

# Public Document Pack



<b>COMMITTEE:</b>	<b>BABERGH CABINET</b>
<b>DATE:</b>	<b>MONDAY, 6 FEBRUARY 2023 2.00 PM</b>
<b>VENUE:</b>	<b>KING EDMUND CHAMBER, ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH</b>

<b>Members</b>		
<u>Independent Conservatives</u> Jan Osborne John Ward (Chair) Mary McLaren	<u>Independent</u> Clive Arthey Elisabeth Malvisi Alastair McCraw  <u>Liberal Democrat</u> David Busby	<u>Liberal Democrat</u> David Busby  <u>Green</u> Jane Gould

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## **AGENDA**

### **PART 1**

#### **MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT**

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- 3 **BCa/22/38 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 9 JANUARY 2023** 5 - 14
- 4 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**
- 5 **QUESTIONS BY COUNCILLORS**
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## 7 FORTHCOMING DECISIONS LIST

Please note the most up to date version can be found via the website:

[Forthcoming Decisions List » Babergh](#)

### 8 **BCa/22/39 GENERAL FUND BUDGET 2023/24 AND FOUR-YEAR OUTLOOK** 15 - 48

Cabinet Member for Finance, Assets and Investments.

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Cabinet Member for Finance, Assets and Investments.

### 10 **BCa/22/41 BUSINESS RATES RELIEF POLICIES** 61 - 74

Cabinet Member for Finance, Assets and Investments.

### 11 **BCa/22/42 CONSULTATION OF A REVISED TABLE OF FARES FOR HACKNEY CARRIAGES** 75 - 100

Cabinet Member for Environment.

## **Date and Time of next meeting**

Please note that the next meeting is scheduled for Monday, 6 March 2023 at 2.00 pm.

## **Webcasting/ Live Streaming**

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[https://www.youtube.com/channel/UCSWf\\_0D13zmegAf5Qv\\_aZSg](https://www.youtube.com/channel/UCSWf_0D13zmegAf5Qv_aZSg)

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# Agenda Item 3

## BABERGH DISTRICT COUNCIL

Minutes of the meeting of the **BABERGH CABINET** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 9 January 2023

### **PRESENT:**

Councillor: John Ward (Chair)

Councillors: Jan Osborne  
David Busby  
Alastair McCraw  
Clive Arthey  
Elisabeth Malvisi  
Mary McLaren

### **In attendance:**

Guest(s): Peter Wightman - NHS Suffolk  
Daniel Turner - NHS Suffolk

Officers: Chief Executive (AC)  
Deputy Chief Executive (KN)  
Interim Monitoring Officer (IA)  
Director - Corporate Resources (ME)  
Director for Housing (DF)  
Director - Assets and Investments (EA)  
Corporate Manager Governance and Civic Office (JR)  
Corporate Manager - Strategic Policy, Performance, Insight & Risk (JK)  
Tenant Services Corporate Manager (RL)  
Risk Management Lead (TF)  
Shared Revenues Partnership Operations Manager (AM)  
Service Improvement Advisor (SB)  
Assistant Manager – Governance and Team Leader (HH)

### **Apologies:**

Jane Gould

- 1 DECLARATION OF INTERESTS BY COUNCILLORS**
- 2 BCA/22/37 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 5 DECEMBER 2022**

**It was RESOLVED: -**

**That minutes of the meeting held on the 5 December 2022 be confirmed and signed as a correct record of the meeting.**

- 3 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

None received.

#### **4 QUESTIONS BY COUNCILLORS**

None received.

#### **5 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR JOINT AUDIT AND STANDARDS COMMITTEES**

No matters were referred.

#### **6 FORTHCOMING DECISIONS LIST**

The Forthcoming Decisions List was noted.

#### **7 BCA/22/38 COUNCIL TAX REDUCTION (WORKING AGE) SCHEME 2023/24**

83.1 The Chair, Councillor Ward invited the Cabinet Member for Finance, Assets and Investments to introduce the report.

83.2 Councillor Busby provided an introduction and proposed the recommendations as detailed in the report. Councillor Arthey seconded the recommendation.

83.3 Councillor McLaren asked for details on how many houses were working age but not employed, in comparison to those who were employed and received the benefits. The Shared Legal Service Manager responded that an answer would be provided outside of the meeting.

83.4 Councillor Osborne questioned whether the scheme had the agreement of other members of the partnership. The Interim Monitoring Officer confirmed that the scheme had been agreed by Mid Suffolk Council.

83.5 Councillor Busby queried whether other working adults were expected to contribute to Council Tax payments. The Shared Legal Service Manager responded that the incumbent scheme took nondependent contributions into account, and that working adults would be expected to contribute.

83.6 Councillor Ward queried whether there was a time limit on the scheme as it was a reaction to the cost-of-living crisis. The Director – Corporate Resources clarified that the scheme would be indefinite and kept under review for 2024/25. The Shared Legal Service Manager added that costs would be monitored by the Shared Revenues Partnership.

83.7 During the debate Councillor Osborne stated that the scheme had her whole approval.

83.8 Councillor McLaren suggested that an all-member briefing be held on the scheme.

By a unanimous vote.

**It was RESOLVED: -**

- 1.1 To recommend to Council that Option 3 (as set out in Appendix C of this report) be used as the basis for a revised (Working Age) Council Tax Reduction Scheme for 2023/24.**

#### **REASON FOR DECISION**

- 1.1 To increase the maximum reduction available to 100% and reduce the number of customers undergoing recovery processes.
- 1.2 To avoid unnecessary means testing and provide equitable access to CTR for all customers who receive welfare benefits.
- 1.3 To reduce the requirement for recalculation of awards for customers on UC with fluctuating earnings.
- 1.4 To ensure that no customer is disadvantaged on the introduction of the new CTR Scheme.

#### **8 BCA/22/39 FEES AND CHARGES 2023/24**

- 84.1 The Chair, Councillor Ward invited the Cabinet Member for Finance, Assets and Investments to introduce the report.
- 84.2 Councillor Busby provided an introduction and proposed the recommendations as detailed in the report. Councillor McLaren seconded the recommendation.
- 84.3 Councillor McLaren queried the cost of pavement licenses and how demand had changed since the Covid-19 pandemic. Councillor Busby responded that there had been a reduction in the number of licences issued, since the Covid-19 pandemic, however pavement licences were free during Covid-19.
- 84.4 Councillor Arthey queried whether the fees had also been agreed by Mid Suffolk Cabinet. Councillor Ward responded that Mid Suffolk had agreed their fees, however they were different to the Babergh ones.
- 84.5 In response to questions from other Members attending the meeting the Director - Corporate Resources clarified the charges for hedge cutting and that these charges had been benchmarked against those from other councils
- 84.6 During the debate Councillor McCraw advised that the fees and charges were in line with the Mid Suffolk charging structure, and many were statutory charges imposed by Government.
- 84.7 Councillor Osborne raised concerns that large item collection fees might

encourage fly tipping if residents are unable to afford the charges.

84.8 Councillor Malvisi highlighted that a trial amnesty had been undertaken in Sudbury to help combat fly tipping and ways to implement these schemes was being explored.

84.9 Councillor Ward emphasised that the fees and charges were now within the budget calculations.

By a unanimous vote.

**It was RESOLVED: -**

**That, the proposed Fees and Charges for 2023/24 as shown in Appendix A, be approved.**

### **REASON FOR DECISION**

To ensure that the Council achieves sufficient income and thereby reduces the subsidy on non-essential services which may compromise the Councils ability to fund statutory services.

## **9 BCA/22/40 TENANCY POLICY**

85.1 The Chair, Councillor Ward invited the Cabinet Member for Housing to introduce the report.

85.2 Councillor Osborne provided a brief introduction and proposed the recommendations as detailed in the report. Councillor McCraw seconded the recommendation.

85.3 Councillor McLaren questioned whether the inspection from the Housing Regulator had an impact on resources within the housing team. Councillor Osborne responded that there was currently no impact on the resources however this would be greater if there was a fixed term. The Director – Housing added that existing resources had been used on challenges within building services.

85.4 In response to questions from other members present at the meeting the Director for Housing outlined that research on flexible tenancies showed that they did not work as tenants, instead Babergh were focused on lifetime tenancies, as they allowed for creating places and communities.

85.5 During the debate Councillor McCraw observed that many councils that implemented flexible tenancies have reverted back to fixed term tenancies, and that flexible tenancies could be abolished by 2030.

85.6 Councillor Osborne added that flexible tenancies had been proven not to work in practice and it could be expensive for tenants, who moved between



properties.

85.7 Councillor McCraw stated that he was pleased to hear tenants would be engaged with further on the downsizing policy.

By a unanimous vote

**It was RESOLVED: -**

**To approve the Tenancy Policy (Appendix A)**

### **REASON FOR DECISION**

- 1.1 The Tenancy Policy meets the requirements of the Regulator for Social Housing, providing information for tenants to understand how their occupation of Council homes will be managed.
- 1.2 Consistent with the current political agenda for social housing the Tenancy Policy prioritises long-term security of tenure for tenants over tenancies of a fixed length. This will allow tenants and their families to create a home in Council properties and build thriving and diverse communities in our housing estates.
- 1.3 In the time elapsed since their introduction, fixed term tenancies have been proven to be a largely ineffective in providing their anticipated benefits of reducing housing waiting lists. Managing and administering Flexible fixed term tenancies has proven to be costly and time consuming for landlords, and unsettling for tenants, particularly vulnerable tenants and those suffering with mental illness.
- 1.4 The Councils will create a new, separate policy which will support efficient use of the Councils' housing stock by encouraging tenants to downsize. Such policy is included in the Homes and Housing Strategy (objective 2g) and may include provide financial incentives, advice and practical support to tenants who are under-occupying their homes to assist and encourage them to free-up larger homes for families.

## **10 BCA/22/41 SCRUTINY/CABINET PROTOCOL**

86.1 The Chair, Councillor Ward invited the Corporate Manager – Governance and Civic Office to introduce the report to Cabinet and provide an overview of the recommendations.

86.2 Councillor Ward proposed the recommendation as set out in the report. Councillor McLaren seconded the recommendation.

86.3 Councillor Busby questioned what would be done differently. The Corporate Manager – Governance and Civic Office responded that monthly meetings would be held with the Leaders and Overview and Scrutiny Chairmen, which

had been formalised to ensure there was a good working between Cabinet and the Overview and Scrutiny Committee. Additionally, recommendations from the Committee were being tracked to show where value has been added.

86.4 Councillor McLaren queried whether there was anything in place to ensure that training for committee members was kept up to date. The Corporate Manager – Governance and Civic Office responded that a modular training programme was being developed.

86.5 In response to questions from other members present at the meeting Councillor Ward clarified that it was down to the Council to ensure that the Overview and Scrutiny Committee carried out their role and function.

86.6 During the debate Councillor McCraw welcomed the protocol and was pleased with the recommendation tracking process.

86.7 Councillor Ward highlighted that it was important for the Committee to be able to undertake their work effectively, and that promotion was needed for public engagement and for a broader understanding of the work of the Overview and Scrutiny Committee

86.8 Councillor Malvisi stated that she supported the protocol and that it provided a clearly defined structure.

By a unanimous vote.

**It was RESOLVED: -**

**That Cabinet approves the Scrutiny/Cabinet protocol attached.**

#### **REASON FOR DECISION**

To promote a culture of accountability, openness, and transparency within Babergh and Mid Suffolk District Councils, recognising scrutiny as a key enabler within that culture.

### **11 BCA/22/42 RISK MANAGEMENT IMPROVEMENT**

87.1 The Chair, Councillor Ward invited the Cabinet Member for Customers, Digital Transformation and Improvement Councillor McCraw to introduce the report.

87.2 Councillor McCraw provided an overview of the report and proposed the recommendation as detailed in the report. This was seconded by Councillor McLaren.

87.3 Councillor McLaren questioned how this would be made meaningful to staff and board members. Councillor McCraw responded that risk management was going to be embedded in the culture of all the directorates, additionally

the Joint Audit and Standards Committee would monitor the progress. The Corporate Manager Policy, Performance, Risk and Improvement added that officers were working with the Senior Leadership Team, Cabinet, and the Joint Audit and Standards Committee in the first instance, and that work was being undertaken with Corporate Managers to identify where risk could be integrated into service planning.

87.4 Councillor McLaren asked for clarification on the Council's Whistle-blower policy. The Corporate Manager Policy, Performance, Risk and Improvement responded that there was a corporate whistleblowing policy that was available to staff on the intranet. The Deputy Chief Executive added that for any reports of whistleblowing there would be a full investigation.

87.5 Councillor Ward welcomed the report and stated that it was necessary to have the strategy to guide decision making and help mitigate risk on complex matters.

By a unanimous vote.

**It was RESOLVED: -**

**That members of Babergh and Mid Suffolk Cabinets are asked to note the progress so far to improve strategic risk management and agree the new draft risk management policy and strategy which aligns with the Orange Book.**

#### **REASON FOR DECISION**

Babergh and Mid Suffolk Cabinets are responsible for Strategic Risk Management and approval of the joint Risk Management Policy and Strategy.

## **12 BCA/22/43 SUDBURY LAND SALE**

87.1 The Chair invited the Cabinet Member for Finance, Assets and Investments to introduce the report.

87.2 Councillor Busby provided an introduction and proposed the recommendations as detailed in the report. Councillor McCraw seconded the recommendation.

87.3 The Chair invited Councillor Simon Barrett to provide background information to the Cabinet in his capacity as previous Ward Member for the site.

87.4 Councillor Busby queried how many leases of existing sites were under 10 years. Daniel Turner - NHS Suffolk Representative responded that for the existing premises the lease was approximately under 10 years.

87.5 Councillor Ward questioned why the Integrated Care Board (ICB) could not take the head lease themselves. Peter Wightman - NHS Suffolk Representative responded that the NHS had entered into a capital allocation programme, which was for a 10-year lease.

- 87.6 Councillor Osborne queried how potential issues in recruiting and maintaining staff would be dealt with. Peter Wightman - NHS Suffolk Representative responded that there was a statutory duty from the NHS to provide healthcare, and recruitment issues could be mitigated by bringing in staff from other practices until a long-term solution was found.
- 87.7 Councillor Malvisi questioned why doctors were only willing to sign a 15-year lease. Peter Wightman - NHS Suffolk Representative responded that as capital came from the insurer, doctors were not liable for the lease as this fell to the NHS. Additionally, a lack of confidence in NHS and their contract setting terms had meant that 25-year contracts were not desirable.
- 87.8 Councillor Busby questioned the break clause in relation to a new tenancy and whether the Council as head lease holder, would be able to renegotiate their portion of the lease. The Director – Assets and Investment responded that the 25-year lease in place with the owner of the building would remain the same, and a new sub-lease could be negotiated with an incoming tenant under similar terms and conditions of the previous lease. Additionally, there was a clause that allowed the lease to be terminated by the Council should the rent no longer be reimbursed by the NHS.
- 87.9 During the debate Councillor McCraw highlighted that as the site was a purpose-built health centre it was likely that in 15 years' time there would still be the need for healthcare provision in Sudbury and Great Cornard, and that there was little risk that the services of the centre would change.
- 87.10 Councillor Osborne stated that she was torn on this scheme as Babergh District Council were not a healthcare provider. Additionally, whilst the risk was minimal, other councils had rejected similar schemes. However, voting for the scheme was the right thing to do.
- 87.11 Councillor Arthey had considered Councillor Simon Barrett's previous statement however, he stated that in order to support the communities' things needed to change. Additionally, in future there might be provision issues due to CIL payments.
- 87.12 Councillor Ward stated that this was a difficult decision, however due to the issues around the length of the lease and that the risk would still be with Babergh in 15 years' time. However, as there was a requirement for the medical centre, Babergh could provide monetary assistance to do so. Whilst Babergh did not want to set a precedent for funding these schemes, there was little choice as the new medical centre was needed.

By a unanimous vote.

**It was RESOLVED: -**

- 1.1 Delegate authority to the Director of Assets and Investments in consultation with the Portfolio Holder for Assets & Investments to agree the detailed terms of the letter of comfort and headlease in accordance with this report.**

**1.2 Delegate authority to the Directors of Assets and Investments and Finance in consultation with the Portfolio Holders for Assets & Investments and Finance to review the final IFRS16 calculation and implement the headlease in accordance with this report.**

**REASON FOR DECISION**

To bring forward the development of the new health centre and subsequent capital receipt.

**13 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

**14 BCA/22/43 SUDBURY LAND SALE**

The meeting did not require to enter into closed session.

**15 BCA/22/37 CONFIRMATION OF THE CONFIDENTIAL MINUTE FROM THE MEETING HELD ON THE 5 DECEMBER 2022**

**It was RESOLVED: -**

**That the confidential minutes of the meeting held on the 5 December 2022 be confirmed and signed as a correct record of the meeting.**

The business of the meeting was concluded at 16:31pm.

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Chair

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# Agenda Item 8

## BABERGH DISTRICT COUNCIL

<b>COMMITTEE:</b> Cabinet	<b>REPORT NUMBER:</b> <b>BCa/22/39</b>
<b>FROM:</b> Councillor David Busby, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 6 February 2023
<b>OFFICER:</b> Melissa Evans, Director, Corporate Resources	<b>KEY DECISION REF NO.</b> CAB378

### GENERAL FUND BUDGET 2023/24 AND FOUR-YEAR OUTLOOK

#### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the General Fund Budget for 2023/24 and four-year outlook.
- 1.2 To enable Cabinet Members to consider key aspects of the 2023/24 Budgets, including Council Tax and make any recommendations to feed into the final Budget report to Council on 20 February 2023.

#### 2. OPTIONS CONSIDERED

- 2.1 Setting a balanced budget is a statutory requirement, therefore no other options are appropriate in respect of this.

#### 3. RECOMMENDATIONS

- 3.1 That the General Fund Budget proposals for 2023/24 and four-year outlook set out in the report be endorsed for recommendation to Council on 20 February 2023.
- 3.2 That the General Fund Budget for 2023/24 is based on a 2.99% increase to Band D Council Tax, which is equivalent to £5.30 per annum (10p per week) for a Band D property.

#### REASON FOR DECISION

**To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Council's General Fund budget for endorsement and recommendation to Council.**

## **4. KEY INFORMATION**

### **Background**

- 4.1 In February 2022 Babergh District Council approved the General Fund Budget 2022/23 and Four-Year Outlook. The budget setting approach for 2022/23 recognised that the Council has tended to underspend the budget that has been set in recent years, primarily due to additional income being received.
- 4.2 Managers have traditionally used a worst-case scenario when putting their budget proposals together. Amalgamating these assumptions across the whole organisation has, in recent years, resulted in underspends. The unintended consequence is that resources are committed during the budget process that could be used for other priorities or alternatively savings must be made that are not actually needed.
- 4.3 For 2022/23 stretching, but realistic, assumptions were used when putting budget proposals together across both expenditure and income. However, global events, rising inflation and interest rates have created an unprecedented financial challenge for the Council resulting in a likely overspend position as detailed in 4.10 below.

### **National Economic Position**

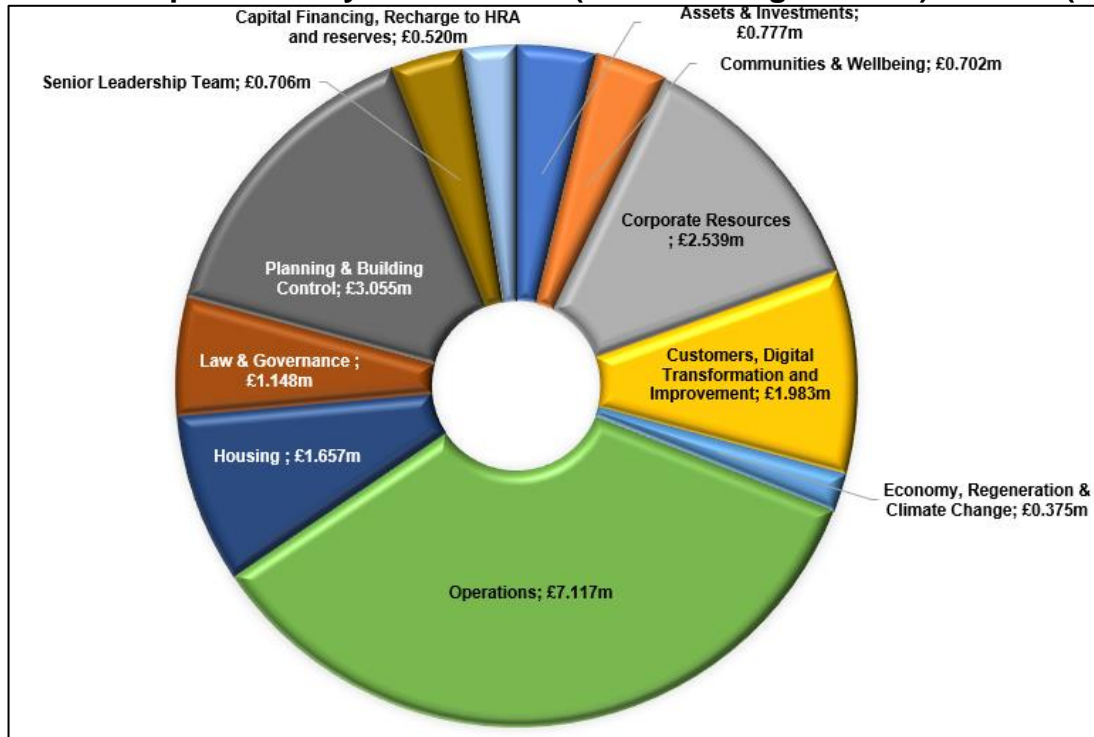
- 4.4 The national economic position has changed significantly since the budget for 2022/23 was set.
- 4.5 The Office for Budget Responsibility's (OBR) economic forecasts, provided alongside the Chancellor's Autumn Statement in November, showed a worse position than the numbers from March 2022. A lower growth rate for Gross Domestic Product (GDP) is the driving factor behind the UK's worsening economic prospects. In March 2022, the Office for Budget Responsibility (OBR) forecast that the UK would recover from the economic impact of the pandemic, and then continue to grow at around 1.7% per year from 2023 onwards.
- 4.6 The Bank of England forecast in its November Monetary Policy Committee (MPC) report that the economy will contract by 0.75% in the second half of 2022, and then continue to fall during 2023 and into the first half of 2024. The OBR is not quite as pessimistic but still forecasts a recession starting in the second half of 2022 and extending into 2023.
- 4.7 The pandemic led to a massive increase in public sector borrowing and the current crisis will lead to a second (smaller) peak. Increased borrowing is caused by higher interest rates (impact on the Government's debt payments), higher inflation (pensions and benefits linked to inflation), and the wider economic slowdown. Bringing down borrowing is central to the Chancellor's fiscal plans. Net borrowing was previously expected to settle around £50bn per annum but on current plans will settle at a higher level, at around £70-80bn in 2026/27 and 2027/28.
- 4.8 The Consumer Price Index (CPI) increased significantly in 2022, led by high energy prices. Inflation peaked at 11.1% in October and dropped to 10.7% in November. The OBR expects inflation to return to its target level by 2027 but is forecasting it will be much lower than that beforehand and potentially even negative in 2025. Most independent forecasters take the same view as the OBR about inflation but there are still serious risks that higher levels of inflation persist into 2024 and beyond.



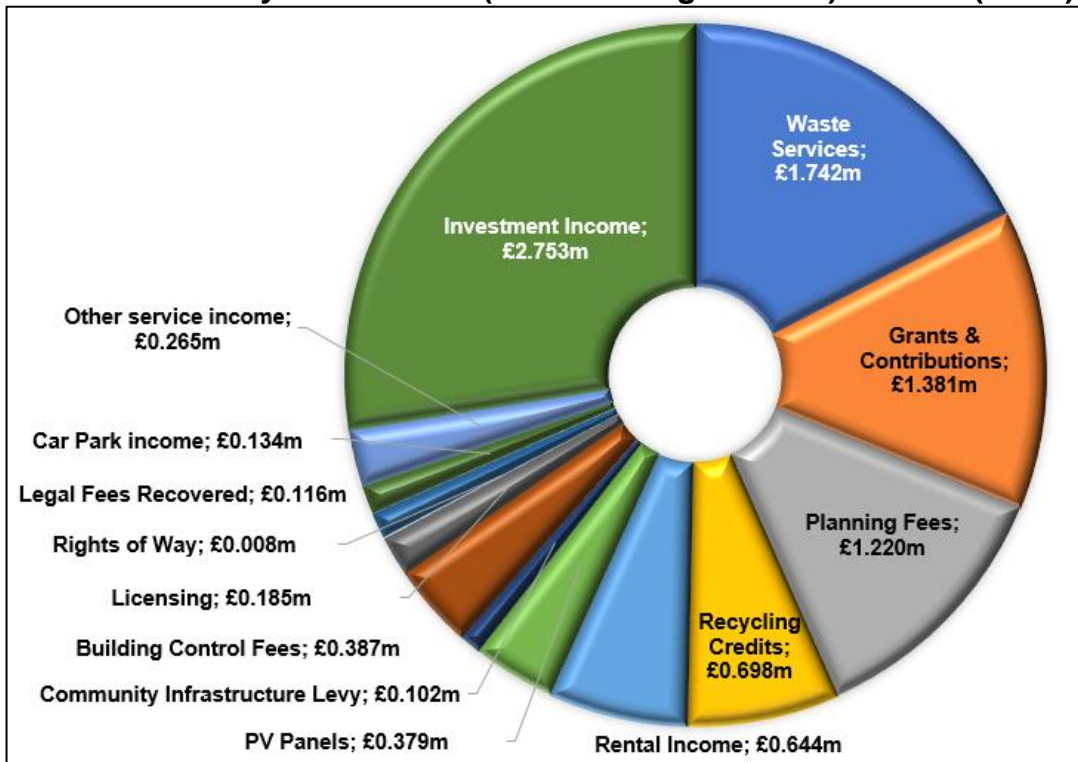
## 2022/23 Budget and Forecast Outturn

4.9 On 21 February 2022, the Council set a balanced budget for 2022/23. Excluding both housing benefits payments and income, the budget comprised of £20.6m expenditure and £10m income, to give a net service budget of £10.6m. The 2022/23 budget is primarily funded from council tax, business rates and government grants. Chart 1 below shows how the £20.6m expenditure is allocated across the services and Chart 2 below shows the breakdown of the £10m service income.

**Chart 1: Expenditure by Service Area (excl. housing benefits) 2022/23 (£20.6m)**



**Chart 2: Income by service area (excl. housing benefits) 2022/23 (£10m)**



- 4.10 The second quarter 2022/23 budget monitoring report was presented to Cabinet on 5 December 2022 showing a forecast overspend against budget at 31 March 2023 of £693k. The Council created an Inflationary Pressure Reserve of £500k in 2021/22 to mitigate against the impact of inflation in 2022/23. It is expected that this reserve be used to fund the majority of the deficit and that the remainder be funded by a reduced contribution to the Strategic Priorities Reserve (£527k budgeted, reduced to £334k).
- 4.11 The third quarter position will be presented to Cabinet on 6 March 2023.

### **2023/24 Budget**

- 4.12 The approach to the budget setting for 2023/24 has been to take the 2022/23 outturn position as a starting point as the most up to date position of the Councils financial requirements going forward.
- 4.13 The Finance Team have worked closely with budget managers and the Senior Leadership Team to update the Councils budget requirements for 2023/24, taking into account known pressures and identifying efficiencies and savings to help offset this without negatively impacting on service delivery.
- 4.14 The summary in Table 1 below shows the breakdown of the Council's net cost of service for 2023/24 (£12.45m) compared to 2022/23 (£10.43m), an increase of £2.02m.
- 4.15 The Council's 2023/24 gross expenditure is £34.49m and income is £22.04m giving a net cost of service of £12.45m. Funding only equates to £12.227m leaving a budget gap of £221k for the 2023/24 budget, which will be funded from the Covid19 Reserve.

**Table 1: General Fund Budget Summary 2023/24**

		2022/33	2023/24	Movement
		Budget	Budget	2022/23 to
		£'000	£'000	2023/24
				£'000
Service Expenditure	Employees	9,983	11,613	1,630
	Premises	1,536	1,197	(339)
	Supplies & Services	3,917	4,800	883
	Transport	352	353	1
	Contracts	4,270	4,612	342
Service Income	Grants and Contributions	(1,381)	(1,461)	(80)
	Sales, Fees & Charges	(4,109)	(4,075)	34
	Other income (incl. rental & PV panel income)	(1,771)	(1,848)	(78)
Housing Benefits	HB Transfer Payments	12,972	11,769	(1,203)
	HB Grants and Contributions	(13,107)	(11,885)	1,222
<b>Net Service Expenditure</b>		<b>12,663</b>	<b>15,074</b>	<b>2,411</b>
Recharges	Recharge to HRA/Capital (Corporate Overheads)	(1,347)	(2,017)	(669)
Capital Financing Charges	Interest Payable - CIFCO long term	380	208	(172)
	Interest Payable - Other	60	1,271	1,211
	Minimum Revenue Provision (MRP)	1,445	1,708	263
Investment Income	Pooled Funds Net Income	(569)	(569)	-
	Interest Receivable - CIFCO	(2,169)	(2,187)	(18)
	Interest Receivable - Other	(15)	(15)	-
Reserves	Transfers to/from Reserves	(18)	(1,025)	(1,007)
<b>Total Net Cost of Services</b>		<b>10,430</b>	<b>12,448</b>	<b>2,019</b>
Government Grants	New Homes Bonus	(802)	(825)	(23)
	Revenue Support Grant (RSG)	-	(112)	(112)
	Services Grant	(147)	(83)	64
	Rural Services Delivery Grant	(238)	(238)	-
	Funding Guarantee	-	(100)	(100)
	Lower Tier Services Grant	(96)	-	96
Business Rates	Business Rates	(3,041)	(3,849)	(808)
	Growth / Pooling Benefit	(333)	(340)	(7)
	Enterprise Zone income	(216)	(238)	(22)
	Business Rates (surplus) / deficit	218	(6)	(224)
Council Tax	Council Tax	(6,185)	(6,416)	(230)
	Council Tax (surplus) / deficit	(116)	(21)	95
<b>Total Funding</b>		<b>(10,957)</b>	<b>(12,227)</b>	<b>(1,270)</b>
Strategic Priorities Reserve		527		(527)
<b>Shortfall / (Surplus Funds)</b>		<b>0</b>	<b>221</b>	<b>221</b>

### 2023/24 Budget Assumptions and Risks

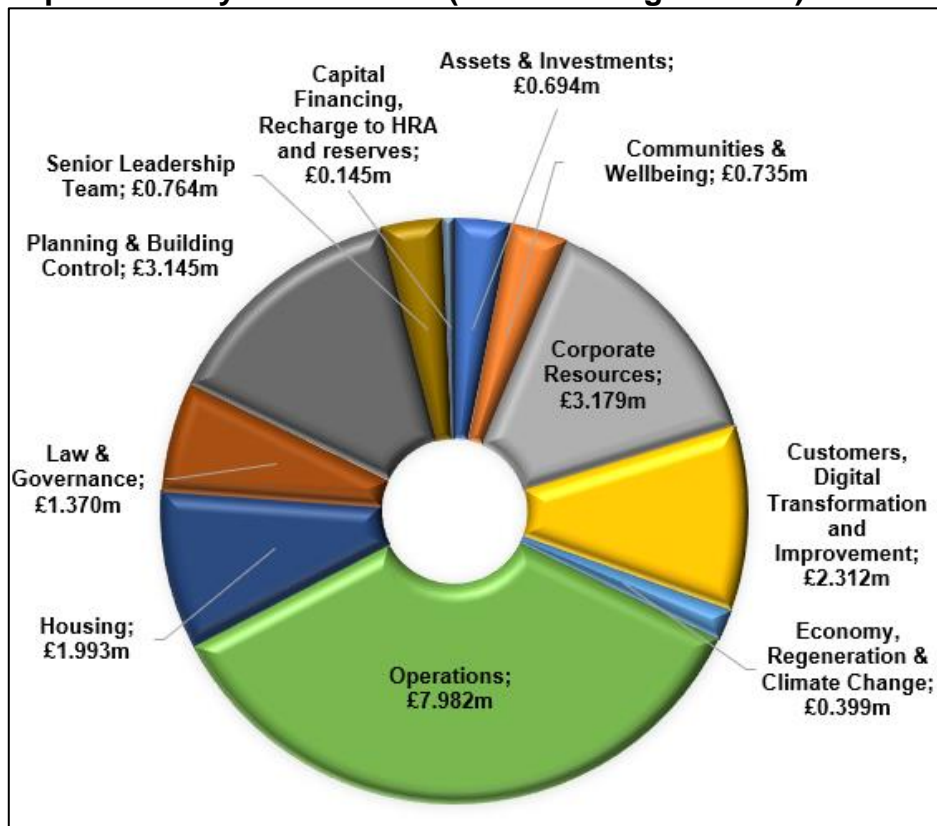
- 4.16 Constructing a budget that runs to 13 months beyond when it was approved means that several assumptions have to be made about the conditions that are likely to exist over an extended period. Assumptions made when constructing the budget for 2023/24 were reviewed and assessed by the Overview and Scrutiny Committee in November 2022 and in January 2023, report reference BOS/22/01 and BOS/22/02 and so have not all been repeated here.
- 4.17 The budget for 2022/23 was a surplus of £527k however due to a continuation of financial pressures outlined in table 2, and a shortfall in funding to meet the overall increasing costs, the position for next year has worsened by £748k as shown in table 2 below.

**Table 2: General Fund Overall budget changes**

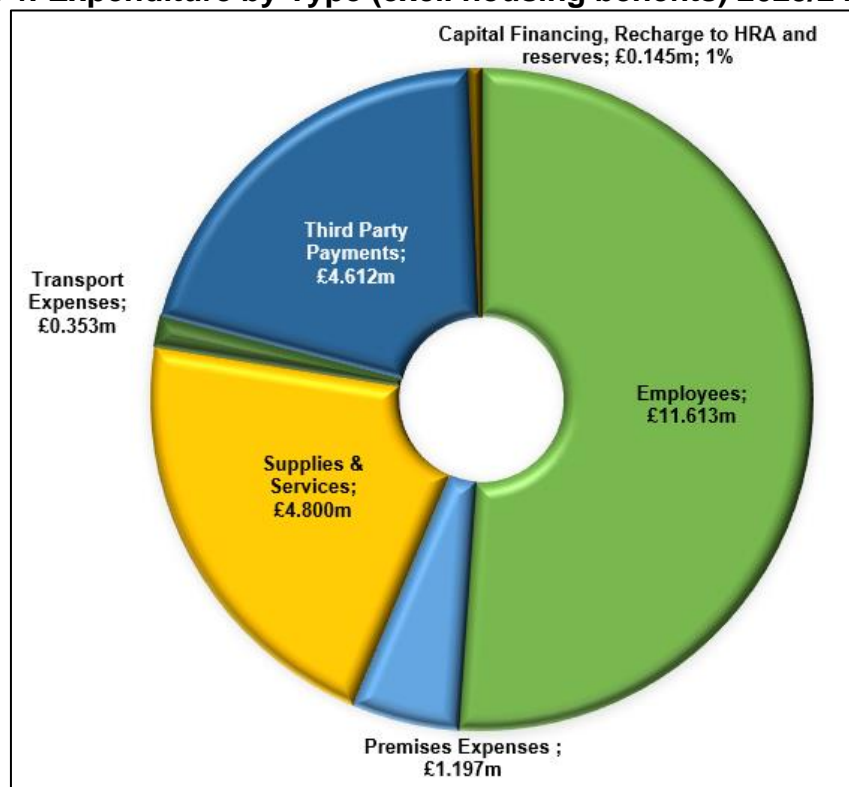
	£'000	£'000
<b>2022/23 Surplus</b>		<b>(527)</b>
<b>Pressures</b>		
Pay award, increments, and pay review (of which £790k is reserve/grant funded)	1,900	
Short term borrowing –higher interest rates £19m @ 3.5%	665	
Short term borrowing – new borrowing	375	
Minimum Revenue Provision – capital spend on refuse freighters	260	
Waste contract inflation and disposal costs increase	390	
Reduction to planning income	230	
Insurance premiums - current costs + 10% inflation	80	
Shared Revenues Partnership - increase to contract costs	70	
Removal of Savings contingency	70	
Bank charges increase	70	
Additional Training budget requirement	50	
ICT contract increase	50	
Increase in Postage costs	40	
Revenue costs associated with the implementation of the Parking Strategy	40	
Residents Survey	30	
Other smaller items	203	
<b>Total Draft Pressures</b>		<b>4,523</b>
<b>Savings/additional income</b>		
Removal of Pension lump sum	(400)	
Recharge to HRA for Grounds maintenance	(420)	
Income from garden waste and recycling credits	(180)	
Recharge to HRA / Capital	(330)	
Additional Homelessness Grant	(130)	
Joint Local Plan – reduction in Professional fees	(130)	
Removal of security costs Hadleigh Offices	(110)	
Savings Endeavour House	(50)	
Increase in chargeable amount for CIL admin	(50)	
Vacancy Management Factor – 5% but increased due to pay award	(70)	
Licensing income growth and additional fees	(40)	
Other items	(165)	
<b>Total Draft Savings/additional income</b>		<b>(2,075)</b>
Movement in Reserves		(430)
Funding Changes		(1,270)
<b>Total Net increase</b>		<b>748</b>
<b>2023/24 Draft funding Gap</b>		<b>221</b>

4.18 The charts below show the breakdown of expenditure and income excluding Housing Benefits payments and compensating income. Chart 3 below shows how the £22.7m service expenditure is allocated across the services, and Chart 4 shows the breakdown by expenditure type. Chart 5 shows the breakdown of total income of £10.2m.

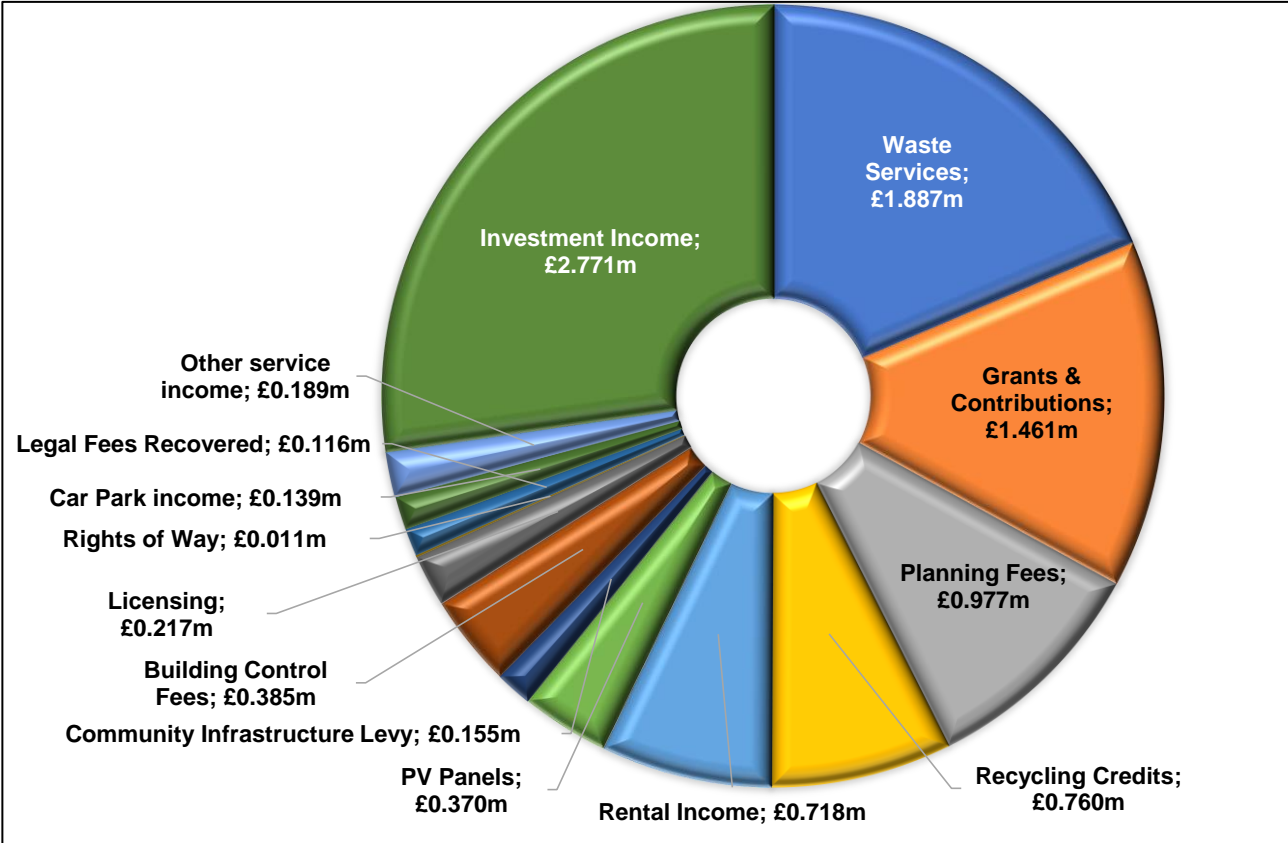
**Chart 3: Expenditure by Service Area (excl. housing benefits) 2023/24 (£22.7m)**



**Chart 4: Expenditure by Type (excl. housing benefits) 2023/24 (£22.7m)**



**Chart 5: Total Income (excl. housing benefits) 2023/24 (£10.2m)**



**Funding**

4.19 The Chancellor presented the Autumn Statement on 17 November 2022 in the context of the national economic position. A Policy Statement on 12 December 2022 announced the key principles that ministers would use in both the 2023/24 and 2024/25 local government finance settlement. The provisional local government finance settlement for 2023/24 was then announced on 19 December 2022. Some of the key headlines for local government and specifically our council are as follows:

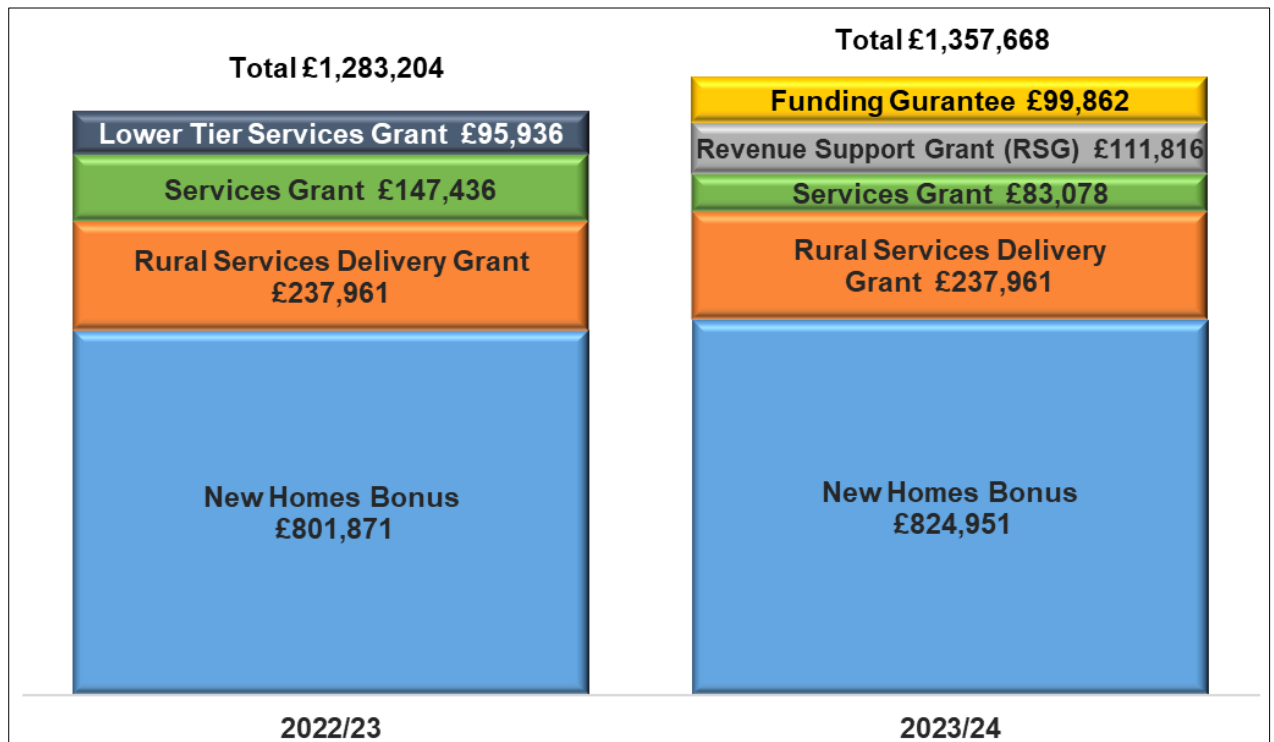
- Core spending power estimated to increase annually by an average of 8%, but this assumes maximum council tax increases. A large part of this is due to increases in adult social care grants.
- Council tax increase thresholds increased from 1.99% to 2.99% and a further 2% for social care. For District Councils’ council tax can be increased by the higher of 2.99% or £5, which the Government believes protects local taxpayers from excessive council tax increases.
- Business rates announcements included the following:
  - The business rates multiplier will be frozen. Compensation for this will be provided based on the Consumer price Index (CPI) at 10.1% via an uplift to Baseline Funding Level of 3.74%, with the remainder paid via section 31 grant.
  - 75% discount for retail, hospitality, and leisure sectors (50% in 2022/23).
  - 3-year support for small businesses for properties losing Small Business Rates Relief or Rural Rates Relief.



- Revaluation to go ahead as planned in 2023/24, with a transitional relief scheme for businesses.
- The current approach to the New Homes Bonus (NHB) is being applied to 2023/24 with a further one-year allocation for housing growth between October 2021 and October 2022. There will be no further legacy payments with the final one being made in 2022/23.
- Revenue Support Grant (RSG) will be received in 2023/24. This is due to family Annex Council Tax Discount Grant and LCTS Administration Grant being rolled up into the settlement. These were previously accounted for within service income, so this change does not impact the overall budget position.
- Rural Services Delivery Grant is being maintained at the same level as 2022/23.
- Services Grant has reduced. Part of the reduction is the removal of funding for the National Insurance Contribution increase.
- Lower Tier Services Grant has been abolished from 2023/24 onwards.
- A new grant has been created to ensure every authority has an increase in Core Spending Power (CSP) of at least 3%. This Funding Guarantee Grant will be funded from the Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB).

4.20 The Councils 2023/24 provisional grant allocations have increased by £74.5k (5.8%) compared to 2022/23 as shown below.

**Chart 6: Government grant allocations 2022/23 and Provisional 2023/24**



## New Homes Bonus

- 4.21 Since NHB was introduced in 2011/12 the Council has received £12.7m in total. The Council continues to be reliant on NHB to support the budget, but in the last three years has been able to use some to supplement the Strategic Priorities reserve. For 2023/24 Babergh will be using the entire £825k allocation of NHB to balance the budget.
- 4.22 As shown in Table 3 below, the use of NHB to balance the budget has increased from 34% in 2022/23 to 100% in 2023/24.

**Table 3: New Homes Bonus used from 2017/18 to 2023/24**

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amount of NHB received	1,212	866	683	1,055	835	802	825
NHB used to balance the budget	1,197	866	683	343	692	275	825
<b>% of NHB allocation to balance budget</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>	<b>33%</b>	<b>83%</b>	<b>34%</b>	<b>100%</b>

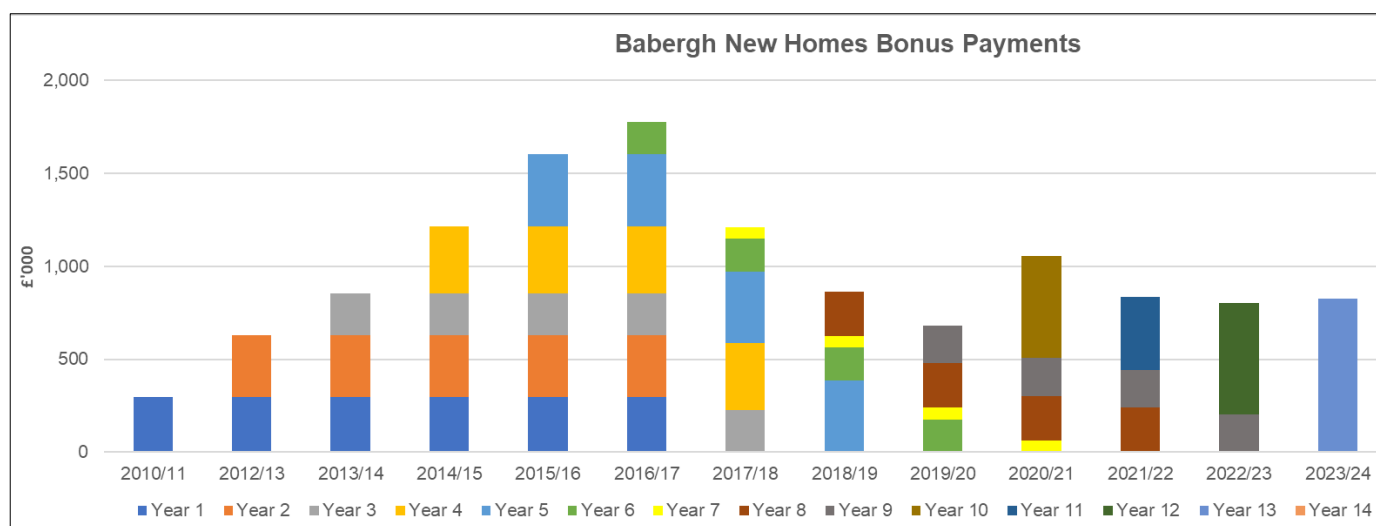
- 4.23 Table 4 and Graph 1 below shows the NHB over the last twelve years. This shows how NHB has declined from a peak of £1.8m in 2016/17 to £825k in 2023/24, after the Government announced it would reduce the allocation from 6 years to 5 years in 2017/18 and to 4 years in 2018/19 and continued to phase out the legacy payments, as well as introducing a 0.4% growth baseline in 2017/18.
- 4.24 For 2023/24 the 0.4% growth baseline for Babergh means that the first 161 new homes built received no payment.

**Table 4: New Homes Bonus sums per year**

Payments	2010/11	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Provisional 2023/24
Year 1	295	295	295	295	295	295							
Year 2		334	334	334	334	334							
Year 3			226	226	226	226	226						
Year 4				360	360	360	360						
Year 5					387	387	387	387					
Year 6						177	177	177	177				
Year 7							63	63	63	63			
Year 8								239	239	239	239		
Year 9									205	205	205	205	
Year 10										548			
Year 11											391		
Year 12												597	
Year 13													825
Year 14													
Year 15													
Year 16													
<b>Total</b>	<b>295</b>	<b>630</b>	<b>856</b>	<b>1,215</b>	<b>1,602</b>	<b>1,779</b>	<b>1,212</b>	<b>866</b>	<b>683</b>	<b>1,055</b>	<b>835</b>	<b>802</b>	<b>825</b>



**Graph 1: New Homes Bonus Payments**



### Council Tax

- 4.25 The impact from Covid19 on collection rates, the number of Local Council Tax Reduction (LCTR) claimants and the build rate of new homes across the district has all influenced the tax base for 2023/24. A 1.6% increase has been calculated, which will generate additional council tax income of £99k.
- 4.26 On the 23 January 2023 Babergh Council approved changes to the Working Age Local Council Tax Reduction Scheme. The changes will allow up to 100% maximum reduction for all legacy benefit households and introduce a simplified scheme for Universal Credit (UC) customers that will allow ‘passported’ claims to be automated based on the UC financial data without additional verification. The approval included the provision of a transitional protection scheme to support those households who would be worse off under the simplified UC scheme. The cost of the scheme will be a one off and will be funded from the Covid19 reserve.
- 4.27 An increase in Band D Council Tax of 2.99% has been included for 2023/24, which will generate additional income of £188k.
- 4.28 A surplus of £21k is currently projected for the Collection Fund in 2022/23, which is £95k less than the previous year. The way that the Collection Fund operates means that this surplus will be recognised in the Council’s budget in 2023/24.

### Business Rates

- 4.29 The headlines for Business Rates are as follows:
  - An increase of just over £800k, mainly as a result of the Government commitment to compensate Councils for the freeze on the multiplier.
  - A Government return (NNDR1) that is required to be submitted by 31 January 2023, may result in some further changes to the business rates figures. Depending on the value, this may be managed through the Business Rates Reserve.

- The benefit from being part of the Suffolk business rates pool will increase by £7k and the impact of the Collection Fund forecast balance at the end of March 2023 increases the resources available by £224k.
- Additional income of £22k is forecast from the Enterprise Zone at Sproughton.

## **Reserves**

- 4.30 Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.
- 4.31 Reserves only provide one-off funding, so the Council should avoid using reserves to meet regular recurring financial commitments.
- 4.32 In 2023/24 the Council is using £1.1m from earmarked reserves against specific service expenditure and projects as shown below.
- 4.33 The Covid19 reserve with a balance of £998k, will help to fund initiatives in response to the cost-of-living crisis and will be used to close any budget gap for 2023/24.
- 4.34 Alongside transfers from reserves, the Council is also transferring £71k to earmarked reserves in 2023/24 to fund future years' specific service expenditure, made up of £20k to the elections reserve and £51k to Neighbourhood planning reserves.
- 4.35 Table 5 below shows the planned earmarked reserves movements and balances from 31 March 2022, forecast through to 31 March 2024.

**Table 5: Reserves**

	Balance 31 March 2022 £'000	Forecast balance 31 March 2023 £'000	To reserves £'000	From reserves £'000	Estimated balance 31 March 2024 £'000
Business Rates & Council Tax	4,967	1,547			1,547
Business Rates Retention Pilot (BRRP)	812	546		(60)	486
Carry forwards	420	0			0
Climate Change and Biodiversity	309	239		(61)	178
Community Housing Fund	140	119		(28)	90
Commuted Maintenance Payments	937	937		(28)	908
COVID 19	1,674	1,221		(223)	998
Elections Equipment	35	35			35
Elections Fund	70	90	20		110
Government Grants	259	254		(25)	229
Homelessness	277	176		(100)	76
Joint Local Plan	100	0			0
Neighbourhood Planning Grants	48	272	51	(27)	297
Planning (Legal)	668	698		(141)	557
Planning Enforcement	93	133			133
Rough Sleepers	88	57			57
Strategic Planning	93	93			93
Strategic Priorities	1,704	689		(217)	472
Temporary Accommodation	238	163		(59)	104
Waste	230	195		(122)	73
Well-being	176	274		(6)	267
Inflationary Pressures Reserve	500	0			0
<b>TOTAL</b>	<b>13,838</b>	<b>7,737</b>	<b>71</b>	<b>(1,097)</b>	<b>6,712</b>
General Fund Reserve	1,200	1,000			1,000

**Note:** the current projected deficit for 2023/24 (£221k) as outlined in section 4.15 of the report is not yet shown in table 5 above.

### Medium Term Projections

- 4.36 Table 7 below shows the forecast position for the period 2024/25 to 2026/27. The position for 2023/24 is a deficit of £221k followed by projected deficits of £980k, £1.6m and £548k to give a cumulative shortfall of £3.3m up to 2026/27.
- 4.37 Over the next three years the net cost of service increases by £2.4m, mainly due to pay awards and increments, inflationary increases on major contracts and capital financing charges and less use of reserves. The estimated tax base growth over the same period (£221k) only covers 9% of this increase. For a summary of the assumptions used, see table 6 below.

**Table 6: Budget assumptions 2024/25 onwards**

Description		2024/25 £'000	2025/26 £'000	2026/27 £'000
Employee Costs	Pay Award - 2%	228	234	244
	Increments - 2%	228	234	244
Contracts	Insurance Premiums • 2024/25 - 6%, • 2025/26 & 2026/27 - 2%	18	10	10
	Refuse contract - 2%	141	59	61
	Shared Revenues Partnership - 3%	34	35	36
	ICT contract - 3%	8	8	9
Charge to HRA / Capital	Charge to HRA / Capital - 4%	(78)	(69)	(72)

- 4.38 No increase in council tax other than taxbase growth has been built into the projections over the next three years. However, a 2.99% increase every year for the next three years would generate an additional £613k which is only 25% of the increase in net cost of service over the same period.
- 4.39 A Policy Statement on 12 December 2022 announced the key principles that ministers would use in both the 2023/24 and 2024/25 local government finance settlement.
- 4.40 There remains some uncertainty for 2024/25, so this is not a fixed two-year settlement. We do not yet know the future of NHB, which is not expected to continue beyond 2024/25, or whether the Government will provide alternative funding in its place.
- 4.41 We also do not know the level of inflation next September (it is expected to be around 7.5%), and whether ministers will decide to freeze the multiplier again.
- 4.42 However, with the Policy Statement, we do have a reasonably good idea of what 2024/25 could look like and funding estimates for 2023/24 are taken from analysis provided by the Funding Advisory Service at Pixel based on these principles.
- 4.43 When calculating the expected level of funding for the next four years, the following assumptions have been made:
- New Homes Bonus will continue for 2023/24 and 2024/25 only.
  - Revenue Support Grant (RSG) will be awarded for 2024/25 at the same level as 2023/24, but no further funding after that.
  - The Funding Guarantee will continue into 2024/25 only, at the same level as 2023/24
  - Business rates are projected to continue at the same level as 2023/24
  - Nothing has been included for forecast Business Rates surplus or deficit beyond 2024/25 based on the assumption that the equalisation earmarked reserve will accommodate this.
  - Council Tax increases of 2.99% for 2023/24 only, no increase modelled thereafter.
  - Tax base growth of 1.6% in 2023/24, 1.17% in 2024/25, 0.83% in 2025/26 and 0.52% in 2026/27, which generates approximately £221k more council tax income over the period.

4.44 Taking the assumptions in 4.43 above, funding decreases by 5.8% over the 4-year period from 2023/24 to 2026/27.

**Table 7: Forecast Position 2024/25 - 2026/27**

		2022/33	2023/24	2024/25	2025/26	2026/27
		Budget	Budget	Forecast	Forecast	Forecast
		£'000	£'000	£'000	£'000	£'000
Service Expenditure	Employees	9,983	11,613	11,423	11,898	12,392
	Premises	1,536	1,197	1,198	1,201	1,203
	Supplies & Services	3,917	4,800	4,731	4,731	4,732
	Transport	352	353	355	355	356
	Contracts	4,270	4,612	4,795	4,898	5,003
Service Income	Grants and Contributions	(1,381)	(1,461)	(1,443)	(1,443)	(1,443)
	Sales, Fees & Charges	(4,109)	(4,075)	(4,075)	(4,075)	(4,075)
	Other income (incl. rental & PV panel income)	(1,771)	(1,848)	(1,848)	(1,848)	(1,848)
Housing Benefits	HB Transfer Payments	12,972	11,769	11,769	11,769	11,769
	HB Grants and Contributions	(13,107)	(11,885)	(11,885)	(11,885)	(11,885)
<b>Net Service Expenditure</b>		<b>12,663</b>	<b>15,074</b>	<b>15,019</b>	<b>15,601</b>	<b>16,203</b>
Recharges	Recharge to HRA/Capital (Corporate Overheads)	(1,347)	(2,017)	(2,031)	(2,100)	(2,172)
Capital Financing Charges	Interest Payable - CIFCO long term	380	208	208	208	208
	Interest Payable - Other	60	1,271	1,496	1,496	1,496
	Minimum Revenue Provision (MRP)	1,445	1,708	1,829	1,928	1,980
Investment Income	Pooled Funds Net Income	(569)	(569)	(569)	(569)	(569)
	Interest Receivable - CIFCO	(2,169)	(2,187)	(2,187)	(2,187)	(2,187)
	Interest Receivable - Other	(15)	(15)	(15)	(15)	(15)
Reserves	Transfers to/from Reserves	(18)	(1,025)	(110)	(74)	(74)
<b>Total Net Cost of Services</b>		<b>10,430</b>	<b>12,448</b>	<b>13,641</b>	<b>14,288</b>	<b>14,871</b>
Government Grants	New Homes Bonus	(802)	(825)	(825)	-	-
	Revenue Support Grant (RSG)	-	(112)	(112)	-	-
	Services Grant	(147)	(83)	(83)	-	-
	Rural Services Delivery Grant	(238)	(238)	(238)	(238)	(238)
	Funding Guarantee	-	(100)	(100)	-	-
	Lower Tier Services Grant	(96)	-	-	-	-
Business Rates	Business Rates	(3,041)	(3,849)	(3,849)	(3,849)	(3,849)
	Growth / Pooling Benefit	(333)	(340)	(340)	(340)	(340)
	Enterprise Zone income	(216)	(238)	(345)	(452)	(452)
	Business Rates (surplus) / deficit	218	(6)	-	-	-
Council Tax	Council Tax	(6,185)	(6,416)	(6,548)	(6,603)	(6,637)
	Council Tax (surplus) / deficit	(116)	(21)	-	-	-
<b>Total Funding</b>		<b>(10,957)</b>	<b>(12,227)</b>	<b>(12,440)</b>	<b>(11,482)</b>	<b>(11,516)</b>
	Strategic Priorities Reserve	527	-	-	-	-
<b>Shortfall / (Surplus Funds)</b>		<b>0</b>	<b>221</b>	<b>1,201</b>	<b>2,806</b>	<b>3,354</b>
	2023/24 deficit		221	221	221	221
	2024/25 deficit			980	980	980
	2025/26 deficit				1,605	1,605
	2026/27 deficit					548
<b>Total Shortfall / (Surplus Funding)</b>		<b>-</b>	<b>221</b>	<b>1,201</b>	<b>2,806</b>	<b>3,354</b>

## Medium Term Financial Strategy (MTFS) 2023-2026

4.45 To achieve its Vision, the Council needs to take a medium-term view of the budget through a robust financial strategy that is focused on delivering the six corporate strategic priorities.



4.46 The Council's main strategic financial aim remains to become self-financing i.e., not reliant on Government funding. The Council's parallel aim is to generate more funds than are required purely for core services, to enable additional investment into the district.

4.47 There are 3 key elements that need to be carefully balanced to ensure success, which are:

- Cost management
- Income generation and
- Service levels.

4.48 The approach over the medium term is to transform the Council into an organisation that is thriving and not just surviving, by continuously reviewing, remodelling, and reinventing the way the Council operates. For the Council to thrive, a strong focus is placed on the wellbeing of our staff and residents.

The following overarching principles are considered when evaluating ideas and opportunities for change:



- Reduce our costs (both internally and across the wider system)
- Increase our income
- Provide better / “best” value
- Increased social value
- Provide a better service for our customers
- Reduction in administration costs, without compromising service
- Reduced climate change and biodiversity impact

4.49 The focus is on:

- internal efficiencies and improvements
- continuously streamlining work and reducing waste in processes
- greater cross-functional working and multi-skilling
- improving ways of working to move away from ‘professional silos’ and toward integrated services for the public
- customer demand understood, analysed, and met through new services and business models
- demand is re-shaped and managed while engaging service users to ascertain priorities.

4.50 The approach below shows in more detail for each element the methodology that has been adopted to achieve this.



4.51 Over the three-year period from 2024/25 the Council’s cumulative deficit of £3.3m must be addressed through delivering further savings and generating additional income. The Council acknowledges that it can still benefit from further work across the organisation to create efficiencies through driving down cost and cutting out work that does not add value. Opportunities exist in terms of improving digitisation and automation of some processes.

- 4.52 As part of the 2023/24 budget setting work, Corporate Managers and Directors identified a number of areas where further savings and efficiencies could be made across the organisation. This work will continue during 2023/24 to develop a delivery and implementation plan to support the MTFs and to enable some broad-based numbers to be put against a 2-3 year programme.
- 4.53 It is likely that additional resources and investment will be required in order to deliver efficiencies and savings in the longer term. The Council will continue this approach to further transform the way it operates over the next three years.
- 4.54 A further key element of the Strategy is having adequate reserves available to manage any unexpected changes to spending and funding plans. They are a fundamental part of the way the Council manages its business risks and maintains a stable financial position.
- 4.55 Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.
- 4.56 Reserves only provide one-off funding, so a core principle is that reserves should not be used to cover ongoing gaps between expenditure and funding and should be replenished as soon as practicable when used.
- 4.57 There are generally two types of reserves: unallocated and earmarked. The unallocated reserve is known as the General Fund Balance and is held by the Council to manage the financial risks it faces, and to ensure that it can remain solvent should any of these risks become realised. This reserve currently stands at £1m and represents about 8% of the net budget.
- 4.58 Earmarked reserves are held by the Council's services and used to pay for specific commitments or set aside for anticipated projects and programmes. The projected earmarked reserves position at 31 March 2023 is £7.7m as shown in Table 5.

## **5. FEES AND CHARGES**

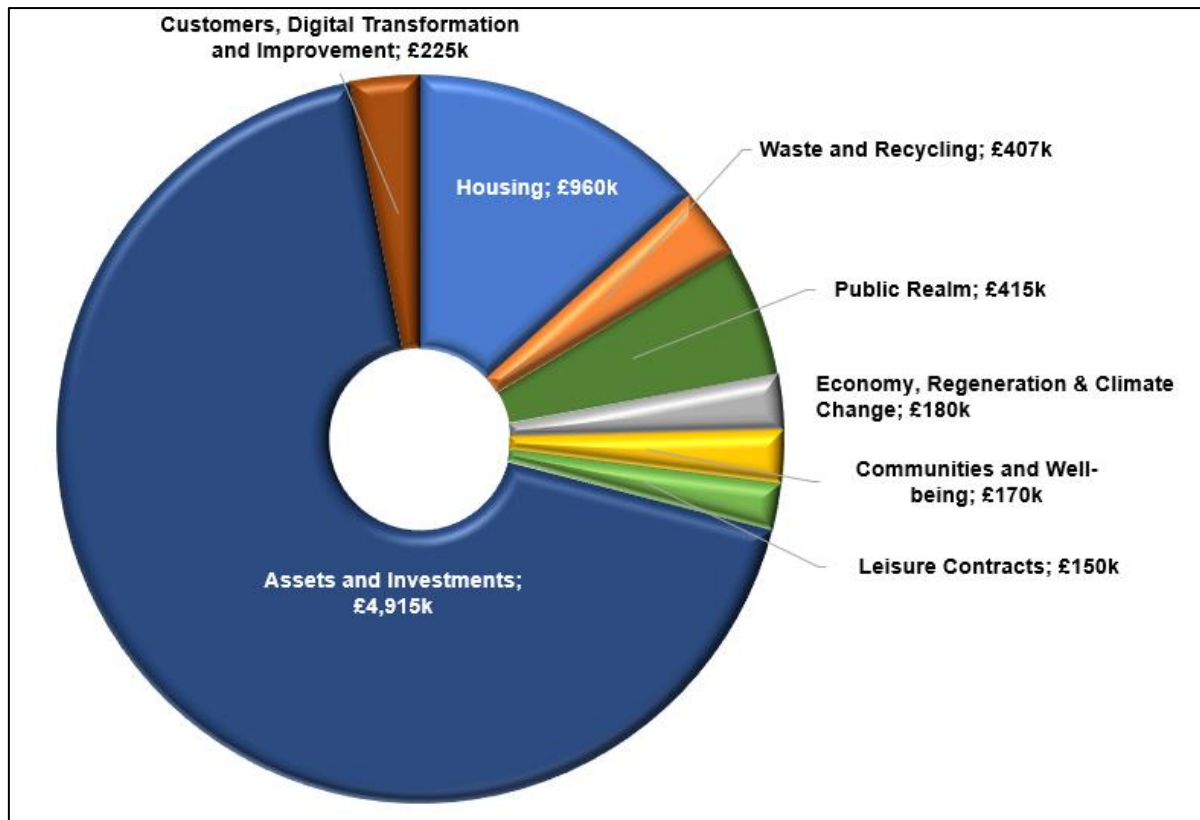
- 5.1 Fees and charges have been reviewed by budget holders as part of this budget setting process and a separate report was presented to Cabinet in January 2023. (BCa/22/39) The impact of the charges agreed have been built into the budget for 2023/24.
- 5.2 There is no planned increase included for 2024/25, 2025/26 or 2026/27.

## **6. CAPITAL PROGRAMME**

- 6.1 The detailed Capital Programme is attached at Appendix A. The new capital allocation for the 2023/24 budget totals £7.2m and is shown in Chart 7 below. Along with an anticipated carry forward of £6.3m at the end of the current financial year, the total capital programme for next year is expected to be £13.5m in total.



**Chart 7: Capital Budget 2023/24 (excluding carry forwards) - £7.2m**



6.2 The most significant items for new planned spend are the proposed Commercial Workspace Development at Hadleigh (£1.1m) and funding for Babergh Growth (£3.8m) to undertake housing developments at sites already in progress or ones currently under negotiation for purchase over the next 3 years as well as purchasing additional land for further development. Funding is also included to continue the range of annual capital initiatives such as housing and community grants.

6.3 Following review by Joint Audit and Standards Committee in January 2023, the Capital and Investment Strategy will have further details of the Council's borrowing capacity and the impacts of the capital programme, this will be presented to Council in February along with the final budget report.

## **7. LINKS TO THE CORPORATE PLAN**

7.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan and aligns to the corporate outcomes against a backdrop of efficiency, and sound financial robustness. The underlying principle of the Medium-Term Financial Strategy is to be financially sustainable.

## **8. FINANCIAL IMPLICATIONS**

8.1 These are detailed in the report.

## **9. LEGAL IMPLICATIONS**

9.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) requires the Council to set a balanced budget with regard to the advice of its Chief Finance Officer

(Section 151) in relation to the level of reserves and the risks associated with the proposed budget.

## 10. RISK MANAGEMENT

10.1 Key risks are set out below:

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
We may be unable to react in a timely and effective way to financial demands	3 - Probable	4 - Disaster	Continued monitoring and reporting of the Councils financial forecast via quarterly reports to Cabinet	Strategic Risk Register - SRR004 BDC
If Government funding does not keep pace with demand and other pressures, then the Council will have to consider how it continues to fund existing service levels	2 - Unlikely	3 - Bad	The Council will continue to lobby Government both directly and via networks such as the District Councils' Network (DCN) and the Rural Services Network (RSN)	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007
If demand pressures and cost inflation exceed forecasts, then the Council could be in an overspend position at the year-end	2 - Unlikely	2 - Noticeable	Service areas will identify and analyse data that enable the best possible forecasts to be determined and act where possible to contain costs in year to offset the impact	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007
If income levels are below forecast, then the Council could be in an overspend position at the year-end	2 - Unlikely	2 - Noticeable	Service areas will identify and analyse data that enable the best possible forecasts to be determined and act where possible to generate income to anticipated levels	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
If borrowing costs exceed projections, then the Council may need to fund the excess costs from reserves at year-end	2 - Unlikely	2 - Noticeable	Discussions with the Council's treasury management adviser on interest rates to be used when setting the budgets	Finance, Commissioning and Procurement Operational Risk Register – 005BDC
If capital projects exceed budgeted figures, then the Council will achieve less with the resources available	2 - Unlikely	2 - Noticeable	Capital projects will include an appropriate level of contingency that will cover potential increases in costs	Finance, Commissioning and Procurement Operational Risk Register – 005BDC

## **11. CONSULTATIONS**

11.1 Consultations have taken place with Directors, Corporate Managers and other Budget Managers as appropriate.

## **12. EQUALITY ANALYSIS**

12.1 Directors and Corporate Managers will undertake an Equality Impact Assessment for any individual budget proposals that have the potential to impact any of the protected characteristics under the Equality Act 2010.

## **13. ENVIRONMENTAL IMPLICATIONS**

13.1 Directors, Corporate Managers and other Budget Managers will continue to consider the environmental impact of their budgets and take the opportunity to reduce their carbon footprint as opportunities arise.

13.2 In support of the Council's commitment to be Carbon Neutral by 2030, several initiatives have and are being undertaken from a combination of the Council's own resources and those secured from external sources. Some of these are set out below.

13.3 The Councils' Sustainable Travel Vision and Local Cycling and Walking Infrastructure Plan (LCWIP) was approved by cabinet in April 2022. The Sustainable Travel Vision will be used to inform the public about our key values, aims, ambitions and narrative around Sustainable Travel. The key functions of the LCWIP are to inform SCC Highways and our own planning team of our active travel infrastructure ambitions, in order to capture opportunity for delivery. To compliment the LCWIP, the [Quiet Lanes Suffolk](#) project continues to support Parishes across the district to identify and designate suitable rural lanes as 'Quiet Lanes' to make them safer for people to use for exercise and more active forms of travel.

- 13.4 In December 2022, funding of £300k was secured from the Office for Zero Emission Vehicles (OZEV) for the installation of EV charge points in 12 car parks across both Mid Suffolk and Babergh Building upon the bid's success, the Councils are working in partnership with SCC to create an EV charge point infrastructure plan. The plan will cover:
- Place of Business destination charging
  - Provision for existing social housing residents
  - Provision of rapid charging for taxis
- 13.5 In conjunction with SCC, the Council is engaging with local primary schools, running theatrical workshops, to highlight the issue of poor air quality and to promote sustainable travel.
- 13.6 Following completion of the solar carports, 40 of our existing car parking spaces now help to power Kingfisher Leisure Centre in Sudbury providing just over 16% of the centre's annual electricity demand. Babergh, alongside Mid Suffolk are among the UK's first rural local authorities to trial the technology, which will reduce the centres' reliance on the grid and cut carbon emissions. The site also includes battery storage so excess energy produced during sunnier periods can be saved for later, as well as electric vehicle charging points.

#### 14. APPENDICES

Title	Location
Capital Programme	<b>Appendix A</b>
Budget, Funding and Council Tax Requirements	<b>Appendix B</b>
Robustness of Estimates and Adequacy of Reserves	<b>Appendix C</b>

#### 15. BACKGROUND DOCUMENTS

Provisional Local Government Finance Settlement

General Fund Financial Monitoring 2022/23 – Quarter 2 - BCa/22/32

Draft General Fund 2023/24 – BOS/22/01

Fees and Charges 2023/24 - BCa/22/39

General Fund and Housing Revenue Account 2023/24 Review of Savings Proposals update position – BOS/22/02

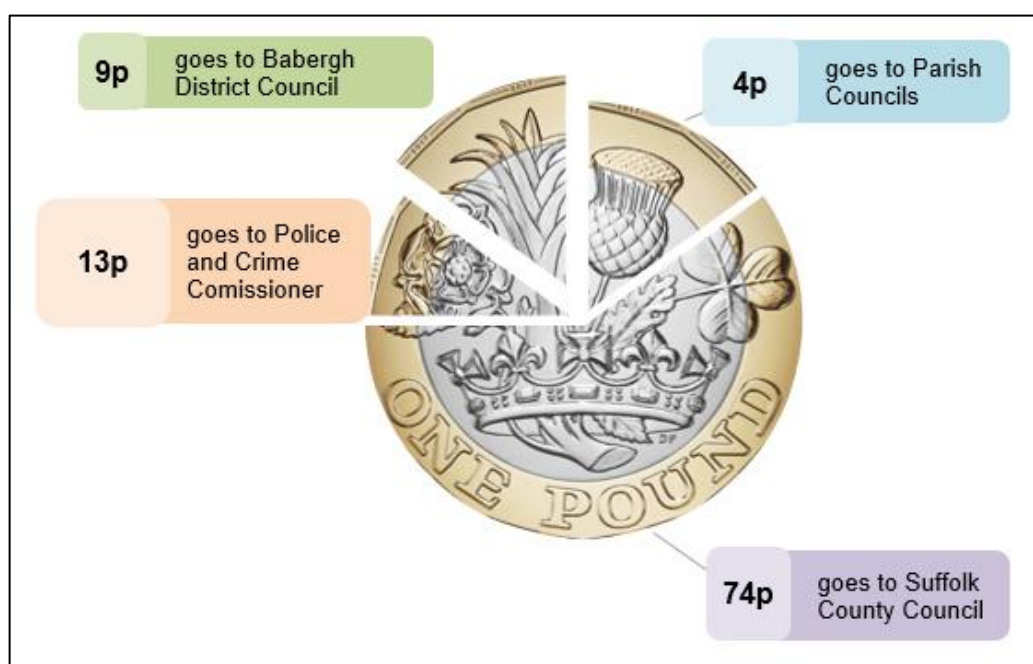
## CAPITAL PROGRAMME 2023/24 TO 2026/27

Babergh District Council - General Fund Capital Budgets  2023/24 to 2026/27	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27
	Anticipated C/Fwds	Budget for Approval	Total Spend Required	Forecast	Forecast	Forecast
	(A)	(B)				
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing</b>						
Mandatory Disabled Facilities Grant	106	760	866	760	760	760
Renovation / Home Repair Grants	40	100	140	100	100	100
Empty Homes Grant	241	100	341	100	100	100
Grants for Affordable Housing	200	0	200	0	0	0
<b>Total Housing</b>	<b>587</b>	<b>960</b>	<b>1,547</b>	<b>960</b>	<b>960</b>	<b>960</b>
<b>Waste and Recycling</b>						
Replacement Refuse Freighters - Joint Scheme	0	152	152	231	0	0
Recycling Bins	0	75	75	75	75	75
<b>Total Waste and Recycling</b>	<b>0</b>	<b>227</b>	<b>227</b>	<b>306</b>	<b>75</b>	<b>75</b>
<b>Economy, Regeneration and Climate Change</b>						
Belle Vue Refurbishment / Replacement	1,901	0	1,901	0	0	0
EV Charge Points in Car Parks	0	180	180	0	0	0
<b>Total Economy, Regeneration and Climate Change</b>	<b>1,901</b>	<b>180</b>	<b>2,081</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Public Realm</b>						
Vehicle and Plant Renewals	0	120	120	100	100	175
Planned Maintenance / Enhancements-Car Parks	0	45	45	15	15	15
Parking Strategy Implementation	0	165	165	155	0	0
Pin Mill Planned maintenance	35	25	60	25	25	25
Gaol Lane, Sudbury toilet refurbishment	0	60	60	0	0	0
<b>Total Public Realm</b>	<b>35</b>	<b>415</b>	<b>450</b>	<b>295</b>	<b>140</b>	<b>215</b>
<b>Communities and Well-being</b>						
Play equipment	239	50	289	50	50	50
Community Development Grants	15	120	135	120	120	120
<b>Total Communities and Well-being</b>	<b>254</b>	<b>170</b>	<b>424</b>	<b>170</b>	<b>170</b>	<b>170</b>
<b>Leisure Contracts</b>						
Kingfisher Leisure Centre Planned Maintenance	641	100	741	100	100	100
Hadleigh Leisure Planned Maintenance	0	50	50	50	50	50
<b>Total Leisure Contracts</b>	<b>641</b>	<b>150</b>	<b>791</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Assets and Investments</b>						
Corporate Buildings - Planned Maintenance / Enhancements	0	30	30	30	30	30
Leases on Property (accounting change under new IFRS16)	0	0	0	136	0	0
Borehamgate	0	60	60	60	60	60
Strategic Investment Fund	1,906	0	1,906	0	0	0
A1071 Roadside Commercial Workspace Development	903	1,075	1,978	0	0	0
Babergh Growth Ltd	0	3,750	3,750	3,750	0	0
<b>Total Assets and Investments</b>	<b>2,809</b>	<b>4,915</b>	<b>7,724</b>	<b>3,976</b>	<b>90</b>	<b>90</b>
<b>Customers, Digital Transformation and Improvement</b>						
Replacement Finance Management System	0	75	75	0	0	0
ICT - Hardware / Software costs	112	150	262	150	225	150
<b>Total Customers, Digital Transformation and Improvement</b>	<b>112</b>	<b>225</b>	<b>337</b>	<b>150</b>	<b>225</b>	<b>150</b>
<b>TOTAL General Fund Capital Spend</b>	<b>6,339</b>	<b>7,242</b>	<b>13,581</b>	<b>6,007</b>	<b>1,810</b>	<b>1,810</b>
<b>GF Financing</b>						
External Grants and contributions	106	895	1,001	760	760	760
Capital Receipts	1,100	115	1,215	0	0	0
Borrowing	5,133	6,232	11,365	5,247	1,050	1,050
<b>Total GF Capital Financing</b>	<b>6,339</b>	<b>7,242</b>	<b>13,581</b>	<b>6,007</b>	<b>1,810</b>	<b>1,810</b>

### **Budget, Funding and Council Tax Requirements**

- 1) The precept requirements of Parish / Town Councils must be aggregated with the requirement of this authority to arrive at an average Council Tax figure for the district / parish purposes. This figure however is totally hypothetical and will not be paid by any taxpayer (other than by coincidence). A schedule of the precept requirements from Parish / Town Councils will be reported to Council on 20 February 2023.
- 2) The County and the Police and Crime Commissioner's precept requirements are added to this.
- 3) The legally required calculation is set out below:
  - a) The General Fund Budget requirement for the District Council purposes in 2023/24 will be £182.64, based on a 2.99% increase to Council Tax for a Band D property.
  - b) The County Council precept requirement is still to be determined but is likely to be £1,496.43 for a Band D property in 2023/24, an increase of £57.51 (3.99%).
  - c) The Police and Crime Commissioner's precept requirement is still to be determined but is likely to be £262.62, an increase of £14.94 (6.03%).
  - d) At the time of preparing this report, not all Parish / Town Councils have supplied formal notification of their 2023/24 precept. The final figures will be reported to Council later this month.
- 4) Each £1 of council tax collected by the District Council is distributed as per chart 8 below.

**Chart 8: Where the Council Tax collected goes**



- 5) Babergh is a billing authority and collects council tax and non-domestic rates on behalf of the other precepting authorities i.e. Suffolk County Council, Suffolk Police and Crime Commissioner and Parish / Town Councils. The dates that monies collected are paid over to the County Council, and the Police and Crime Commissioner (“precept dates”) need to be formally agreed under Regulation 5(i) of the Local Authorities (Funds) (England) Regulations 1992.
- 6) Established practice is for payments to be made in 12 equal instalments on the 15th of each month or the next banking day if the 15th falls on a weekend or bank holiday. Accordingly, the precept dates applicable for 2023/24 are expected to be as follows:

17 April 2023	16 May 2023	15 June 2023	17 July 2023
15 August 2023	15 September 2023	16 October 2023	15 November 2023
15 December 2023	15 January 2024	15 February 2024	15 March 2024

## **Section 25 report on the robustness of estimates and adequacy of reserves**

### **1. Background**

- 1.1 Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund budget and level of council tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This report fulfils that requirement for the setting of the budget and council tax for 2023/24.
- 1.2 This is to ensure that when deciding on its budget for a financial year, Members are made aware of any issues of risk and uncertainty, or any other concerns by the Chief Financial Officer (CFO). The local authority is also expected to ensure that its budget provides for a prudent level of reserves to be maintained.
- 1.3 Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its CFO and is heading for financial difficulty. The Section 151 Officer and Members, therefore, have a responsibility to ensure in considering the budget that:
  - It is realistic and achievable and that appropriate arrangements have been adopted in formulating it.
  - It is based on clearly understood and sound assumptions and links to the delivery of the Council's strategic priorities.
  - It includes an appropriate statement on the use of reserves and the adequacy of these.

### **2. Basis of Advice for Section 25 Report**

- 2.1 In forming the advice for this year's Section 25 report, the CFO has considered the following:
  - a) The role of the Chief Finance Officer
  - b) The effectiveness of financial controls
  - c) The effectiveness of budget planning and budget management
  - d) The adequacy of insurance and risk management
  - e) The mitigation of strategic financial risks
  - f) The Capital Programme

#### **a) Role of the Chief Finance Officer**

- 2.2 The statutory role of the Chief Finance Officer in relation to financial administration and stewardship of the Council, and its role in the organisation are both key to ensuring that financial discipline is maintained.
- 2.3 The statutory duties of the Chief Finance Officer are set out in the Financial Regulations which form part of the Council's Constitution. These include the requirement to report to council if there is an unbalanced budget (under Section 114 of the Local Government Act 1988).



2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The Statement requires that in order to meet best practice the CFO:

- a) is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- c) must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- d) must lead and direct a finance function that is resourced to be fit for purpose; and
- e) must be professionally qualified and suitably experienced.
- f) The CIPFA Financial Management Code came into effect from the 1st April 2021, the code complements the Statement on the Role of the Chief Financial Officer, including a set of financial management standards that the Council is complying with. The standards emphasise how financial management is a collective responsibility of the Council's Corporate Leadership Team, acting alongside the CFO, stating that "it is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability. These standards have been considered in drafting this statement.

## **b) Financial Controls**

2.5 CIPFA's Financial Resilience Index, made publicly available for the first time in 2019, aims to support good practice in the planning of sustainable finance. The index does not come with CIPFA's own scoring, ranking or opinion on the financial resilience of an authority. However, users of the index can undertake comparator analysis drawing their own conclusions. The tool is based on a series of indicators relating to the sustainability of reserves, external debt, fees and charges and income from local taxation (business rates and council tax).

2.6 The 2022 index, which provides the relative position for the 2021/22 financial year, is the most up to date index currently available. Councils' performance is ranked relative to those in the selected 'comparator group'.

2.7 Babergh is seen as having higher risks around the level of external debt, interest payable and the proportion of fees and charges income against total revenue expenditure. The external debt includes that associated with the HRA, so the Council will always be seen as a higher risk compared to those councils without housing stock, but it is balanced against the value of the housing stock on the Council's balance sheet.

- 2.8 The other elements are all linked to the investment that the Council has made in CIFCO by increasing General Fund debt levels, higher interest payments, but also higher investment income coming back to the Council and is secured by charges on the properties acquired by CIFCO.
- 2.9 Alongside the statutory role of the CFO the Council has in place a number of financial management policies and financial controls which are set out in the Financial Regulations.
- 2.10 Other safeguards which ensure that the Council does not over-commit financially include:
- a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
  - b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
  - c) the auditors' consideration of whether the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
- 2.11 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the "Annual Governance Statement".
- 2.12 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily. This is backed up by the review processes of Cabinet and the Joint Audit and Standards Committee undertaking the role of the Council's Audit Committee.

**c) Budget Planning and Budget Management**

- 2.13 The financial planning process is Councillor-led as Cabinet decides the principles and policies that underpin budget planning. The Budget Report describes the strategy for 2023/24 and beyond.
- 2.14 Cost pressures and variations in key areas of income and expenditure have been carefully considered and reflected in the budget.
- 2.15 Key assumptions have been made and updated during the budget process to reflect the changing economic position and latest information. Budget assumptions for 2023/24 have also been considered and included in the process.
- 2.16 Detailed scrutiny, review and challenge of budgets has been undertaken by finance officers and the Senior Leadership Team.
- 2.17 There has been an examination by the Overview and Scrutiny Committee in advance of the budget being approved. The recommendations made by the

Committee are considered by Cabinet before the budget is presented to Council.

2.18 A key factor in effective budget management is the Council's regular monitoring of spending against budgets throughout the year and at year-end. Budget managers are required to update their forecasts during the year, and these are subject to review by Cabinet on a quarterly basis. The development of budget managers and initiatives to strengthen budgetary control and financial management throughout the Council is an ongoing process.

2.19 The Council has a proven track record on budget management, which is confirmed by Ernst & Young in their Annual Audit Letter. The auditors are required to form a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. There has been a delay in the external audit process for 2020/21, but an unqualified opinion was achieved for 2019/20 and is expected again for 2020/21.

2.20 As part of the audit work for the 2019/20 and 2020/21 financial statements, a going concern review was undertaken in light of Covid19. The Council has demonstrated that it is currently in a strong financial position with the level of reserves it has and the funding received from the Government mitigating the financial impact forecast.

**d) Adequacy of Insurance and Risk Management**

2.21 The Council's insurance arrangements are in the form of external insurance premiums with regular reviews being undertaken of the level at which risks are insured.

2.22 A critical area where risk management thinking can add significant value is to enhance the planning and budgeting process. Utilising a risk-based approach directly links to the Council's risk appetite to its core financial and economic performance, supported by the Council's Significant Risk Register. The goal when integrating risk management into budget planning is to understand the assumptions that the budget is based on.

2.23 The effective application of the Council's risk management principles enhances many processes within the context of managing its services and enables management to make better and more informed decision.

2.24 Our approach is to identify the major line items of each service budget, the personnel who contributed to them and the basis of estimation and then to ask key questions such as:

- What are the potential risks that could interfere with the accuracy of the estimate?
- What is the likelihood of these risks materialising?
- What would the impact on the organisation be if they did materialise?

e) **Mitigation of Strategic Financial Risk**

2.25 No budget can be completely free from risk, and this is especially true with the inflationary pressures and cost of supplies currently affecting the Councils finances. Some comments on the areas of the budget having key financial impacts or significant changes for 2023/24 are set out below:

- **Pay and Pensions** – The budget includes provision for pay increases of 4% for 2023/24 and 2% for each of the following 3 years to 2026/27 and continues to provide for annual progression through pay scales where employees are not at the top of their grades. A 1% change in pay amounts to around £110k per annum.

Based on the 2022 triennial pension fund valuation the contribution rate has been increased to 26% from 23% from 2023/24 and the lump sum contribution towards the deficit removed.

The Council's establishment budget is based on a full establishment. To allow for in-year vacancy savings the budget includes an annual vacancy saving of £570k, which equates to 5%.

- **Price Increases** – Allowances for price increases have been made on some budgets including major contracts, where there is a contractual requirement to do so. For other areas the budget assumes any price inflation is absorbed by the service. A 1% change in the refuse and ICT contracts and the Shared Revenues Partnership is around £40k.
- **Income from Fees and Charges** – A significant part of the Council's costs continue to be met from fees and charges. For some of these headings it is difficult to predict the level of income to be received e.g. planning fees, so progress against these income targets will need to be monitored throughout the year, particularly in the light of continuing economic volatility. A 1% change in fees and charges income including from planning, building control, garden waste, car park and recycling performance payments income is around £41k.
- **Investment Income and Interest Payable** –The Council has diversified its investments into a property fund and other pooled funds, following advice from Arlingclose, to increase the return on investment. Following implementation of International Financial Reporting Standards (IFRS) and how changes to the year-end values of pooled funds have to be treated could encourage the redemption of holdings and reduce the anticipated level of return, but this will not come into force until April 2025.
- **Business Rates Retention** – As business rates is an increasingly important source of income for the Council, measures for closer monitoring have been put in place. Under the current retention system, the General Fund's exposure to variances can come from economic decline, cessation of business from a major ratepayer and appeals to rateable values. The Council operates a Business Rates and Council Tax Collection Fund Reserve to cover for this possibility as appropriate and the Government provided some funding to cover irrecoverable tax losses.

The change to 75% retention of business rates is now unlikely to be taken forward and the reset has been deferred. The figures beyond 2023/24 assume a continuation of resources at the current level, but this is unknown. If baseline funding levels should reduce, the Business Rates and Council tax Collection Fund Reserve could be used to support a short-term reduction, but medium-term plans and resources would need to be reviewed.

- **Council Tax Income and the Tax Base** – the impact from Covid on collection rates, the number of Local Council Tax Reduction (LCTR) claimants and the build rate of new homes across the district has been less than anticipated when the budget for 2022/23 was set. This means that a 1.6% increase has been calculated for the tax base for 2023/24, which will generate additional council tax income of £99k. As a result of the improved position, a surplus of £21k is anticipated on the Collection Fund for 2022/23, which is included in the budget for 2023/24.
- **Government Funding** – Revenue Support Grant (RSG) will be received in 2023/24 as a result of the Family Annex Council Tax Discount Grant and LCTS Administration Grant being rolled up into the settlement. These were previously accounted for within service income, so does not impact the overall budget position.

The Council's core Government funding also includes the Rural Services Delivery Grant (RSDG), New Homes Bonus (NHB), Lower Tier Services Grant and the Funding Guarantee Grant. This is a new grant has been created to ensure every authority has an increase in Core Spending Power (CSP) of at least 3%. This Funding Guarantee Grant will be funded from the Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB).

There remains uncertainty beyond 2023/24, so the medium-term figures are based on the current level of RSDG continuing and NHB reducing in 2025/26 and future years.

- **Welfare Reforms, Benefits and Council Tax Reductions** – At a forecast of £12m for 2023/24, housing benefit remains one of the Council's largest financial transactions, which due to the welfare reforms and introduction of Universal Credit and the Council Tax Reduction scheme is subject to increasing risk and change. This will continue to be closely monitored in order to protect the Council from any emerging risks and liabilities.

## f) Capital Programme

2.26 The Council's new capital programme funding for the next 4 years is £16.9m which is largely funded through borrowing and is based upon reasonable estimates of cost and capacity to deliver the programme. The programme has been developed to support the key deliverables of the Council and its ambition through the Joint Corporate Plan.

2.27 A key risk therefore to consider in the Council's budget planning is the interest cost and provision for repayment of debt (Minimum Revenue Provision – MRP) that it will need to meet commitments on the borrowing it undertakes for capital

purposes. The Government is currently reviewing feedback from a consultation on MRP which ended in February 2022. This included an amendment which would require the Council to start making MRP on its loans to its companies, rather than set aside the capital receipts from repayments as it does currently. If this change is implemented this could increase costs.

- 2.28 Review of the capital programme on an ongoing basis is required to ensure that future borrowing is targeted on projects that deliver the most for the district and are affordable within the current revenue resources.
- 2.29 The borrowing strategy and MRP policy are set out in detail in the Capital, Investment and Treasury Management Strategies document.

### **Conclusion**

- 2.30 Taking all of the above into consideration, the Section 151 Officer's opinion is that the Council's budget and estimates are reasonable based on the assumptions and available information, but cannot be absolutely robust, so a full assurance cannot be given that there will be no unforeseen adverse variances.
- 2.31 This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation continues to impact on expenditure and income. The minimum safe level of reserves proved to be sufficient to manage the impact of the Covid-19 pandemic in 2020/21 and 2021/22, alongside the support provided by the Government, which has been the single largest impact on local authorities' finances in recent years, so provided this is maintained, any variations arising as a result of lack of robustness in the estimates should be manageable.

## **3 Adequacy of Reserves**

- 3.1 There is no available guidance on the minimum level of reserves that should be maintained. Each authority should determine a prudent level of reserves based upon their own circumstances, risk and uncertainties. Regard has been had to guidance that has been issued to CFO's and the risks and uncertainties faced.
- 3.2 The Council is required to maintain adequate financial reserves to meet the needs of the authority. This is the General Reserve and provides a safe level of contingency.
- 3.3 The minimum level of unearmarked reserves in 2023/24 will remain at £1m after being reduced from £1.2m in 2022/23. This represents 8% of the annual General Fund Budget. There is currently no intention to increase the reserve, this is partly based on the understanding that there are further sums available in earmarked reserves that will not be fully spent during 2023/24 as set out below.
- 3.4 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account but including the Strategic Priorities Reserve) are forecast to be £6.7m at 31 March 2024. The Strategic Priorities Reserve is continuing to support the delivery of the Council's Joint Corporate Plan in 2023/24.

**4. Background Documents**

Local Government Act 2003; Guidance Note on Local Authority Reserves and Balances – CIPFA 2003; Medium Term Financial Strategy

Melissa Evans  
Director, Corporate Resources  
(Section 151 Officer)

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# Agenda Item 9

## BABERGH DISTRICT COUNCIL

<b>COMMITTEE:</b> Cabinet	<b>REPORT NUMBER:</b> BCa/22/40
<b>FROM:</b> Councillor David Busby, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 6 February 2023
<b>OFFICER:</b> Melissa Evans, Director, Corporate Resources	<b>KEY DECISION REF NO.</b> CAB379

### HOUSING REVENUE ACCOUNT (HRA) 2023/24 BUDGET

#### 1 PURPOSE OF REPORT

- 1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the HRA Budget for 2023/24.
- 1.2 To enable Members to consider key aspects of the 2023/24 HRA Budget, including council house rent levels.

#### 2 OPTIONS CONSIDERED

- 2.1 The Housing Revenue Account Budget for 2023/24 is an essential element in achieving a balanced budget and sustainable medium-term position, therefore no other options are appropriate in respect of this.

#### 3 RECOMMENDATIONS

- 3.1 That the HRA Budget proposals for 2023/24 set out in this report, be endorsed for recommendation to Council on 21 February 2023.
- 3.2 That an increase of 7% for council house rents, equivalent to an average rent increase of £6.68 for social rent and £9.41 for affordable rent, a week be implemented.
- 3.3 That the CPI increase of 10.1% in garage rents, equivalent to an average rent increase of £4.86 or £4.91 (private rental), a month be implemented.
- 3.4 That an increase of 7% for sheltered housing service charges, equivalent to £12.19 a month, be implemented.
- 3.5 That an increase for sheltered housing utility charges, equivalent to £7.42 a month (8% for heating and 11% for water), be implemented, following no utility increase for 3 years (since 2019/20).
- 3.6 That in principle, Right to Buy (RTB) receipts should be retained within the Housing Revenue Account, to enable continued development and acquisition of new council dwellings.

## **REASON FOR DECISION**

**To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Councils Housing Revenue Account budget for recommendations to Council.**

### **4 KEY INFORMATION**

#### **Background**

- 4.1 The Council's current HRA Business Plan presents a financial picture over the longer term (a thirty-year period as required under the self-financing regime). The business plan sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones. In addition, the Business Plan is used to plan and understand any potential borrowing requirements which are needed to adhere to Social Housing Regulations such as the Consumer Standards and the Decent Homes Standard
- 4.2 The housing landscape will look very different in years to come, as such the Council has taken the decision to carry out a full review of the business plan, taking into account all compliance requirements, stock condition data and the emerging Social Housing Regulation Bill. As such a one-year interim budget has been produced. Members can expect a revised and up to date business plan to be presented before the next budget setting period. This will include a series of presentations which provide Members with the appropriate stress testing and scenario planning to enable a longer-term view to be taken. This will also give comfort to our customers as our planned and estate enhancements will be included in the plan.
- 4.3 Members should also note that officers will be working with customers during the year to understand their aspiration around how we create places to be proud of. This forms part of the new housing regulations, and as such officers will consult with customers on what they would like to prioritise in the new business plan.
- 4.4 The information presented to Overview and Scrutiny Committee in January 2023 and this budget report presented to Cabinet and Full Council will focus on the budget for 2023/24. The revised business plan, when it is presented, will set out the longer-term financial implications and ambitions for the HRA and will take into account any decisions or approvals in relation to the 2023/24 budget.
- 4.5 Following a period of five years that saw annual 1% rent reductions, which ended in March 2020, councils were allowed to increase rents by the maximum of the Consumer Price Index (CPI) +1% for a period of five years from April 2020. Subject to compliance with the Regulator of Social Housing's Rent Standard, this has begun to mitigate the impact of the 1% reduction on the 30-year plan. However, the cost of living crisis has resulted in the Government making a change to the rent settlement. This is a significant risk to the HRA as the recent reductions and now the rent cap, leaves the Council at risk of not being able to meet its legal obligations. This is again against the backdrop of aging stock which requires urgent investment.

- 4.6 The removal of the HRA Debt Cap from 29 October 2018 means that local authorities can borrow to fund new homes without worrying about breaching this cap. Any borrowing will be subject to the Council adhering to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code.
- 4.7 The 2023/24 budget is aligned to and supports the Council's Homes and Housing Strategy and the Council's vision for residents to live in affordable and high-quality homes that enable them to build settled, safe and healthy lives.

#### **2022/23 Budget and Forecast Outturn**

- 4.8 On 21 February 2022 the Council set the HRA budget for 2022/23 showing a surplus of £511k
- 4.9 The second quarter 2023 budget monitoring report was presented to Cabinet on 5 December 2022 showing a forecast adverse variance of £825k against the budgeted surplus of £511k. The key factors in this position are the additional costs being incurred to address the backlog in void and responsive repairs, as well as increasing materials costs due to inflation.
- 4.10 The third quarter position will be presented to Cabinet on 6 March 2023.

#### **2023/24 Budget Proposals**

- 4.11 In preparing the budget for 2023/24 the various headings have been thoroughly reviewed against the forecast for 2022/23, to ensure that they are set on a realistic basis for next year.
- 4.12 Assumptions made when constructing the budget for 2023/24 were reviewed and assessed by the Overview and Scrutiny Committee in November 2022 and January 2023, report references BOS/22/01 and BOS/22/02 and so have not been repeated here.
- 4.13 The budget for 2022/23 was a surplus of £511k however due to a continuation of financial pressures described above and in the quarter 2 financial monitoring the position for next year has worsened by £755k as shown in table 1.

**Table 1: budget changes**

	£'000	£'000
<b>2022/23 Surplus</b>		<b>(511)</b>
<b>Pressures</b>		
Pay award, increments, pay review (Reserve/grant funded £25k)	1,319	
Repairs inc. voids (inflation and increase based on outturn)	1,735	
Sheltered schemes (utility costs)	369	
Depreciation	269	
Recharge from General Fund for grounds maintenance	448	
Stock conditions survey	125	
Software Licenses (inflation)	116	
Equipment, Tools and Materials (inflation)	92	
Fixtures and Fittings for Sheltered Housing improvements	41	
Property Servicing (heating) – remedial works & ongoing service requirements	82	
Other small items (net)	142	
<b>Total Draft Pressures</b>		<b>4,738</b>
<b>Savings/additional Income</b>		
Rental income – based on 7% increase	(1,483)	
Garage Rents Increased by 10%	(55)	
Increased Building Services Recharges – work on GF assets	(811)	
Interest payable	(93)	
Reducing in Revenue contribution to capital	(1,541)	
<b>Total Draft Savings/additional Income</b>		<b>(3,983)</b>
<b>Total Net increase</b>		<b>755</b>
<b>2023/24 Draft Deficit</b>		<b>244</b>

4.14 The current draft position for 2023/24 shows an overall deficit of £244k.

4.15 The Councils' total cost of service has increased by £3.672m or 50%, and income has increased by £1.551m or 8%, as shown in table 2 below.

**Table 2: Summary**

	Budget 2022/23	Budget 2023/24	Movement 22/23 vs Budget 23/24
	£'000	£'000	£'000
Dwelling Rents	(17,273)	(18,740)	(1,467)
Service Charges	(598)	(607)	(9)
Non-Dwelling Income	(183)	(238)	(55)
Other Income	(48)	(67)	(19)
Interest Received	(10)	(10)	-
<b>Total Income</b>	<b>(18,111)</b>	<b>(19,662)</b>	<b>(1,551)</b>
Housing Management	3,096	4,768	1,672
Building Services Surveyors and Compliance	1,178	1,902	724
Housing Trade Team	2,361	3,130	769
Repairs and Maintenance (all areas except Trades Team)	484	1,030	545
Bad Debt Provision	139	100	(39)
<b>Total cost of service</b>	<b>7,258</b>	<b>10,929</b>	<b>3,672</b>
Depreciation	4,548	4,817	269
Interest payable	3,161	3,068	(93)
Revenue Contribution to Capital	2,633	1,092	(1,541)
<b>Deficit / (Surplus) for Year</b>	<b>(511)</b>	<b>244</b>	<b>755</b>

4.16 In calculating the 2023/24 budget, the following assumptions have been made:

### Income

4.17 **Dwelling Rents** - an increase of 7% (rent cap) has been built into the budget for 2023/24. It is assumed that no properties will be purchased by the tenant through the Right to Buy mechanism and the number of voids is expected to be 7% higher than the forecast 2022/23 outturn position (current void rate is 1.2%). All budget changes mentioned will generate £1.467m additional income.

4.18 Tables 3 and 4 below show the impact on income levels that would be available to the HRA as alternative options for a rent increase in 2023/24 compared to the maximum that is currently built into the budget. Table 3 shows the impact on the 2023/24 budget and Table 4 shows the cumulative impact over 1, 5, 10 and 30 years

**Table 3: Rent Scenarios**

Babergh Rents	Current (2022/23) £	2023/24 Budget (7% increase) £	3% increase £	5% increase £
Social housing rents	16,218,215	17,353,468	16,704,781	17,029,185
Affordable rents	1,299,845	1,390,828	1,338,834	1,364,850
Other rents	145,166	155,327	149,521	152,424
Shared ownership properties	174,856	187,096	180,102	183,599
Less 1% voids	(229,978)	(245,673)	(236,877)	(241,477)
<b>Total rents</b>	<b>17,608,104</b>	<b>18,841,047</b>	<b>18,136,360</b>	<b>18,488,580</b>
Deficit / (Surplus) for the year	1,447,124	214,181	918,867	566,647
<b>Net increase</b>	-	<b>1,232,943</b>	<b>528,256</b>	<b>880,477</b>

**Table 4: Rent increase – impact on HRA Business Plan**

Rent increase	One year £	Five years £	10 years £	30 years £
3%	528,256	2,641,282	5,282,565	15,847,694
5%	880,477	4,402,383	8,804,765	26,414,295
7% (rent cap)	1,232,943	6,164,715	12,329,430	36,988,289

4.19 The average weekly social rent will increase by £6.68, from £95.47 to £102.15. For affordable housing, the weekly rent will increase by an average of £9.41 from £134.39 to £143.80.

4.20 Of the Council's 3,453 tenants, 1,127 (32%) that we know of are in receipt of Housing Benefit and 1,189 (34%) in receipt of Universal Credit. As Universal Credit is paid direct to the tenant, rather than the landlord, the Council no longer knows the total number of tenants in receipt of support to pay their rent.

4.21 **Sheltered Housing** - it is proposed that service charges are increased by 7% to recover expected costs in 2023/24. Increases to utility costs are also being proposed:

- Heating - an increase of 8% which equates to an average of £1 per week or £5.72 per month.
- Water - an increase of 11% which equates to an average £0.26 per week or £1.70 per month.
- The increases which are based on historic costs should recover 50% of the recent increase in gas and electricity prices, ensuring that the overall package of cost increases is manageable for our tenants. The increase will mean an element of subsidy to tenants in 2023/24 until the prices are increased again in 2024/25.

4.22 Garage rents are being increased in line with RPI, officers will be prioritising this in 2023/24 as we are currently receiving around 40 enquiries per month. Garages can be hard to let in some areas and sites are under review to assess their suitability for development.

- 4.23 **Other income** – the level of income from leaseholders is higher than the current budget and so been increased by £6k in 2023/24. Additional income £12k for wayleaves and easements is also included in the budget for 2023/24.

### **Housing Management**

- 4.24 An overall increase to the budget of £1.672m is proposed for 2023/24.
- 4.25 Increases are required for the annual pay award and increments in staffing costs (£467k), inflationary increases (£591k), Pay review (£150k), Stock condition survey (£125k), Transformation Project (£83k), Capita One housing costs moved to HRA budget from the General Fund (£83k), Sheltered Housing furniture update (£41k), additional grounds maintenance charges from Public Realm (£108k) and increase in temporary accommodation charges (£24k).

### **Building Services**

- 4.26 A decision was made in 2022 to carry out a diagnostic and transformation programme within Building Services. This followed a significant period of increasing costs and reducing customer satisfaction. The programme which aims to provide and implement excellence within Building Services is well underway. There are 3 separate work streams - compliance, assets, and Direct Labour Organisation (DLO). The journey to excellence will take several years to complete however Members can expect to see steady progress over the next 18 months.
- 4.27 An overall increase to the budget of £2.039m is proposed for 2023/24.
- 4.28 The most significant area of change is an increase to the repairs budget of £1.245m. In recent years this budget has not been able to accommodate the level of demand for repairs with overspends being reported, so the proposed budget for next year is set at a more realistic level.
- 4.29 Increases are also required for the transformation project, annual pay award and increments in staffing costs (£563k) and inflationary increases (£231k).

### **Depreciation**

- 4.30 The depreciation charge has increased by £269k due to the revaluation of the housing stock at 31 March 2022. The value of the housing stock at 31 March 2022 is £268.3m. The valuation basis that the Council is required to use for the financial accounts equates to 38% of market value.

### **Interest Payable and Bad Debt Provision**

- 4.31 A reduction of £93k to interest payable is included in the budget for 2023/24 due to the new/build and acquisition programme not progressing as quickly as forecast in 2022/23. The interest payable figure is based on total long-term debt of £84.7m and recharges from the General Fund for short-term borrowing costs. £83.6m of the long-term debt is the debt that the Council took on when the HRA Self-financing regime was introduced in 2012.

## Revenue Contribution to Capital

4.32 The revenue contribution to capital has been decreased by £1,541k to partially offset the cost of service and depreciation charge as depreciation can be used to fund capital expenditure.

## Reserves

4.33 When setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.

4.34 Reserves only provide one-off funding, so the Council should avoid using reserves to meet regular recurring financial commitments.

4.35 The 2023/24 budget position means that the Council will reduce its Strategic Priorities Reserve by £1,508k compared to the 2022/23 budgeted contribution to reserve of £511k.

4.36 The total balance of all earmarked reserves at 31 March 2024, as a result of the budget proposals, is forecast to be £10.693m, which equates to less than £3,064 per property. This is dependent on the new build and acquisition programme being delivered on target in the current financial year. Full details of the Councils earmarked reserves are shown in table 5 below.

**Table 5: Earmarked reserves**

BDC Reserves	Balance at 31 March 2022	Forecast Balance at 31 March 2023	2023/24 Budget Capital Programme Financing	2023/24 Budget Deficit	Forecast Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
<b>Strategic Reserves</b>	(16,096)	(12,087)	1,264	244	(10,578)
<b>Big 20 Reserve</b>	(94)	(94)	0	0	(94)
<b>Building Council Homes Programme</b>	(20)	(20)	0	0	(20)
<b>Total Reserves</b>	<b>(16,210)</b>	<b>(12,201)</b>	<b>1,264</b>	<b>244</b>	<b>(10,693)</b>

4.37 In addition to this, the Council continues to hold £1m in the working balance general reserve which equates to less than £300 per property.

## Capital

4.38 The proposed capital programme for 2023/24 and the indicative programme for the following three years is shown in table 6 below.



**Table 6: HRA Capital Programme 2023/24 to 2026/27**

BABERGH DC	2022/23 Indicative Carry Forwards (A)	2023/24 Budget for approval (B)	2023/24 Total Spend Required (A + B)	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
CAPITAL PROGRAMME BUDGET	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing Revenue Account</b>						v3
<b>Planned Maintenance &amp; Response</b>						
Planned Maintenance	900	3,326	4,226	2,611	2,605	2,584
Other Maintenance	0	2,000	2,000	2,000	2,000	2,000
ICT Projects	44	163	207	200	200	200
Neighbourhood Improvements	0	500	500	500	500	500
Council House Adaptations	0	400	400	200	200	200
Horticulture and play equipment	130	220	350	30	30	30
<b>Total Housing Maintenance</b>	<b>1,074</b>	<b>6,609</b>	<b>7,683</b>	<b>5,541</b>	<b>5,535</b>	<b>5,514</b>
<b>New build programme including acquisitions</b>	<b>0</b>	<b>802</b>	<b>802</b>	<b>2,480</b>	<b>3,750</b>	<b>750</b>
<b>TOTAL HRA Capital Spend</b>	<b>1,074</b>	<b>7,411</b>	<b>8,485</b>	<b>8,021</b>	<b>9,285</b>	<b>6,264</b>
<b>HRA Financing</b>						
External Grants and contributions	0	190	190	0	0	0
Capital Receipts (from SO Sales)	0	291	291	1,488	0	0
New build 1-4-1 capital receipts	0	321	321	992	1,500	300
Major Repairs Reserve	0	4,817	4,817	4,809	4,809	4,727
Revenue Contributions	0	1,092	1,092	0	0	0
Borrowing	1,074	700	1,774	732	2,976	1,237
<b>Total HRA Capital Financing</b>	<b>1,074</b>	<b>7,411</b>	<b>8,485</b>	<b>8,021</b>	<b>9,285</b>	<b>6,264</b>

- 4.39 The new funding within the Capital Programme for 2023/24 totals £7.4m, with an additional £1.1m anticipated to be carried forward from 2022/23 to give a total programme of £8.5m.
- 4.40 The new build and acquisition programme, which includes development sites for additional homes, are expected to deliver a total of 26 affordable homes by the end of March 2027.
- 4.41 The major areas being developed over the next four years includes a site in Sudbury.
- 4.42 Right to Buy (RTB) sales for Babergh were higher than those projected in the business plan. In 2021/22 Babergh sold 24 against an original projection of 20 sales.
- 4.43 The money received from RTB sales can only be used as a 40% contribution towards the cost of a replacement home. The remaining 60% of the replacement cost must be found from other HRA resources. If sales increase, it means that the level of match funding required (60%) increases. During 2020/21 the Government extended the time period by which RTB receipts have to be spent from 3 to 5 years. If the receipts are not spent within the 5-year period allowed, they must be repaid to Government with 4% above the base rate interest added.
- 4.44 The Council can enter into agreements with the Secretary of State to retain the full RTB receipt from the sale of nominated homes newly built or acquired since

July 2008. Officers continue to explore every opportunity to enter into agreements so that any capital receipts received in future from the sale of nominated homes can be retained in full and used as part of the 60% match funding required.

## 5. LINKS TO THE CORPORATE PLAN

5.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan, and ensuring the Council has a robust financial strategy. Specific links are to the Council's Homes and Housing Strategy and the Council's vision for residents to live in affordable and high-quality homes that enable them to build settled, safe and healthy lives.

## 6. FINANCIAL IMPLICATIONS

6.1 These are detailed in the report.

## 7. LEGAL IMPLICATIONS

7.1 There are none that apply.

## 8. RISK MANAGEMENT

8.1 Key risks are set out below:

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
We may be unable to react in a timely and effective way to financial demands	3 - Probable	4 - Disaster	Continued monitoring and reporting of the Councils financial forecast via quarterly reports to Cabinet	Strategic Risk Register - SRR004 BDC
If we do not consider the ongoing impacts of the Welfare and Funding Reforms, then it could lead to unpreparedness for further changes.	Unlikely - 2	Bad – 3	Ensure adequate bad debt provision and that the Income Management Strategy seeks to mitigate the impact of the changes on residents, the Council's income streams and budgets.	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007
If there are increases in inflation and other variables, then Council Housing self-financing could result in a greater risk to	Unlikely - 2	Noticeable – 2	Inflation and interest rate assumptions have been modelled in the HRA business plan. Capital receipts and capital	Finance, Commissioning and Procurement Operational Risk Register –

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
investment and service delivery plans.			programme funding reviewed.	005BDC and 007
If we fail to spend retained RTB receipts within the 5-year period, then it will lead to requirement to repay to Government with interest.	Probable - 3	Bad - 3	Provision has been made in the budget and Investment Strategy to enable match funding and spend of RTB receipts.	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007
If we borrow too much to fund New Homes, we will not be able to pay the loan interest.	Unlikely - 2	Bad - 3	Follow the CIPFA Prudential Code which states capital investment plans must be affordable, prudent and sustainable.	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007
If capital data is inaccurate it could lead to problems with treasury management debt and cashflows.	Unlikely - 2	Bad - 3	Capital plans form part of the Treasury, Capital and Investment strategy. Monitor the capital spend quarterly.	Finance, Commissioning and Procurement Operational Risk Register – 005BDC and 007

## **9. CONSULTATIONS**

- 9.1 Consultations have taken place with the Director, Corporate Managers and other Budget Managers as appropriate.

## **10. EQUALITY ANALYSIS**

- 10.1 The Director and Corporate Managers will undertake an Equality Impact Assessment for any individual budget proposals that have the potential to impact any of the protected characteristics under the Equality Act 2010.

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 Directors, Corporate Managers and other Budget Managers will continue to consider the environmental impact of their budgets and take the opportunity to reduce their carbon footprint as opportunities arise.
- 11.2 In support of the Council's commitment to be Carbon Neutral by 2030, several initiatives have and are being undertaken in relation to the housing and sheltered accommodation stock. These are set out in more detail below.
- 11.3 The new homes 'design and technical specification' that incorporates carbon saving solutions and improve energy efficient standards for all new homes built by the Council and its Growth Company, has now been adopted by the Council.

- 11.4 A review of Social Housing solar systems performance is underway and will be used to further inform social housing energy generation.
- 11.5 Social Housing - we are preparing a programme of energy retrofits to the poorest performing properties rated with an Energy Performance Certificate rating of E and below, with a view to submitting match funding bids to the Government's Social Housing Decarbonisation Fund. A five-year programme of energy retrofits is under development aimed at raising all social housing to an Energy Performance Certificate rating of C or above.

## **12. BACKGROUND DOCUMENTS**

BCa/22/33 Housing Revenue Account Fund Financial Monitoring 2022/23 – Quarter 2

BOS/22/01 Draft General Fund (GF) and Housing Revenue Account (HRA) 2023/24 Review of Assumptions

BOS/22/02 Draft General Fund (GF) and Housing Revenue Account (HRA) 2023/24 Review of Savings Proposals and Updated Position

# Agenda Item 10

## BABERGH DISTRICT COUNCIL

<b>TO:</b> Babergh Cabinet	<b>REPORT NUMBER:</b> BCa/22/41
<b>FROM:</b> Dave Busby - Cabinet Member Finance	<b>DATE OF MEETING:</b> 6 <sup>th</sup> February 2023
<b>OFFICER:</b> Melissa Evans - Director for Corporate Resources	<b>KEY DECISION REF NO.</b> CAB408

### BUSINESS RATES RELIEF POLICIES

#### 1. PURPOSE OF REPORT

- 1.1 The Government recently announced a Business Rates Retail, Hospitality and Leisure rate relief scheme and a new Supporting Small Business (SSB) relief scheme for 2023/24 as part of the autumn statement. This report provides an overview of these and explains the steps to be taken to implement these reliefs.

#### 2. OPTIONS CONSIDERED

- 2.1 Option 1 - Cabinet approve the introduction of the discretionary Retail, Hospitality and Leisure and Support Small Business rate relief policies as set out in appendix 1 and 2 for the 2023/24 financial year and;
- 2.2 Delegate authority to the Director for Corporate Resources in consultation with the Cabinet Member for Finance to agree future changes to the discretionary Retail, Hospitality and Leisure and Supporting Small Business rate relief policies for the life of the 2023 rating list.
- 2.3 Option 2 - There is no mandatory requirement on billing authorities to provide retail, hospitality and leisure and support small business reliefs, however the Government is funding the scheme. It would be an opportunity missed to support local retailers.

#### 3. RECOMMENDATIONS

- 3.1 That Cabinet approves the introduction of the discretionary Retail, Hospitality and Leisure and Supporting Small Business rate relief policies as set out in appendix 1 & 2 for the 2023/24 financial year.
- 3.1 That Cabinet give authority to the Director for Corporate Resources in consultation with the Cabinet Member for Finance to agree future changes to the discretionary Retail, Hospitality and Leisure and Supporting Small Business rate relief policies for the life of the 2023 rating list.

#### REASON FOR DECISION

To provide discretionary reliefs to support ratepayers in Babergh.

To enable the implementation of the discretionary schemes.

## **4. KEY INFORMATION**

- 4.1 At the autumn statement on 17<sup>th</sup> November 2022, the Chancellor announced that the Government would provide a temporary Business Rates Retail, Hospitality and Leisure (RHL) rate relief scheme for 2023/24. Alongside this they also announced a new Supporting Small Business (SSB) relief scheme.
- 4.2 The RHL scheme will increase the level of relief from the current 50% to 75% for 2023/24, up to £110k per business.
- 4.3 The SSB scheme will cap increases in Business Rates for the smallest businesses losing eligibility or seeing reductions in small business rate relief (SBRR) or Rural Rate Relief (RRR) to £600 per year from 1<sup>st</sup> April 2023.
- 4.4 The Government expect local authorities to use their discretionary relief powers, under section 47 of the Local Government Finance Act 1998 (as amended), to grant RHL and SSB reliefs in line with the relevant eligibility criteria.
- 4.5 The Government will compensate local authorities for the cost of granting these reliefs via section 31 of the Local Government Act 2003.
- 4.6 As these reliefs are discretionary the Council can choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the Council's wider objectives for the local area. However, the Council need to recognise the support that these reliefs will give to local ratepayers and the local economy and the fact that the Government will fund these reliefs.
- 4.7 To introduce these reliefs, there is a requirement for the Council to have discretionary policies. Discretionary policies have been created based upon the criteria outlined in the Government guidance. The RHL policy can be found in appendix (a) and SSBR policy in appendix (b).
- 4.8 The relief under these schemes is likely to amount to subsidy, as part of the application process, ratepayers will be asked to confirm that by receiving this relief, they will not breach the minimal financial assistance thresholds (£315,000 in a three-year period).
- 4.9 There is a very short window to introduce these policies for 1<sup>st</sup> April 2023. To meet the Governments expectations the reliefs need to be applied to eligible ratepayer accounts for bills to be despatched early March 2023.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 Taking measures to implement these relief schemes will support the local economy.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The Government will reimburse the Council and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in the guidance (using a grant under section 31 of the Local Government Act 2003). The Council will provide an estimate of the likely total cost for providing the relief in the National Non-Domestic Rate Return 1 (NNDR1) for 2023/24

and the actual outturn figures in the National Non-Domestic Rate Return 3 (NNDR3) 2023/24.

- 6.2 For 2022-23 there are currently around 489 ratepayers in receipt of the retail, hospitality and leisure discount amounting to around £2.3m of relief at no cost to the Council. Assuming the criteria is similar, the number of qualifiers should not change significantly, but the total value of relief will increase

## 7. LEGAL IMPLICATIONS

- 7.1 The Council can use discretionary relief powers, introduced by the Localism Act (under section 47 of the local Government Finance Act 1988, as amended) to grant relief under this Government scheme.

## 8. RISK MANAGEMENT

- 8.1 Key risks are set out below:

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference*
If qualifying ratepayers fail to apply for the relief, then they may encounter unnecessary trading difficulties.	3 – Probable	2 – Noticeable / Minor	Officers proactively identify cases that can apply for the relief.  Take-up campaign	Finance and Commissioning & Procurement register - 012
Failure to apply the Government's subsidy rules in terms of discretionary relief awards could result in the Council not being fully reimbursed.	2 – Unlikely	3 – Bad	Design process to include questions in respect of subsidy.  Ensure all applicants complete a subsidy declaration.	Finance and Commissioning & Procurement register - 013
Challenges / complaints against the decision making process	3 – Probable	2 – Noticeable / Minor	Ensure relief is awarded in line with the policies	Finance and Commissioning & Procurement register - 014

*\*Name of risk register where risk is currently documented and being actively managed and it's reference number*

## **9. CONSULTATIONS**

9.1 No direct consultation has been undertaken in respect of this proposal.

## **10. EQUALITY ANALYSIS**

10.1 An Equality Impact Assessment (EIA) is not required as the policy relates to businesses and not individuals.

## **11. ENVIRONMENTAL IMPLICATIONS**

11.1 None identified from this policy.

## **12. APPENDICES**

Title	Location
Babergh 2023/24 Retail Hospitality and Leisure Policy	Appendix A
Babergh 2023/24 Support Small Business Policy	Appendix B

## **13. BACKGROUND DOCUMENTS**

13.1 The autumn statement published 17/11/22.

13.2 Government guidance business rate relief: 2023/24 Retail, Hospitality and Leisure Scheme.

13.3 Government guidance business rate relief: 2023/24 Support Small Business Relief.

## **14. REPORT AUTHORS**

Andrew Wilcock, SRP Operations Manager



## **Babergh District Council**

### **Retail, Hospitality and Leisure Business Rates Relief Policy 2023/24**

#### **1. Background**

- 1.1. The Government announced at the Autumn Statement on 17 November 2022 that it will provide a business rates relief scheme for occupied retail, hospitality and leisure properties. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to the £110,000 cash cap per business for all of their eligible properties in England. The value of the relief will be 75% of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, except those introduced using the powers granted under the Localism Act 2011.

#### **2. Introduction**

- 2.1. Section 47 of the Local Government Finance Act 1988 gives Local Authorities the power to grant discretionary relief to properties that are occupied retail, hospitality or leisure hereditaments.

#### **3. Available relief**

- 3.1 Hereditaments which benefit from the relief will be those which for a chargeable day in 2023/24:
- 3.2 meet the eligibility criteria, and
- 3.3 the ratepayer for that chargeable day has not refused the relief for the eligible hereditament. The ratepayer may refuse the relief for each eligible hereditament anytime up to 30 April 2024. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year.
- 3.4 For the purposes of section 47 of the 1988 Act, hereditaments where the ratepayer has refused the relief are outside of the scheme and outside of the scope of the decision of which hereditaments qualify for the discount and are therefore ineligible for the relief.
- 3.5 In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999
- 3.6 The relief will be applied against the net business rates bill after all other mandatory relief and, other discretionary reliefs funded by section 31 grants have been taken into account.
- 3.7 Where the net rate liability for the day, after all other reliefs but before the retail discount, is less than the discount, the maximum amount of discount will be no more than the value of the net rate liability.

- 3.8 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to the £110,000 cash cap per business for all of their eligible properties in England.

#### 4. Awarding relief

- 4.1 Hereditaments that meet the eligibility for the Retail, Hospitality and Leisure scheme will be occupied hereditaments which meet all of following conditions for the chargeable day:

- a. they are wholly or mainly being used:
- i. as shops, restaurants, cafes, drinking establishments, cinemas or live music venues,
  - ii. for assembly and leisure; or
  - iii. as hotels, guest & boarding premises or self-catering accommodation

- 4.2. We consider shops, restaurants, cafes, drinking establishments, cinemas, and live music venues to mean:

**(i) Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

**ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting

- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

**iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

**(iv) Hereditaments which are being used as cinemas**

**(v) Hereditaments that are being used as live music venues:**

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this would be clear in most circumstances, guidance on this may be found in [Chapter 16 of the statutory guidance](#) issued in April 2018 under section 182 of the Licensing Act 2003.

4.3 We consider assembly and leisure to mean:

**i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).**

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

**ii. Hereditaments that are being used for the assembly of visiting members of the public.**

- Public halls
- Clubhouses, clubs and institutions

4.4 We consider hotels, guest & boarding premises and self-catering accommodation to mean:

**i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:**

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

4.5. To qualify for the relief the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

4.6. The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied uses that exist within the qualifying purposes. However, it is intended to be a guide as to the types of uses that the Council considers for this purpose to be eligible for relief. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

4.7 The list below sets out the types of uses that the Council does not consider to be an eligible use for the purpose of this discount. The Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount

**i. Hereditaments that are being used for the provision of the following services to visiting members of the public**

- Financial services (e.g banks, building societies, cash points, bureaux de change, short-term loan providers, betting shops)
- Medical services (e.g vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g solicitors, accountants, insurance agents/ financial advisers, employment agencies, estate agents, letting agents)
- Post office sorting offices

## 5. Administration of applications for relief

- 5.1. The Council's Shared Revenues Partnership will identify the potential properties that may be eligible for the discount. It is for the ratepayer to opt out if they are already receiving maximum State Aid.
- 5.2. The Council's Shared Revenues Partnership will administer all applications for the discount and determine the amount of discount to be awarded.
- 5.3. Decisions regarding the discount will be notified to the ratepayer in writing within 28 days of the decision, or as soon as reasonably practicable. Unsuccessful applicants will be given reasons for any refusal to award relief.

## 6. £110,000 Cash Cap/Small Amounts of Financial Assistance Subsidy

- 6.1 In line with the conditions set by the government, a ratepayer may only claim up to £110,000 of support under the 2023/24 Retail, Hospitality and Leisure Relief Scheme for all of their eligible hereditaments. This cash cap applies at a Group company level (so holding companies and subsidiaries cannot claim up to the cash cap for each company) and also to organisations which, although not a company, have such an interest in a company that they would, if they were a company, result in its being the holding company.
- 6.2 Furthermore, the Retail, Hospitality and Leisure Relief Scheme is subject to the Minimal Financial Assistance limits under the Subsidy Control Act. This means no recipient can receive over £315,000 over a 3-year period (consisting of the current financial year and the 2 previous financial years). Extended Retail Discounts granted in 2021/22 do not count towards the limit. Covid business grants received from local government and any other subsidy claimed under the Minimal Financial Assistance or Small Amounts of Financial Assistance limit over the 3-year period should be counted
- 6.3 To claim the Retail, Hospitality and Leisure relief you must not have exceeded either the £110,000 cash cap for 2023/24 or the Minimal Financial Assistance limit of £315,000 over 3 years (including 2023/24). Further details of the cash cap and subsidy control can be found at: <https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>.

## 7. Duration of awards

- 7.1 The award of the discount will be made for a fixed period ending on 31st March 2024. The only exception is where the business rates liability of a qualifying business ends before this date.

## **8. Managing the risk of Fraud**

- 8.1 Neither the Council, nor the Government will accept deliberate manipulation of the scheme of fraud. Any application caught falsifying information to gain relief will face prosecution and any funding will be recovered from them.
- 8.2 All information is subject to internal and external audit check, as well as Government body check

## **9. Data Protection and use of data**

- 9.1 All information and data provided by application shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available to view on the Council's website.

## **10. Right of appeal**

- 10.1 There is no statutory right of appeal against a decision made by the Council in respect of the discount. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the SRP Operations Manager in consultation with the Council's Section 151 Officer.
- 10.2 If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.
- 10.3 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

## **Babergh District Council**

### **Supporting Small Business Relief Scheme 2023/24**

#### **1. Introduction**

- 1.1 The Government announced at the 2022 Autumn Statement that the 2023 Supporting Small Business (SSB) scheme will cap bill increases at £600 per year for any business losing eligibility for some or all Small Business Rate Relief or Rural Rate Relief at the 2023 revaluation. SSB was first introduced at the 2017 revaluation to support ratepayers facing bill increases greater than the Transitional Relief caps due to loss of Small Business Rate Relief or Rural Rate Relief.
- 1.2 For 2023/24 to 2025/26, the government will, in line with the eligibility criteria set out in this guidance, reimburse local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant 2023 Supporting Small Business Relief.
- 1.3 The Council have decided to grant relief strictly in accordance with Central Government guidelines.

#### **2. Who is eligible for the relief and how much relief will be available**

- 2.1 2023 Supporting Small Business Relief (SSBR) will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business, Rural Rate Relief or 2017 SSBR and, as a result, are facing large increases in their bills. Charities and Community Amateur Sports Clubs, who are already entitled to mandatory 80% relief, are not eligible for 2023 SSBR.
- 2.2 To support these ratepayers, 2023 SSBR will ensure that the increase in the bills <sup>[footnote 1]</sup> of these ratepayers is limited to a cash value of £600 per year. This cash maximum increase ensures that ratepayers do not face large bill increases in 2023/24 after transitional relief and small business rate relief (as applicable) have been applied. In order to simplify the scheme, the 2023 SSBR will not include minimum percentage bill increases (unlike the 2017 scheme).
- 2.3 Those on 2023 SSBR whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for 2023 SSBR.
- 2.4 The 2017 SSBR scheme was provided to support small and medium ratepayers who had seen large increases in their bills at the 2017 revaluation. They have, therefore, had 6 years of support to allow them to adjust to their full 2017 bills. Therefore, for those ratepayers receiving 2017 SSB relief in 2022/23, any eligibility for 2023 SSBR will end on 31 March 2024. Relief for these ratepayers will be awarded for one year only so that the relief can then be withdrawn on 31 March 2024 without further notice. All other eligible ratepayers remain in 2023 SSBR for either 3 years or until they reach the bill they would have paid without the scheme <sup>[footnote 2]</sup>. A change of ratepayers will not affect eligibility for the Supporting Small Business scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

2.5 There is no second property test for eligibility for the 2023 SSBR scheme. However, those ratepayers who during 2022/23 lost entitlement to Small Business Rate Relief (because they failed the second property test) but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended - can continue on the 2023 SSBR scheme for the remainder of their 12 month period of grace.

2.6 The Council's Shared Revenues Partnership will identify the potential properties and determine the amount of relief to be awarded

### **3. Recalculation of relief**

3.1 The amount of relief awarded under SSBR will be calculated in the event of a change of circumstances including the following:

- This could include, for example, a backdated change in rateable value, or the hereditament; or
- The awarding of another relief.

3.2 The Council will, in effect, calculate the award on a daily basis taking into account the above, and the relief will be re-calculated if the rateable value changes.

### **4. Other Reliefs**

4.1 Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for SSBR.

In accordance with Central Government guidelines, all other discretionary reliefs, will be considered after the application for SSBR.

### **5. Subsidy control**

5.1 The 2023 SSBR is likely to amount to a subsidy. Therefore, any relief provided under this scheme will need to comply with the UK's domestic and international subsidy control obligations. Further Government guidance is available at [Complying with the UK's international obligations on subsidy control: guidance for public authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/complying-with-the-uk-s-international-obligations-on-subsidy-control)

5.2 To the extent that a local authority is seeking to provide relief that falls below the Minimal Financial Assistance (MFA) thresholds, the Subsidy Control Act allows an economic actor (e.g. a holding company and its subsidiaries) to receive up to £315,000 in a three-year period (consisting of the 2023/24 year and the two previous financial years). MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or SPEI financial assistance'. BEIS COVID-19 business grants and any other subsidies claimed under the Small Amounts of Financial Assistance limit of the Trade and Cooperation Agreement should be counted under the £315,000 allowance.

5.3 In those cases where it is clear to the local authority that the ratepayer is likely to breach the MFA limit then the authority should automatically withhold the relief.



Otherwise, local authorities may include the relief in bills and ask the ratepayers, on a self-assessment basis, to inform the authority if they are in breach of the MFA limit.

## **6. Duration of awards**

- 6.1 As with other reliefs, the amount of SSB awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the hereditament. This change of circumstances could arise during the year in question or during a later year but no later than 31 March 2026.

## **7. Managing the risk of Fraud**

- 7.1 Neither the Council, nor the Government will accept deliberate manipulation of the scheme of fraud. Any application caught falsifying information to gain relief will face prosecution and any funding will be recovered from them.
- 7.2 All information is subject to internal and external audit check, as well as Government body check.

## **8. Data Protection and use of data**

- 8.1 All information and data provided by application shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available to view on the Council's website.

## **9. Right of appeal**

- 9.1 There is no statutory right of appeal against a decision made by the Council in respect of discretionary relief. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the SRP Operations Manager in consultation with the Council's Section 151 Officer.
- 9.2 If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.
- 9.3 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

1 Prior to the Business Rates Supplement (2p for properties in London with a rateable value of more than £70,000) and City of London multiplier (which in 2022/23 is 1.2p higher for all properties in London). The level of these supplements are unchanged at the revaluation but changes in the amounts paid through the supplements are outside the transitional relief scheme and the 2023 SSBR.

2 This will be the bill in the main transitional relief scheme or the ratepayer's final bill.

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# Agenda Item 11

## BABERGH DISTRICT COUNCIL

<b>TO: Cabinet</b>	<b>REPORT NUMBER: BCa/22/42</b>
<b>FROM: Licensing and Regulatory Committee</b>	<b>DATE OF MEETING: 6th February 2023</b>
<b>OFFICER: Neil Gardiner, Interim Licensing Team Leader</b>	<b>KEY DECISION REF NO. CAB394</b>

### CONSULTATION OF A REVISED TABLE OF FARES FOR HACKNEY CARRIAGES

#### 1. PURPOSE OF REPORT

- 1.1 That Cabinet consider this report and determine whether to vary the maximum fares that may be charged by Hackney carriage proprietors,

#### 2. OPTIONS CONSIDERED.

- 2.1 Consider whether to:

- i. Modify the tariff table of maximum fares and proposed changes or;
- ii. Make no modification to the tariff table of maximum fares.

- 2.2 Members may choose to modify the current tariff table of maximum fares. The date upon which the modifications to the maximum fares take effect shall be one month after the end of the fourteen-day statutory consultation period if no adverse representations are received.

#### 3. RECOMMENDATIONS

- 3.1 That Cabinet agree a new tariff table of maximum fares. Members are asked to approve a new tariff table of maximum fares with the following changes:

- i. Miles & 1/10<sup>th</sup> Mile, replacing yards
- ii. Tariff 1 reverts to tariff 2 (+50%) at 22:30 hrs each day instead of 23:00 hrs
- iii. Tariff 4 is shown as an extra, due to size of vehicle/time of day, usage over 365 days of the year.

- 3.2 That Licensing & Regulatory Committee having considered the options contained in the report, recommend Option 2 to Cabinet to vary the tariff table of maximum fares that may be charged by Hackney Carriage proprietors using a new table – miles & 1/10<sup>th</sup> Mile. Options presented were as follows,

- i. No change to the current fare tariff
- ii. Increase to the first mile and each 1/10<sup>th</sup> mile
- iii. Increase to the first mile only
- iv. Increase or decrease to the suggested fees

## REASON FOR DECISION

- 3.3 To decide on the preferred option and to undertake a public consultation exercise on a revised tariff table of maximum fares for Hackney Carriages within the District and to decide on the most concise, transparent fare table for the public to interpret.
- 3.4 It is widely understood that the cost of living has increased with higher transportation costs since the last rise in fares in June 2021.

## 4. KEY INFORMATION

- 4.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 enables the council to undertake this function and requires that before any alteration to the tariff table can take effect a public notice explaining the changes must be placed in a local newspaper. The public then must be provided with a period of at least 14 days to make comment on the proposals. If no adverse comment/objection is received, the approved changes must take effect. Alternatively, if adverse comment/objection is received then the matter must be returned to allow the Committee to consider the representation(s). Providing members agree to modify the fare tariff table at today's meeting, it is proposed a public notice will be published in a local newspaper explaining the changes and inviting observations.
- 4.2 The Cabinet will be aware that the Hackney fare tariff tables were previously presented to committee in June 2021 for Babergh.
- 4.3 On 27<sup>th</sup> September 2022 officers from the Licensing Department polled the taxi trade for two weeks on the concept of a combined table of fares for both districts, (Babergh and Mid-Suffolk) and to facilitate this modification If a change from yards to miles would be favorable as each tariff accounts at different yardage. The poll is attached as **Appendix A**.
- 4.4 [However, on the 17<sup>th</sup> November 2022 during the newly formed Taxi Panel the prospect of a dual amalgamated fare was vetoed by Mid-Suffolk drivers as they access their meters differently to Babergh drivers.]
- 4.5 On 12<sup>th</sup> October 2022 officers from the Licensing Department polled the Hackney vehicle trade on four potential fare options. For drivers' convenience two new tariff tables of maximum fares showing the actual increase have been drafted, [using miles] displaying the potential increases. (Option 1, Option 2 Option 3 and Option 4 below). This is attached as **Appendix B**.
- 4.6 As Members will already be aware of the current tariff table of maximum fares, a new illustration table is displayed below with a clear tariff key.

The options presented were:

- i. No Change to the current table of fares. (Option one)
- ii. An Increase on the initial mile and each 1/10th mile thereafter: (Option two)
- iii. Increase fee on the initial mile only. (Option three)
- iv. A percentage increase or decrease than the one suggested. (Option four)

- 4.7 **Option 1, no change to the current fare tariff(s).**  
Babergh = £6.26 - 2 miles.

4.8 **Option 2, Increase the first mile and each 1/10<sup>th</sup> mile.**

**Tariff 1** Daytime. Tariff 07:00 to 22:30 hrs

**Tariff 2** Evening. Tariff 1 + 50%. (22:30 – 07:00 hrs) & (Non Xmas/NYE **Bank Holidays (B/H)**)

**Tariff 3** Tariff 1 +100%. Midnight to Midnight. **(B/H)** [Passenger number dependant].

**Passengers 1-4** 07.00 – 22.30 hrs **Tariff 1**  
22:30 – 07:00 hrs daily **or Bank Holidays, (excl the below) Tariff 2**

18:00 hrs 24th Dec - 07:00 hrs 27<sup>th</sup> Dec **Tariff 3**

18:00 hrs 31st Jan - 07:00 hrs 2<sup>nd</sup> Jan **Tariff 3**

**Passengers 5-8** 07:00 - 22:30 hrs. **Tariff 2.**  
22:30 – 07:00 hrs daily **or Bank Holidays (excl Christmas and New Year).**  
**Tariff 3.**

Description.	Tariff 1 (£)	Tariff 2 (£)	Tariff 3 (£)
For the whole distance (1st mile or part thereof)	£5.00	£7.50	£10.00
For each subsequent 1/10th mile	£0.20	£0.30	£0.40
Waiting time – for each period of one minute	£0.33	£0.50	£0.66
2-mile journey costs	£7.00	£10.50	£14.00

**Extras:** Any Toll Road charges  
**5-8** passengers: Christmas and NYE  
 18:00 hrs 24th Dec - 07:00 hrs 27<sup>th</sup> Dec, tariff 1 +150%  
 18:00 hrs 31st Jan - 07:00 hrs 2<sup>nd</sup> Jan, tariff 1 +150%

#### 4.9 Option 3, Increase the first mile only.

**Tariff 1** Daytime. Tariff 07:00 to 22:30 hrs

**Tariff 2** Evening. Tariff 1 + 50%. (22:30 – 07:00 hrs) & (Non Xmas/NYE **Bank Holidays (B/H)**)

**Tariff 3** Tariff 1 +100%. Midnight to Midnight. **(B/H)** [Passenger number dependant].

**Passengers 1-4** 07.00 – 22.30 hrs **Tariff 1**  
22:30 – 07:00 hrs daily **or Bank Holidays**, (excl the below) **Tariff 2**

18:00 hrs 24th Dec - 07:00 hrs 27<sup>th</sup> Dec **Tariff 3**

18:00 hrs 31st Jan - 07:00 hrs 2<sup>nd</sup> Jan **Tariff 3**

**Passengers 5-8** 07:00 - 22:30 hrs. **Tariff 2.**  
22:30 – 07:00 hrs daily **or Bank Holidays** (excl Christmas and New Year).  
**Tariff 3.**

Description	Tariff 1 (£)	Tariff 2 (£)	Tariff 3 (£)
For the whole distance (1st mile or part thereof)	£5.00	£7.50	£10.00
For each subsequent 1/10th mile	£0.18	£0.27	£0.36
Waiting time – for each period of one minute	£0.30	£0.45	£0.60
<b>2-mile journey costs</b>	<b>£6.80</b>	<b>£10.20</b>	<b>£13.60</b>

**Extras:** Any Toll Road charges  
**5-8** passengers: Christmas and NYE  
18:00 hrs 24th Dec - 07:00 hrs 27<sup>th</sup> Dec, tariff 1+150%  
18:00 hrs 31st Jan - 07:00 hrs 2<sup>nd</sup> Jan, tariff 1 +150%

#### 4.10 Option 4, a further price increase or decrease than the one proposed.

4.11 On this occasion 64 drivers viewed the poll with 32 responses. Representing 50% participation. Driver emails are attached as **Appendix C**.

I. What fare option do you think is correct for the trade.

- **Option 1** - 6%
- **Option 2** - 59%
- **Option 3** - 6%
- **Option 4** - 21%
- **No reply given** 6%

4.12 When considering the options, Members are reminded that the tariff that is set should be regarded as the maximum fares that can be charged. Taxi proprietors are not tied to charging the maximum fare but are not permitted to charge more than the tariff price shown on the meter. Market forces are known to come into play, and for instance because of the level of competition in Babergh the driver/ proprietor may decide to charge less than the maximum tariff. The current tariff table of maximum fares is shown as **Appendix D**.

4.13 Officers have researched and produced a comparison table of current fares set by neighbouring authorities in Norfolk & Suffolk.

The comparison table takes into account the position of highest to lowest fares set by all 350 licensing authorities in England and Wales based upon costs of the first two miles of the journey. The data is prepared by the national Private Hire and Taxi Monthly magazine and varies daily.

<b>Comparison. Correct as of 12.10.22</b>	2 miles costs	National table 350
Breckland District Council	£8.00	35
Kings Lynn & West Norfolk	£7.00	142
Broadland District Council (proposed)	un-listed	
South Norfolk Council (proposed)	un-listed	
Great Yarmouth BC	£8.50	11
North Norfolk DC	£5.80	307
Norwich City Council	£6.60	211
Ipswich BC	£6.55	216
East Suffolk (North)	£8.40	12
East Suffolk (South)	£6.20	253
Babergh Mid Suffolk	£6.26	249
West Suffolk	£7.20	119

4.14 If option 2 was implemented Babergh would move into position 134 from 249, as the table fluctuates daily. Dated at time of writing, 17<sup>th</sup> January 2023.

## 5. LINKS TO CORPORATE PLAN

5.1 These licensing functions most closely align with:

- supporting businesses to thrive and grow, with a particular emphasis on smaller and start-up concerns.
- encouraging employable skills (local transport and public service standards);
- supporting safe and active communities; and
- co-ordinating our approach to regulation with Suffolk County Council to minimise the burdens on local business (particularly through the safety and suitability arrangements the District/Boroughs have together with the County, in respect to school transport and social service contracts).

## 6. FINANCIAL IMPLICATIONS

6.1 This is a statutory function, and the legislation provides for recovery of the reasonable costs of administration, inspection and supervision of the licensing scheme.

## 7. LEGAL IMPLICATIONS

7.1 As explained earlier, section 65 (1) of the Local Government (Miscellaneous Provisions) Act 1976 allows the District Council to fix the table of fares for the hiring of Hackney Carriage vehicles throughout the district. Section 65 (2) requires that the Council shall publish its intention to vary the table of fares for the hiring of a hackney carriage vehicle in at least one local newspaper informing of a consultation period of at least 14 days.

The notice of variation will also be made available on the Council's website and will be available for inspection at the offices of the Council. If no objections are received, the variation may be brought into force at the end of that period. However, if any objections are received, these must be considered by the committee as set out in paragraph 5.1.

## 8. RISK MANAGEMENT

There are no associated risks with a fare review of the Hackney Carriage maximum fare.

## 9. CONSULTATIONS

- 9.1 Should Members approve any change to the current table of fares, section 65 of the Local Government (Miscellaneous Provisions Act) 1976 requires that before any alteration to the tariff table can take effect, a public notice explaining the changes must be placed in a local newspaper and a consultation conducted for a minimum of 14 days. If no adverse comment/objection is received, the approved changes can take effect. Alternatively, if adverse comment/objection is received then the matter must be returned to allow this Committee to consider the representation(s). Following consideration of the representations, the Committee, at that meeting, must set a date when the fares come into effect. **Appendix E** details the list of organisational consultees in addition to the public consultation

## 10. EQUALITY ANALYSIS

- 10.1 There are no equality implications arising directly from this report. This is a revision to an existing fare scheme. The council recognises its obligations under the Equality Act 2010, in the exercise of its licensing functions, and shall have due regard to any comments received during the consultation, or individual applications, on equality issues.

## 11. ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no environmental Implications arising from this report.

## 12. APPENDICES

Title	Location
(a) Appendix A - Combined poll tariff	Attached
(b) Appendix B - Hackney fare tariff	Attached
(c) Appendix C - Driver email responses.	Attached
(d) Appendix D - Existing table of fares for hackney carriages - Babergh	Attached
(e) Appendix E - List of Consultees	Attached



**13. BACKGROUND DOCUMENTS.**

13.1 Local Government (Miscellaneous Provisions) Act 1976

13.2 [National Hackney Fare Tables For 2 Mile Fare Tariff.](#)

**14. REPORT AUTHORS**

14.1 Licensing Officer - Neil Gardiner

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## Hackney Carriage

1. Do you think journey units should be changed from yards to miles, 1/10th mile



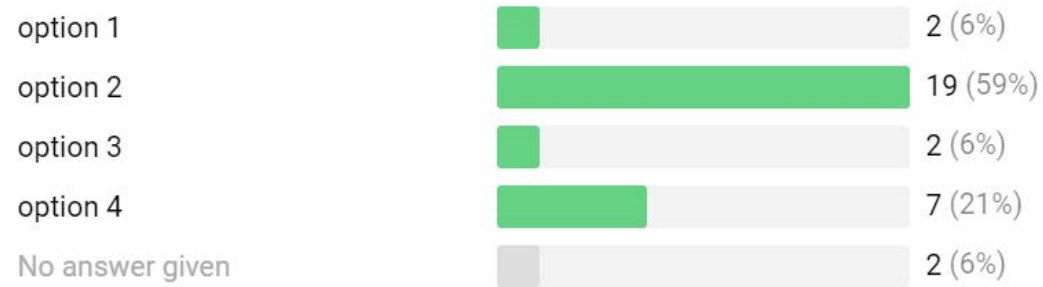
2. Do think there should be a combined table of Hackney Carriage fares across Babergh/Mid-Suffolk?



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## Tariff fare


1. What fare option do you think is correct for the trade?



Responses (32)

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**From:** Dave  
**Sent:** 12 October 2022 16:02  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation


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2

Sent from my iPhone

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**From:** Charlene  
**Sent:** 12 October 2022 16:05  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation


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Option 3

Sent from [Outlook for iOS](#)

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**From:** darran  
**Sent:** 12 October 2022 16:41  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

 **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

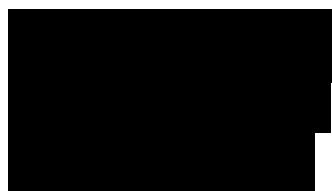
Option 2

Sent from my Samsung Galaxy Note 9 - Powered by Three  
Get [Outlook for Android](#)

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**From:** Sean  
**Sent:** 12 October 2022 16:48  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** RE: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**



Hello Neil,

I have been away and missed most of this.

Have the other operators agreed this extra per person charge.  
Sorry, but I find this idea ridiculous.

If you have a party of passengers that cannot fit in a car (upto 4 pax) they need a bigger vehicle.  
Then they should pay for the bigger vehicle for the whole journey.  
I agree if it is a mile or two miles 75p per head (over 2 pax) is a nice bit extra, but if you are going off to Colchester, Stansted or further, the running costs are higher all the way there and back.

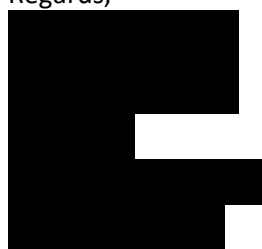
Your tarrif looks fine but just need that further easy simplification.

Tarrif 1, up to 4 passengers  
Tarrif 2, 4 passengers @ night rate & 5+ passengers @ day rate  
Tarrif 3, 5+ passengers night rate

Extras 50% bank hols & 100% Christmas & fouling charge (at the discretion of the company)

This way minimises the use of " extras " and issues that may arise if the driver puts too many extras on or cannot count to eight.

Regards,





**From:** Julie  
**Sent:** 13 October 2022 00:14  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

We need a decent fare increase to continue trading I'm unsure which trade members you have spoken to as no one from our Company Has met you or spoken to you.  
I don't believe you will listen so my point of view is worthless but some councils are on the second increase we continue to be fobbed off.  
We urgently need more ranks for the Taxis you are playing that have no place to park.  
Julie Row  
Sent from my iPhone

---

**From:** Alan  
**Sent:** 13 October 2022 07:18  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Option 4

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**From:** Andy  
**Sent:** 13 October 2022 08:54  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Hello,

May I request that any votes submitted be void and an illustration be provided for a 2, 5 and 10 mile journey before the vote is set.

Regards

[REDACTED]  
[REDACTED]

---

**From:** Aubrey  
**Sent:** 13 October 2022 15:34  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Good Afternoon,  
Please could you send me another link to vote for the tariff proposals as I used the original one for me.  
Unfortunately both myself and my husband use the same email address therefore only received the one voting opportunity. If it is easier then just mark him down as option B.  
I hope his vote makes a difference and that it at least negates one of the people calling for option 4.  
Thank you,  
Sally

---

**From:** Julie  
**Sent:** 13 October 2022 23:16  
**To:** BMSDC Licensing Team <[LicensingTeam@babberghmidsuffolk.gov.uk](mailto:LicensingTeam@babberghmidsuffolk.gov.uk)>  
**Subject:** Re: Ranks needed

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
EXTERNAL EMAIL: Do not click any links or open attachments unless you trust the sender and know the content is safe. Click here  
<https://suffolk.freshservice.com/support/solutions/articles/50000031829-email-banners-external-emails> for more information or help from Suffolk IT  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

To tonight this driver snatched a Harleston and other jobs booked with us  
Swift also took a Wattisham which was booked with us they said he was booked with them.  
I rang the chap who said he was already dropped back I said he should have rang to cancel the taxi I then had a call from a parent accusing  
Me of swearing at him it appears even when they are in the wrong they still make up stories to cover their error.  
Please give us an increase the man I took to Bildeston said his fare has been £20 for six years we can not carry on like this everyone is  
Stealing work from under our noses it's impossible to make it pay when fuel and overheads are crazy crazy  
It's pointless paying for the office as all company's are just taking our work it's a joke. I am about ready to give in.  
Julie

Sent from my iPhone

—

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**From:** Aubrey  
**Sent:** 14 October 2022 14:28  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Good Afternoon,  
Thank you for re-sending the link We have voted accordingly.  
I have no further questions at the moment and the ladies that license are preparing to replace one of our older vehicles with one that's more up to date.  
I will be using it selectively at night as like many other drivers I have had cars trashed by the great unwashed who have a sniff of the barmaid's apron and turn into gremlins but after all these years I know most of the happy drunks as opposed to the ones who want to stove my head in for a couple of bob so I will still be out there.  
Many Thanks for your time  
Sally.

---

**From:** Steve  
**Sent:** 17 October 2022 09:46  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Hi Neil.

Thank you again for your proposals.

I can't accept either of these as satisfactory as once again you are penalising owners of larger WAV vehicles by neglecting increased tariffs for carrying more than 4 passengers.

Your proposals of 75p extra per passenger doesn't go far enough compared to the current Babergh tariff sheet which we fought long and hard to get during the previous consultation.

I would be happy to have a conversation with you about the proposals if you'd like to give me a call.

I'm available all day as I'm currently laid up with a bad back and haven't got much else to do!!

My number is [REDACTED]

Regards


[REDACTED]

[REDACTED]

Sent from my iPhone

---

**From:** Steve  
**Sent:** 17 October 2022 16:27  
**To:** Neil Gardiner <Neil.Gardiner@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

 **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Thank you for responding.

You have misread how the Tariffs work in Babergh.

For any fare for 5-8 passengers between 07.00 & 23.00 it is charged at Time and a Half so although a current 2 mile journey for 1-4 passengers is £6.26, for 5-8 passengers it is £9.39.

If, for example, we do a run to Bury St Edmunds to the Cinema on a Saturday evening for 8 people. Your proposals would mean we could charge £33.08 + £4.50 = £37.58

Currently it's £49.62 under the existing Babergh Tariff. This is DECREASE of 24.26%.

For a run to Heathrow for 8 people using a Hackney at similar times as above, your proposals would be £169.88 + £4.50 = £174.38

Currently it is £254.82. A DECREASE again this time of 45.76%

The further we go the more we lose under your proposals. Not everything is about the 2 mile industry standard.

I look forward to having a discussion with you about this in more detail.

Regards

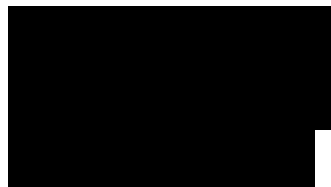
Steve

Sent from my iPhone

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**From:** Sean  
**Sent:** 18 October 2022 11:23  
**To:** Taxi Fares Consultation <taxifares@babberghmidsuffolk.gov.uk>  
**Subject:** RE: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**



Hello Neil,

I am a Babergh operator and as such have no idea what they do in Mid Suffolk and only know what we have been doing in Sudbury for years so I can see that my views would not necessarily be the views of a Mid Suffolk operator.

Making the tariff the same across both areas would kind of make sense but the proposed tariffs would still need to be put to 2 separate committees for approval so does it really matter ?

It is fairly obvious that the two councils are working together but are not combined (even though the same people are doing the work for both councils ?)

I don't think the Mid Suffolk operators would complain about going over to the "percentage increase" as this should work out far better for them. But if they like per person charges, fine let them keep it the same.

Lets talk cars – upto 4 passengers.

Historically " cars " for up to 4 passengers have just had a single fare to their maximum capacity (4 passengers) so why add anything per head for pax 3 & 4 ?

You can't go smaller than a car so this is the starting point.

Tariff 1 is good for this. Upto 4 passengers no extras need to be added. Fare is clear to passengers.

For the period 23:00 to 06:00 (night rate) is standard fare + 50%

Tariff 2 covers this one. – supposedly our meters are calendar and time controlled so " car " drivers still don't have to touch their meters other than to start and stop them. Very easy.

Bank holidays

Tariff 2 still covers this one

Christmas

Tariff 3 – calendar controlled meters - all sorted at standard fare + 100%

So far no need to press that extras button even once. No confusion, it is what it is. The meter shows the maximum fare chargeable.

Now the bigger vehicles.

## Appendix C

Description.	Tariff 1 (£) Up to 4 pax	Tariff 2 (£) Night rate up to 4 pax / day rate 5 pax or more	Tariff 3 (£) Night rate 5 pax or more
For the whole distance (1st mile or part thereof)	£5.00	£7.50	£10.00
For each subsequent 1/10th mile	£0.20	£0.30	£0.40
Waiting time – for each period of one minute	£0.33	£0.50	£0.66
2 mile journey costs	£7.00	£10.50	£14.00

If you have upto 4 passengers no mater what size vehicle Tariff 1

If you have more than 4 passengers goto tariff 2, standard + 50% ( its still better than having to get 2 taxis and pay standard price twice. ) No extras per head and this works out fair whether it is a short or long journey.

Night rate goes straight on to tarrif 2 at 23:00 as do the cars

Night rate for 5 pax or more

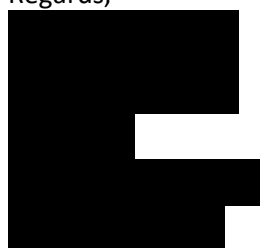
tariff 3 ok not quite a 50 % increase on tariff 2 but it is what the drivers have been doing for years. (and they cant really complain as they should not have been doing it as till recently there was no official multiseater rate) if you don't tell then it's a 50% increase for multiseaters on night rate but just that "this is the rate", there can be no argument.

We always used to have a line at the bottom of the tariff sheet saying "extras" and then " Christmas 2 x Standard rate " or words to this effect

If you wanted you could do a tariff 4 just to cover this for multi seater work at christmas. This would then show the maximum charge for the period on the meter. But I think the extras line would suffice as it is expected so no surprises.

I know, and the council know that the meters have been manually controlled in the past to go to next tariff up when its either night rate or multiseater. The customers wont be surprised. Its more of a case of the council actually putting what has been going on for many many years down on paper and making it legal.

Regards,



**From:** Julie  
**Sent:** 18 October 2022 17:38  
**To:** Neil Gardiner <Neil.Gardiner@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Taxi Fares Consultation

**i** **EXTERNAL EMAIL: Don't click any links or open attachments unless you trust the sender and know the content is safe. Click [here](#) for more information or help from Suffolk IT**

Option 4

Or it's pointless it's like flogging a dead horse my income is less now than 8 years ago I could earn more working at Aldi or Tesco's.

When you have no drivers left it will be to late we. I longer offer a night shift and I'm considering closing weekend night as I don't want to use my £13 k car for night work.

I'm applying for jobs if something comes up I will sadly let everyone get on with it.

**From:** Steve  
**Sent:** 27 October 2022 13:09  
**To:** Neil Gardiner <Neil.Gardiner@babberghmidsuffolk.gov.uk>  
**Subject:** Re: Response to Babergh Taxi Tariff Proposals October 2022

Please find attached below my proposals for an increase to the current taxi tariff in Babergh. This is a small increase which balances a fair increase for the trade and doesn't take taxis out of the price range of the majority of regular users. This has been based on the current tariff sheet agreed upon in 2021 and implemented in November 2021. Please see on the second template below the table of fares a comparison to current and new proposed prices using my proposals.

Rate	Times	Flag Fare	Increments	Waiting Time
<b>Tariff 1</b>	For Hirings of 1-4 passengers between 07.00 & 23.00 (Monday to Sunday Inclusive)	<b>£3.60</b>	20p per tenth of a mile	For each 36 seconds - 20p Equivalent to £20 per hour.
<b>Tariff 2</b>	For Hirings for 1-4 passengers between 23.00 & 07.00 (Mondays to Sundays inclusive) and ALL BANK HOLIDAYS excluding those covered by Rate 3  AND  For Hirings of vehicles carrying 5-8 passengers between 07.00 & 23.00 (Mondays to Sundays Inclusive)	<b>£5.40</b>	30p per tenth of a mile	For each 36 seconds - 30p Equivalent to £30 per hour
<b>Tariff 3</b>	For Hirings for 1-4 passengers between 18.00 & 07.00 (Christmas Eve to 27th December) and New Year's Eve from 18.00 to 07.00 on 2nd January  AND  For Hirings of vehicles carrying 5-8 passengers between 23.00 to 07.00 (Mondays to Sundays Inclusive)	<b>£7.20</b>	40p per tenth of a mile	For each 36 seconds - 40p Equivalent to £40 per hour
<b>Tariff 4</b>	Rate for Christmas - Hirings for 5-8 passengers between 18.00 on December 24th to 07.00 on December 27th and for New Year (18.00 on 31st December to 07.00 on January 2nd)	<b>£9.00</b>	50p per tenth of a mile	For each 36 seconds - 50p Equivalent to £50 per hour

## Appendix C

All fares above are the MAXIMUM fares allowed by Hackney Carriages licensed by Babergh & Mid Suffolk District Council. Passengers may negotiate a lesser fare at the discretion of the owner/ driver. All initial Flags are for the first 0.3 miles of the journey or 108 seconds or part thereof (or a combination of time and distance

No extra charge shall be made for Luggage, Shopping, Wheelchairs, Mobility Scooters or Assistance Dogs or other disability apparatus. A further charge may be made by the proprietor of the vehicle for any soiling/fouling to the interior of the vehicle rendering it unfit for further immediate hiring. This is a matter between the proprietor and the hirer. Vehicle proprietors should clearly display details of their soiling/fouling charge policy inside the vehicle.

<b>Destination</b>	<b>Distance from the Taxi Rank in Miles</b>	<b>Current Tariff 1</b>	<b>Alternative Tariff 1 (Attached)</b>	<b>Percentage Increase</b>
<b>Sudbury Health Centre</b>	1.2	£4.82	£5.40	12.03%
<b>Lionel Hurst Close, Cornard</b>	2.4	£6.98	£7.80	11.75%
<b>Bures</b>	5.6	£12.74	£14.20	11.46%
<b>Lavenham</b>	6.7	£14.72	£16.40	11.41%
<b>Colchester Train Station</b>	13.7	£27.32	£30.40	11.27%
<b>West Suffolk Hospital</b>	16.4	£32.18	£35.80	11.25%
<b>Stansted</b>	30.9	£58.28	£64.80	11.19%
<b>Heathrow</b>	94.2	£172.22	£191.40	11.14%





## Table of Fares for Hackney Carriages (Taxis) within the Babergh District

SECTION 65 OF THE LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976

### Maximum Hackney Carriage Fares allowed

	Fare up to 528 yards or 108 seconds (or combination of distance and time)	Each additional unit of 176 Yards or part thereof or period of 36 seconds or part thereof	Waiting Time per hour
<b>Rate 1</b> For Hirings for 1-4 passengers between 07:00 – 23:00 hrs (Mondays to Sundays inclusive)	<b>£3.20</b>	18p (£1.80 per mile)	<b>£18.00</b>
<b>Rate 2</b> For Hirings for 1-4 passengers between 23:00 – 07:00hrs (Mondays to Sundays inclusive) and ALL BANK HOLIDAYS excluding those covered by Rate 3. <b>AND</b> For Hirings of Multi Seater vehicles carrying 5-8 passengers between 07:00 -23:00hrs (Mondays to Sundays inclusive)	<b>£4.80</b>	27p (£2.70 per mile)	<b>£27.00</b>
<b>Rate 3</b> For Hirings for 1-4 passengers between Christmas Eve: 18:00 on 24 December to 07:00 on 27 December and New Year's Eve: 18:00 31 December to 07:00hrs 2 January. <b>AND</b> For Hirings for 5-8 passengers between 23:00 – 07:00hrs (Mondays to Sundays inclusive) and ALL BANK HOLIDAYS excluding those covered by Rate 4.	<b>£6.40</b>	36p (£3.60 per mile)	<b>£36</b>
<b>Rate 4</b> For Hirings for 5-8 passengers between Christmas Eve: 18:00 on 24 December to 07:00 on 27 December and New Year's Eve: 18:00 31 December to 07:00hrs 2 January.	<b>£8.00</b>	45p (£4.50 per mile)	<b>£45</b>

**Toll Charge/Congestion:**

Any Congestion/Toll Charge may be passed onto the hirer.

**Damage & Soilage:**

A further charge may be made by the proprietor of the vehicle for any soiling/fouling to the interior of vehicle rendering it unfit for further immediate hiring. This is a matter between the proprietor and hirer. Vehicle proprietors should clearly display details of their soiling/fouling charge policy inside the vehicle.

**NO EXTRA CHARGE SHALL BE MADE FOR LUGGAGE, SHOPPING, ASSISTANCE DOGS,  
WHEELCHAIRS, MOBILITY SCOOTERS OR OTHER DISABILITY APPARATUS**

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## APPENDIX E

### List of Taxi & PHV Consultees

1. All MSDC Drivers	2. All MSDC Operators
3. All Libraries in MSDC	4. All MSDC Parish and Town Councils
5. Age UK Tavis House 1-6 Tavistock Square London WC1H 9NA	6. Age UK Suffolk Unit 14 Hillview Business Park Old Ipswich Road Claydon Ipswich IP6 0AJ
7. Suffolk Constabulary Police Headquarters Martlesham Heath Ipswich IP5 3QS	8. Environmental Protection Babergh & Mid Suffolk District Councils Endeavour House 8 Russell Road Ipswich IP1 2BX
9. Suffolk Adult Safeguarding Board Endeavour House 8 Russell Road Ipswich IP1 2BX	10. Suffolk Child Safeguarding Board Endeavour House Floor 3 Gold Block 8 Russell Road Ipswich IP1 2BX
11. Mid Suffolk Disability Forum <a href="mailto:linda.hoggarth@avenuesgroup.org.uk">linda.hoggarth@avenuesgroup.org.uk</a>	12. Suffolk Disability Forum <a href="mailto:disabilityforum@btinternet.com">disabilityforum@btinternet.com</a>
13. Suffolk Chamber of Commerce Felaw Maltings South Kiln 42 Felaw Street Ipswich IP2 8SQ	14. Suffolk County Council Passenger Transport Team Endeavour House 8 Russell Road Ipswich IP1 2BX
15. Stowmarket and District Chamber of Commerce <a href="mailto:secretary@stowmarketchamber.co.uk">secretary@stowmarketchamber.co.uk</a>	16. Communities Babergh & Mid Suffolk District Councils Endeavour House 8 Russell Road Ipswich IP1 2BX
17. Red Gables Ipswich Rd Stowmarket IP14 1BE	

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