

**Medium Term  
Financial Strategy  
(MTFS)  
2024 to 2028**



# Contents

	<b>Page</b>
<b>Foreword from the Portfolio Holder for Resources of the Council</b>	<b>3</b>
<b>Purpose of this document</b>	<b>4</b>
<b>Changes to local government financing</b>	<b>4</b>
<b>Local context</b>	<b>5</b>
<b>Responding to the financial challenges and opportunities</b>	<b>6</b>
<b>Our approach to engagement and consultation</b>	<b>9</b>
<b>Summary of our financial position</b>	<b>10</b>
• <b>Revenue strategy and budget summary</b>	
• <b>Capital strategy and budget summary</b>	
<b>Glossary of terms</b>	<b>11</b>

For more information about this document, or to request a copy in an alternative format, please email [finance@westsuffolk.gov.uk](mailto:finance@westsuffolk.gov.uk) or call 01638 719000

## **Foreword from the Portfolio Holder for Resources**

I am pleased to introduce our Medium Term Financial Strategy (MTFS), setting out our approach to bringing financial stability, meeting the significant funding challenges faced by all public services, whilst continuing to invest in our communities.

Our MTFS supports the delivery of the authority's ambitious strategic priorities. This includes investing in supporting thriving communities, sustainable growth, the delivery of affordable, available and decent homes while also focusing on environmental resilience.

Our strategy for managing the council's finances is based on our six themes:

1. Aligning resources to the West Suffolk strategic priorities and the delivery of essential services.
2. Sharing services and innovation in service delivery.
3. Behaving commercially, delivering a return to our communities
4. Considering new funding models.
5. Supporting online access to council services.
6. Taking advantage of new forms of local government finance.

West Suffolk continues to invest in initiatives that generate income and wider benefits while also driving efficiencies and value for money within the council.

It is clear that while the budget and direction of travel for the council will support local communities and businesses. Government needs to address nationally funding of Local Government for councils to be able to plan with certainty.

I am confident that we can build on our strong track record of sound financial management in the past to meet the new, ever more demanding, challenges of the future.

### **Councillor Diane Hind**

Portfolio Holder for Resources  
West Suffolk Council

## Purpose of this document

The Medium Term Financial Strategy (MTFS) provides a high-level assessment of the financial resources required to deliver West Suffolk's strategic priorities from 2024 to 2028 and its essential services. It considers how the council can provide these resources within the anticipated financial context.

Like all local authorities, West Suffolk Council's MTFS is influenced by national government policy, funding and spending announcements. The Government's spending plans continue to evolve. At the time of publication of the MTFS, key confirmed elements include:

- The main grant (Revenue Support Grant - RSG) to local government has been continued into 2024 to 2025. Our working assumption is that this will be rolled forward for one more year.
- The New Homes Bonus (NHB) will remain for 2024 to 2025 and we are making the assumption that it will be rolled forward into 2025 to 2026 before ceasing. The total money available for NHB has been cut partly to fund the new Funding Guarantee (see below) and will not attract any legacy payments.
- The Funding Guarantee grant that was introduced in November 2022 will continue in 2024 to 2025 and, we assume, into 2025 to 2026, but will cease thereafter. This grant ensures every authority has an increase in Core Spending Power of 4 per cent before any Council Tax increases. It is funded from the now discontinued Lower Tier Services Grant and the reduced cost of NHB.
- The Fairer Funding Review and a form of Business Rate Retention scheme resetting will take place at some point beyond April 2026.
- The Council Tax referendum level (the level at which Council Tax can be increased) will remain at 3 per cent or £5, whichever is the higher amount. In addition, local authorities with responsibility for social care (such as Suffolk County Council) may levy a precept to spend exclusively on adult social care.

The latest local government spending announcements can be found at the following link: <https://www.gov.uk/government/policies/local-government-spending>

## Changes to local government financing

Over the last decade, a number of local government financing mechanisms have become embedded in the council's overall funding framework. For example:

- a share of business rates growth is now retained locally by the council, and by a Suffolk 'pool'
- councils set Council Tax discounts locally, rather than eligible residents receiving Council Tax Benefit
- the New Homes Bonus
- the funding of Disabled Facilities Grants from the Better Care Fund.

Local government receives funding from three main taxation or finance settlement sources; Council Tax, a share of business rates income and, to a

lesser extent, government general grants as set out above. Council Tax income continues to be the main source of funding, in total value, for local authorities. Council Tax income represents around a fifth of West Suffolk's annual income (excluding Housing Benefit Subsidy) which means in practice that it only funds 20 per cent of the cost of running a service. It is worth noting that as a whole these three main funding streams only provide 35 per cent of West Suffolk Council's total budget (excluding Housing Benefits) and, like the whole of Local Government, the rest has to be found from other sources such as income streams.

It is expected that each of these funding streams will continue in 2024 to 2026 however beyond this there is significant uncertainty over the basis and quantum of the business rates retention and government general grants.

The reform of the business rates retention scheme is now not expected to be any earlier than 2026 to 2027. It is assumed there will also be a full baseline reset in 2026 to 2027. For authorities who have business rate growth and are significantly above their current funding baseline, such as West Suffolk, this will have a significant impact, subject perhaps to any damping arrangements, on our existing funding levels through the business rates retention scheme. As a result, our longer term financial position remains uncertain.

The Fairer Funding review, which the Government has said will look at the overarching methodology that determines how much funding each authority receives each year is also now not expected to be any earlier than 2026 to 2027, creating further uncertainty over the council's funding assessment from central government.

The changes to local government finance form part of the government's devolution agenda, by reducing local authorities' reliance on central government, and encouraging greater self-sufficiency. West Suffolk is working with other authorities in East Anglia to consider the longer-term implications of these changes for the future shape of local government and economic growth in the region.

## **Local context**

West Suffolk Council's financial position is based on our financial circumstances, local demand and opportunities. The 'summary of our financial position' section of this document details our financial standing. The following section provides an overview of the local context in which the council operates. For more information, please see the data and statistics on our About the area webpage [About the area \(westsuffolk.gov.uk\)](https://www.westsuffolk.gov.uk/about-the-area).

West Suffolk Council's Strategic Priorities 2024 to 2028 describes the local context to the district; data and information on the challenges and opportunities; and the council's priorities for housing, environment, growth and communities.

West Suffolk Council serves a population of 182,228 (mid-year estimate 2022) across a predominantly rural area in the heart of East Anglia. This is projected to increase by 2.6 per cent to 184,523 by 2027 (sub national population projections 2018 based).

The 2021 census showed that the percentage of over 65s in West Suffolk was 20.7 per cent; this is now above the England national average of 18.4 per cent and projected to increase to 23.3 per cent by 2027.

### **Challenges and opportunities within the changing local government financing regime**

The Provisional Local Government Finance Settlement should provide more certainty on continued funding through Revenue Support Grant and New Homes Bonus for 2024 to 2025, and hopefully an indication of the funding methodology for 2025 to 2026.

The Fair Funding and Business Rates Retention reviews, when they happen, will bring new approaches and challenges in how West Suffolk Council will fund its services. We will fully engage in these reviews and consultations to ensure our perspective is heard.

A sustainable future for West Suffolk in the face of funding cuts and spending pressures is dependent upon changing the way we think about funding local government and how we manage the system.

### **Responding to the financial challenges and opportunities**

West Suffolk Council's response to the financial challenges and opportunities are based on six key themes. These themes have been further developed for the council and they represent an appropriate response to the ongoing financial situation:

1. Aligning resources to the West Suffolk strategic priorities and the delivery of essential services.
2. Sharing services and innovation in service delivery.
3. Behaving commercially, delivering a return to our communities
4. Considering new funding models.
5. Supporting online access to council services.
6. Taking advantage of new forms of local government finance.

#### **1. Aligning resources to the West Suffolk strategic priorities and the delivery of essential services**

At the heart of this MTFs, is the approach of allocating resources in line with the new priorities set out in the West Suffolk Strategic Priorities 2024-2028 and with getting the essentials right. This theme helps to ensure resources are focused on the priority areas of housing, sustainability, growth and communities, and to identify areas of West Suffolk's work which could either be scaled back or done differently. The budget-setting process focuses on these lower-priority areas, and challenges whether West Suffolk should continue with the activities either at all, or in their current form, in order to ensure they provide value for money to Council Tax payers.

## **2. Sharing services and innovation in service delivery**

The previous shared service agenda had already delivered in excess of £4 million each year in savings for West Suffolk which is in addition to other local savings. The creation of a single West Suffolk Council added a further £850,000 per year savings and efficiencies to this success.

West Suffolk shares a number of services with neighbouring councils including Human Resources and ICT support to the Anglia Revenues Partnership and Legal and information governance support services with Babergh and Mid Suffolk councils and will explore further opportunity for sharing services where appropriate.

With demands increasing and uncertainty in local government funding beyond April 2026, it is critical that we drive change and stay ahead of the financial curve to enable us to protect valuable local services and to have the financial capacity to invest in communities.

This will mean:

- driving forward our approach to Change and Service Improvement, through which we are reviewing business processes to drive out efficiencies.
- building on our business partner model, whereby corporate or support services provide specialist support and expertise to all service areas and project teams.
- reviewing the responsibilities of the different tiers of local government in order to ensure the principles of subsidiarity are followed.
- working in a 'system-working' way with other public and voluntary sector partners in Suffolk, to maximise the benefits of integration of services.
- working with Suffolk partners on the implementation of the Suffolk 'County Deal' that was signed by the Leader of Suffolk County Council and the Parliamentary Under-Secretary of State for Local Government and Building Safety on 8 December 2022.

## **3. Behaving commercially, delivering a return to our communities**

'Behaving commercially' summarises the council's approach to delivering the outcomes that local communities need, while ensuring that through 'business-like behaviours', the council acts as efficiently as possible. This includes making sure its investment decisions both secure better outcomes for communities and also a financial return that can be reinvested into council services. Achieving this 'double bottom-line' means that the council is able to make financially astute decisions, thereby ensuring it can protect essential services in the future. As discussed earlier the funding for any local authority requires the council to achieve an income to produce a balanced budget due to the shortfall from the three main taxation or finance settlement sources. Behaving commercially will therefore be a key theme running through the work needed to deliver our outcomes and a sustainable MTFS.

## **4. Considering new funding models**

West Suffolk Council will be an 'investing authority' over the period 2024 to 2028. West Suffolk Council has had a long tradition of investing in its

communities in support of the delivery of its strategic priorities, in particular to aid economic growth across West Suffolk.

Depleting capital and revenue reserves and increased pressure on external funding mean that the council will need to consider investing away from the traditional funding models such as using its own reserves. Instead, focus is now on the optimum use of borrowing and the various options for accessing the capital that is available.

The financing of the chosen funding model itself is a challenge, with limited reserve balances available in the medium term. In order to generate new cash into the authority and to enable our ambition of being an 'investing authority' means that prudent borrowing or appropriate financing transactions, is something that West Suffolk will have to embrace in order to deliver on its ambitious capital and investment programme.

There are ample precedents which demonstrate that prudential borrowing has become a valuable tool for local government to achieve its strategic objectives. The use of unsupported borrowing (no security to a particular council asset) is both flexible and relatively straightforward however it is important the council continues to support any borrowing with robust business cases and due diligence.

With this in mind, and as borrowing is required over the medium to long term for the authority, it is considered prudent to assess each investment opportunity/project on the basis of borrowing and its cost, assessing each project on an equal playing field regardless of their timings within the MTFS or the funding model used.

There are two annual costs associated with borrowing:

- servicing the debt – the interest payable on the loan; and
- repayment of the loan/capital – effectively through a minimum revenue provision (MRP) into the revenue account.

At the time of writing this plan, these costs would be in the region of seven per cent including interest (based on a Public Works Loan Board, PWLB, rate over 40 years). MRP is calculated to ensure that the capital is fully repaid over the economic life of the asset. In order to assess each project on a level playing field these costs will be included in each business case. Naturally a change in interest rate or MRP rate would change the rates used in each potential project.

The choice of funding model for each investment opportunity/project will be based on its individual merits, financial return/costs including the overall risk exposure, considered as part of each business case. Any decision to invest or borrow would be subject to full scrutiny by councillors, through the usual democratic process.

## **5. Supporting online access to council services**

The implementation of our Customer Access Strategy is also an important part of our next phase of development and is inextricably linked to the need for commercial thinking and wider innovation. In addition, residents increasingly



want to and expect to engage with the council or carry out transactions through digital and online means.

The customer support team embeds the benefits of both integrated first-point-of-contact support and promoting channel shift.

There will always be some people who cannot or do not want to access our services online – whether because they have limited access to the internet, or because they are unfamiliar with this technology. These people will always be able to reach us in the traditional way. Our goal, though, is to encourage those people who can do their business with us online to do so. The aim is to put digital first, but not digital only with support available to those who need it.

In addition to making contact easier to handle, this solution can automate many of the duplicated tasks council employees normally perform when handling contact from residents, businesses and visitors, thereby reducing call times and improving the quality of service.

## **6. Taking advantage of new forms of local government finance (for example business rate retention)**

During the period covered by the MTFS, the new forms of local government finance will continue, in whatever guise it lands from April 2026, to be the key sources of income for councils. West Suffolk will therefore take the opportunity, through its service delivery and other MTFS themes, to grow our own funding through a strong, and growing, local economy alongside the skills, infrastructure and housing to sustain it. At the same time we will lobby Government and other influential parties for the case for better funding or means of finance to meet the challenges faced by the council and local government.

## **Our approach to engagement and consultation**

While our strategic priorities and MTFS set the framework for the next four years, it is vital that the detail of our spending decisions is shaped by input from councillors, residents, businesses, communities and partners.

Our approach to engagement and consultation is set out in our Strategic Priorities document.

## **Summary of our financial position**

The Medium Term Financial Strategy developed using the six themes laid out above gives rise to a financial plan containing forecasts for the revenue, capital and reserves position from 2024 to 2028 for West Suffolk Council.

The uncertain nature of local government funding and the volatile nature of locally generated funding streams means that there are limitations on the degree to which West Suffolk can identify all of the potential changes within these medium term financial projections.

However, these plans have been developed within insight and challenge from across the organisation to be as robust as possible given the current information available.

There is a legal requirement for a local authority to deliver an annual balanced budget position for the following year. West Suffolk Council has a balanced budget for both 2024 to 2025 and 2025 to 2026.

## Revenue Position

This is a statement of all the income and expenditure required to deliver the services of West Suffolk Council in each year. A summary statement is laid out in Table 1 below:

**Table 1**

(Income) and expenditure:	Item	2024 to 2025 Total budget £000s	2025 to 2026 Projected budget £000s	2026 to 2027 Projected budget £000s	2027 to 2028 Projected budget £000s
<b>Net service expenditure before interest</b>	<b>1</b>	<b>29,740</b>	<b>24,629</b>	<b>24,233</b>	<b>25,394</b>
Interest received on investments	2	(1,075)	(535)	(445)	(445)
Dividends received	3	(40)	(40)	(340)	(340)
Interest on borrowing	4	1,581	1,747	1,726	1,704
Minimum Revenue Provision	5	837	1,321	1,342	1,364
<b>Net expenditure after interest and capital for General Fund purposes</b>	<b>6</b>	<b>31,043</b>	<b>27,122</b>	<b>26,516</b>	<b>27,677</b>
Transfer to/(from) General Fund	7	0	0	0	0
<b>Net expenditure after interest and capital</b>	<b>8</b>	<b>31,043</b>	<b>27,122</b>	<b>26,516</b>	<b>27,677</b>
Remaining budget gap	9	0	0	(5,709)	(6,278)
<b>Budget Requirement (excluding parishes)</b>	<b>10</b>	<b>31,043</b>	<b>27,122</b>	<b>20,807</b>	<b>21,399</b>
Collection Fund deficit/(surplus) - Council Tax	11	(142)	0	0	0
Collection Fund deficit/(surplus) - Business Rates	12	(3,123)	0	0	0
Business Rates Retention - Baseline funding	13	(4,903)	(5,002)	(5,102)	(5,204)
Business Rates Retention - Local share of growth/S31 grants	14	(5,117)	(5,202)	(2,653)	(2,706)
Business Rates Retention - Share of Suffolk Pooling	15	(1,931)	(847)	0	0
Business Rates Retention - Renewable Energy	16	(740)	(755)	(385)	(393)
Business Rates Retention - Enterprise Zones	17	(446)	(455)	(232)	(237)
Revenue Support Grant	18	(448)	(448)	0	0
Rural Services Delivery Grant	19	(235)	(203)	0	0
New Homes Bonus Grant	20	(881)	(881)	0	0
Services Grant	21	(29)	(29)	0	0
Funding Guarantee	22	(1,439)	(1,281)	0	0
<b>Amount to be charged to council taxpayers</b>	<b>23</b>	<b>11,609</b>	<b>12,019</b>	<b>12,435</b>	<b>12,859</b>
Council Tax Base	24	58,684.97	59,271.82	59,864.54	60,463.18
Council Tax at band D - West Suffolk Council	25	£197.82	£202.77	£207.72	£212.67
<b>Total Council Tax generated (excluding parishes)</b>	<b>26</b>	<b>11,609</b>	<b>12,019</b>	<b>12,435</b>	<b>12,859</b>
Town and parish council precepts	27	5,585	5,585	5,585	5,585
<b>Total Council Tax generated (including parishes) – demand on the Council Tax Collection Fund</b>	<b>28</b>	<b>17,194</b>	<b>17,604</b>	<b>18,020</b>	<b>18,444</b>

This revenue forecast includes several key assumptions, detailed in Table 2 below. Budget assumptions continue to be reviewed as more accurate information becomes available.

**Table 2**

<b>Inflationary changes</b>	<b>2024 to 2025</b>	<b>2025 to 2026</b>	<b>2026 to 2027</b>	<b>2027 to 2028</b>
Pay inflation	4.0%	2.0%	2.0%	2.0%
Employers pension contribution	26.00%	26.00%	26.00%	26.00%
Pension take-up assumption	95.75%	95.75%	95.75%	95.75%
Vacancy savings	2.5%	2.5%	2.5%	2.5%
Drainage board precepts inflation	3.0%	3.0%	3.0%	3.0%
General inflation	0.0%	0.0%	0.0%	0.0%
ICT inflation	3.0%	3.0%	3.0%	3.0%
Business rates - CPI at Sept	4.48%	2.00%	2.00%	2.00%
Fees and charges	Varies	2.0%	2.0%	2.0%
Utilities	5.0%	5.0%	5.0%	5.0%
Electricity	7.5%	7.5%	7.5%	7.5%
Transport - fuel	5.0%	5.0%	5.0%	5.0%
Insurance premium increases	15.0%	10.0%	10.0%	10.0%

### **Capital Position**

The Capital Programme is a statement of planned investment in the creation, purchase or improvement of West Suffolk Council's assets and how this investment will be funded.

There is significant investment planned within this medium term financial projection to support the key strategic priorities and the six key themes.

The Capital Strategy (Attachment E) sets out West Suffolk Council's approach to the allocation of capital resources and how future investment is evaluated and assessed and how it will be funded.

The planned capital expenditure and the source of funding out to 2027 to 2028 is laid out in the following table:

**Table 3**

	<b>2024 to 2025 millions</b>	<b>2025 to 2026 millions</b>	<b>2026 to 2027 millions</b>	<b>2027 to 2028 millions</b>	<b>Total millions</b>
<b>Gross capital expenditure</b>	<b>£60.31</b>	<b>£36.70</b>	<b>£5.18</b>	<b>£4.20</b>	<b>£106.39</b>
<b>Funded by:</b>					
Grants and contributions	£5.29	£0.90	£0.90	£0.90	£7.99
Earmarked revenue reserves	£6.72	£3.73	£3.02	£3.29	£16.76
Capital receipts reserve	£5.47	£0.12	£0.01	£0.01	£5.61
External borrowing	£42.83	£31.95	£1.25	£0.00	£76.03
<b>Total</b>	<b>£60.31</b>	<b>£36.70</b>	<b>£5.18</b>	<b>£4.20</b>	<b>£106.39</b>

The revenue forecast in Table 1 includes the cost of servicing the planned external borrowing included in Table 3.

Capital receipts are generated through the sale of assets. This income can only be used for future capital expenditure (with one exception – see Attachment F – Flexible use of Capital Receipts Strategy).

### **Reserves Position**

West Suffolk is required to maintain adequate financial reserves to meet the needs of the authority. The reserves that are held are classified as either working balances (known as the general fund balance) or as specific reserves which are defined with a particular purpose (known as earmarked reserves).

The general fund balance is held as a contingency to meet the cost of unexpected expenditure or events during the year. The West Suffolk policy is to hold a balance of £5 million at all times. This equates to around 20 per cent of annual net expenditure.

Earmarked reserves are set aside to meet a known or predicted future expenditure. The planned movement in the balances of these reserves is laid out in the following table:

**Table 4**

	<b>2023 to 2024 millions</b>	<b>2024 to 2025 millions</b>	<b>2025 to 2026 millions</b>	<b>2026 to 2027 millions</b>	<b>2027 to 2028 millions</b>
Earmarked Reserves Closing Balance	£41.12	£42.41	£41.75	£40.46	£38.54

The revenue position in Table 1 includes prudent budget provisions for the replacement of key service delivery assets. The full schedule showing all the earmarked reserves and the annual forecast movements is in Attachment D Appendix 3.

## **Glossary of terms**

### **Actuarial valuation**

An independent report of the financial position of the Pension Fund that is carried out by an actuary every three years. Reviews the Pension Fund assets and liabilities as at the date of the valuation and the results of which, including recommended employer's contribution rates, the Actuary reports to the Council.

### **Baseline funding level**

The amount of a local authority's start-up funding allocation which is provided through the local share of the estimated business rates aggregate (England) at the outset of the scheme as forecast by the Government. It forms the baseline against which tariffs and top-ups will be calculated.

### **Budget requirement**

The Council's revenue budget on general fund services after deducting funding streams such as fees and charges and any funding from reserves. (Excluding Council Tax, Revenue Support Grant, New Homes Bonus and Business Rates).

### **Business rate retention scheme**

The Business Rates Retention Scheme introduced by Government from April 2013 is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of the growth that is generated in business rates revenue in their areas, as opposed to the previous system where all business rates revenues are held centrally.

Under the scheme local authorities were also allowed to form pools for the purposes of business rates retention. West Suffolk along with the other Suffolk Authorities and the County Council have been designated as a Suffolk pool from April 2013.

In 2018 the Government announced the new 100% business rate pilot schemes, the Suffolk authorities were successful in being one of those pilots during 2018 to 2019.

The planned 75 per cent business rates retention scheme and re-baselining as part of the fairer funding review will be postponed until April 2026 at the earliest.

### **Capital expenditure**

Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles. Can also be indirect expenditure in the form of grants to other persons or bodies.

### **Capital Programme**

Council's plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

### **Capital Receipts**

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure but cannot be used to finance revenue expenditure.

## **CIPFA**

Chartered Institute of Public Finance and Accountancy. One of the UK accountancy institutes. Uniquely, CIPFA specialise in the public sector. Consequently, CIPFA holds the responsibility for setting accounting standards for local government.

## **Collection fund**

A statutory account maintained by the council recording the amounts collected from council tax and business rates and from which it pays the precept to the major precepting authorities.

## **Collection Fund surplus (or deficit)**

If the council collects more or less than it expected at the start of the financial year, the surplus or deficit is shared with the major precepting authorities - Suffolk County Council and Suffolk Police Authority.

## **Contingency**

Money set-aside centrally in the council's base budget to meet the cost of unforeseen items of expenditure, such as higher than expected inflation or new responsibilities.

## **Council Tax Base**

The Council Tax Base for a council is used in the calculation of council tax and is equal to the number of Band D equivalent properties. To work this out, the council counts the number of properties in each band and works out what this equates to in terms of Band D equivalent properties. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992.

## **Fairer Funding Review**

Central government funding for local authorities is currently based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50 per cent business rates retention scheme in 2013 to 2014.

The government is undertaking a 'Fairer Funding Review'. This is aimed at designing a new system for allocating funding between councils, the review will:

- set new baseline funding allocations for local authorities
- deliver an up-to-date assessment of the relative needs of local authorities
- examine the relative resources of local authorities
- focus initially on the services currently funded through the local government finance settlement
- be developed through close collaboration with local government to seek views on the right approach

The Fairer Funding review is expected to come into force from April 2026.

## **General Fund Balance**

The main unallocated reserve of the council, set aside to meet any unforeseen pressures.

### **Gross Domestic Product (GDP)**

GDP is defined as the value of all goods and services produced within the overall economy.

### **Gross expenditure**

The total cost of providing the council's services, before deducting income from Government grants, or fees and charges for services.

### **Individual authority business rates baseline**

Derived by apportioning the billing authority business rates baseline between billing and major precepting authorities on the basis of major precepting authority shares.

### **Local share of business rates**

This is the percentage share of locally collected business rates that will be retained by local government. This is currently set at 50 per cent. At the outset, the local share of the estimated business rates aggregate is divided between billing authorities on the basis of their proportionate shares.

### **Net expenditure**

Gross expenditure less services income, but before deduction of government grant.

### **National Non Domestic Rates (NNDR)**

Also known as 'business rates', Non-Domestic Rates are collected by billing authorities such as West Suffolk Council and, up until 31 March 2013, paid into a central national pool, then redistributed to authorities according to resident population. From 2013 to 2014 local authorities will retain 50 per cent of the value of any increase in business rates. The aim is to provide an incentive to help businesses set up and grow.

### **New Homes Bonus**

Under this scheme councils receive a new homes bonus (NHB) per property for the year following completion. Payments are based on match funding the council tax raised on each property with an additional amount for affordable homes. It is paid in the form of an unringfenced grant.

### **Precept**

The precepting authority's council tax, which billing authorities collect on behalf of the major preceptor.

### **Prudential Borrowing**

Set of rules governing local authority borrowing for funding capital projects under a professional code of practice developed by CIPFA to ensure councils' capital investment plans are affordable, prudent and sustainable.

### **Referendum**

Power under which the Government may limit the level of council tax increase year on year. Any shire district authority in England wanting to raise council tax by more than 3 per cent or £5 whichever is the higher amount, must consult the public in a referendum. Councils losing a referendum would have to revert to a lower increase in bills.



## **Revenue Expenditure**

The day-to-day running expenses on services provided by the council.

## **Revenue Support Grant (RSG)**

All authorities receive Revenue Support Grant from central government but this is expected to be phased out by April 2025.

## **Risk Management**

We define risk as being uncertainty of outcome, whether relating to 'positive' opportunities or 'negative' threats/hazards. Our new, positive approach to risk is based on context, proportionality, judgement and evidence-based decision making that considers risk on a case by case basis and is documented at all stages. We will be joined-up in our decisions, and will draw on one another's skills and experience to take responsibility for sound and reasonable decisions about the use of public funds, avoiding a blame culture when things go wrong.

<http://westsuffolkintranet/howto/risk-management.cfm>

## **Section 151 officer (or Chief Financial Officer)**

Legally Councils must appoint under section 151 of the Local Government Act 1972 a named chief financial officer to give them financial advice, for West Suffolk Council this role is held by the post holder of Director (Resources and Property).

## **Specific Grants**

Funding through a specific grant is provided for a specific purpose and cannot be spent on anything else, for example: Housing Benefits Subsidy.

## **Spending Review**

The Spending Review is an internal Government process in which the Treasury negotiates budgets for each government department.

## **Suffolk Business Rate Pool**

All district/borough councils in Suffolk, along with Suffolk County Council have created the Suffolk Business Rates Pool. The pooling of business rates across Suffolk will:

- through its governance arrangement ensure no individual council is financially any worse off for being in the Suffolk pool
- maximise the proportion of business rates that are retained in Suffolk
- benefit the wider communities within the county led by the Suffolk Leaders' collective vision for a 'Better Suffolk'
- provide incentives for councils to work together to improve outcomes for Suffolk.

## **Tariffs and top-ups**

Calculated by comparing an individual authority business rates baseline against its baseline funding level. Tariffs and top-ups are fixed at the start of the scheme and index linked to the Consumer Price Index (CPI) in future years. West Suffolk is a 'tariff' authority.

## **Treasury Management**

Managing the council's cash flows, borrowing and investments to support the council's finances. Details are set out in the Treasury Management Strategy

which will be considered and approved by Cabinet and Council in February each year.