1,131,000	955,000	955,000
Revenue provision for the repayment of debt (MRP)	830,100	1,055,300	1,081,600	1,081,600
Recharges to the Housing Revenue Account (HRA)	(2,049,500)	(2,049,700)	(2,049,800)	(2,049,800)
Other Accounting Adjustments	34,500	34,500	34,500	34,500
Other Operating Expenditure				
Town & Parish Precepts	5,688,900	5,688,900	5,688,900	5,688,900
Levies	124,900	124,900	124,900	124,900
Financing and Investment Income and Expenditure				
Interest Payable	463,000	488,000	488,000	488,000
Interest Receivable	(340,000)	(340,000)	(340,000)	(340,000)
HRA Share of Interest Payable & Receivable	(146,800)	(165,100)	(239,300)	(239,300)
Investment Property Income & Expenditure	(233,000)	(233,000)	(233,000)	(233,000)
Other Financing Charges	517,300	517,300	517,300	517,300
Non-Specific Grant Income				
New Homes Bonus	(2,430,500)	(2,208,600)	(2,191,700)	(2,191,700)
S31 Grant	(2,462,000)	(2,536,000)	(2,536,000)	(2,536,000)
Capital Grants	(50,000)	0	0	0
Net Budget Expenditure before Reserve Movements	29,855,200	30,393,800	30,744,500	30,744,500
Net Movements on Reserves				
Revenue Earmarked Reserves	(46,600)	318,500	554,800	554,800
Capital Reserves	926,000	948,000	948,000	948,000
Net Budget Expenditure After Reserve Movements	30,734,600	31,660,300	32,247,300	32,247,300
Financed By:				
Council Tax Income (District Council)	(14,451,000)	(15,036,000)	(15,642,000)	(15,642,000)
Council Tax Income (Town & Parish Precepts)	(5,688,900)	(5,688,900)	(5,688,900)	(5,688,900)
Business Rates Income	(6,794,000)	(6,993,000)	(6,993,000)	(6,993,000)
Revenue Support Grant	(9,500)	(9,500)	(9,500)	(9,500)
Rural Services Delivery Grant	(199,000)	0	0	0
Total Financing	(27,142,400)	(27,727,400)	(28,333,400)	(28,333,400)
Budget Shortfall / (Surplus) - February 2018 Budget Report to 2021/22	3,592,200	3,932,900	3,913,900	3,913,900

Note

* - the figures for the MTFS 2022/23 were not reported as part of the February 2018 Budget Report but are included for the purpose of this report as a roll forward of the 2021/22 Budget

Suffolk Coastal District Council MTFs Summary - February 2018

	MTFS 2019/20	MTFS 2020/21	MTFS 2021/22	* MTFS 2021/23
	£	£	£	£
Customer Services	486,600	494,800	513,200	513,200
Communities	658,200	635,700	636,400	636,400
Economic Development & Regeneration	702,900	684,000	583,200	583,200
Environmental Services and Port Health	(488,800)	(447,500)	(410,800)	(410,800)
Financial Services, Corporate Performance and Risk Management	2,195,500	2,088,700	2,217,000	2,217,000
Housing Operations and Landlord Services	721,800	740,200	746,600	746,600
ICT Services	1,330,900	1,341,900	1,348,000	1,348,000
Internal Audit	309,400	308,100	308,400	308,400
Legal & Democratic Service	1,088,500	1,039,300	1,052,000	1,052,000
Operations	4,704,800	4,831,900	4,979,200	4,979,200
Planning & Coastal Management	760,900	802,700	837,400	837,400
Revenue and Benefits	690,200	746,600	759,100	759,100
Senior and Corporate Management	1,136,500	1,146,400	1,156,800	1,156,800
Net Cost of Service	14,297,400	14,412,800	14,726,500	14,726,500
Non-Cost of Service Expenditure Adjustments				
Direct Revenue Financing (DRF)	543,000	401,000	400,000	400,000
Other Operating Expenditure				
Town & Parish Precepts	3,129,500	3,129,500	3,129,500	3,129,500
Levies	100,000	100,000	100,000	100,000
Financing and Investment Income and Expenditure				
Interest Payable on Commuted Sums	8,000	8,000	8,000	8,000
Interest Receivable	(200,000)	(200,000)	(200,000)	(200,000)
Non-Specific Grant Income				
New Homes Bonus	(2,039,700)	(1,902,800)	(1,858,500)	(1,858,500)
S31 Grant	(1,360,000)	(1,401,000)	(1,401,000)	(1,401,000)
Capital Grants Unapplied	(50,000)	0	0	0
Net Budget Expenditure before Reserve Movements	14,428,200	14,547,500	14,904,500	14,904,500
Net Movements on Reserves				
Revenue Earmarked Reserves	969,400	1,049,700	1,119,400	1,119,400
Capital Reserves	330,000	330,000	330,000	330,000
Net Budget Expenditure After Reserve Movements	15,727,600	15,927,200	16,353,900	16,353,900
Financed By:				
Council Tax Income (District)	(8,357,000)	(8,713,000)	(9,082,000)	(9,082,000)
Council Tax Income (Town & Parish Precept)	(3,129,500)	(3,129,500)	(3,129,500)	(3,129,500)
Business Rates Income	(3,038,000)	(3,130,000)	(3,130,000)	(3,130,000)
Revenue Support Grant	313,000	313,000	313,000	313,000
Rural Services Delivery Grant	(199,000)	0	0	0
Total Financing	(14,410,500)	(14,659,500)	(15,028,500)	(15,028,500)
Budget Shortfall / (Surplus) - February 2018 Budget Report to 2021/22	1,317,100	1,267,700	1,325,400	1,325,400

Note

* - the figures for the MTFs 2022/23 were not reported as part of the February 2018 Budget Report but are included for the purpose of this report as a roll forward of the 2021/22 Budget

Waveney District Council MTFS Summary - February 2018

	MTFS 2019/20	MTFS 2020/21	MTFS 2021/22	* MTFS 2022/23
	£	£	£	£
Customer Services	1,355,300	1,368,800	1,371,700	1,371,700
Communities	324,100	326,200	328,500	328,500
Economic Development & Regeneration	775,300	730,500	576,300	576,300
Environmental Services and Port Health	744,100	753,900	764,500	764,500
Financial Services, Corporate Performance and Risk Management	2,528,700	2,464,900	2,581,200	2,581,200
Housing Operations and Landlord Services	737,200	754,000	772,800	772,800
ICT Services	1,005,700	998,000	1,010,800	1,010,800
Internal Audit	225,000	236,300	246,300	246,300
Legal & Democratic Service	1,079,500	1,006,700	1,051,800	1,051,800
Operations	2,615,900	2,782,100	2,911,200	2,911,200
Planning & Coastal Management	1,306,400	1,337,200	1,366,300	1,366,300
Revenue and Benefits	1,038,500	1,107,100	1,122,700	1,122,700
Senior and Corporate Management	602,200	607,800	613,500	613,500
Net Cost of Service	14,337,900	14,473,500	14,717,600	14,717,600
Non-Cost of Service Expenditure Adjustments				
Direct Revenue Financing (DRF)	730,000	730,000	555,000	555,000
Revenue Provision for the Repayment of Debt (MRP)	830,100	1,055,300	1,081,600	1,081,600
Recharges to the Housing Revenue Account (HRA)	(2,049,500)	(2,049,700)	(2,049,800)	(2,049,800)
Other Accounting Adjustments	34,500	34,500	34,500	34,500
Other Operating Expenditure				
Town & Parish Precepts	2,559,400	2,559,400	2,559,400	2,559,400
Levies	24,900	24,900	24,900	24,900
Financing and Investment Income and Expenditure				
Interest Payable	455,000	480,000	480,000	480,000
Interest Receivable	(140,000)	(140,000)	(140,000)	(140,000)
HRA Share of Interest Payable & Receivable	(146,800)	(165,100)	(239,300)	(239,300)
Investment Property Income & Expenditure	(233,000)	(233,000)	(233,000)	(233,000)
Other Financing Charges	517,300	517,300	517,300	517,300
Non-Specific Grant Income				
New Homes Bonus	(390,800)	(305,800)	(333,200)	(333,200)
S31 Grant	(1,102,000)	(1,135,000)	(1,135,000)	(1,135,000)
Net Budget Expenditure before Reserve Movements	15,427,000	15,846,300	15,840,000	15,840,000
Net Movements on Reserves				
Revenue Earmarked Reserves	(1,016,000)	(731,200)	(564,600)	(564,600)
Capital Reserves	596,000	618,000	618,000	618,000
Net Budget Expenditure After Reserve Movements	15,007,000	15,733,100	15,893,400	15,893,400
Financed By:				
Council Tax Income (District Council)	(6,094,000)	(6,323,000)	(6,560,000)	(6,560,000)
Council Tax Income (Town & Parish Precepts)	(2,559,400)	(2,559,400)	(2,559,400)	(2,559,400)
Business Rates Income	(3,756,000)	(3,863,000)	(3,863,000)	(3,863,000)
Revenue Support Grant	(322,500)	(322,500)	(322,500)	(322,500)
Total Financing	(12,731,900)	(13,067,900)	(13,304,900)	(13,304,900)
Budget Shortfall / (Surplus) - February 2018 Budget Report to 2021/22	2,275,100	2,665,200	2,588,500	2,588,500

Note

* - the figures for the MTFS 2022/23 were not reported as part of the February 2018 Budget Report but are included for the purpose of this report as a roll forward of the 2021/22 Budget