

1. Introduction

This document presents the statutory financial statements (the “Statement of Accounts”) for Waveney District Council (“the Council”) for the period 1st April 2017 to 31st March 2018 and provides a comprehensive summary of the overall financial position of the Council.

The Statement of Accounts is presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code).

This Narrative Report, which is not formally part of the Statement of Accounts, provides information on the Council, its main objectives and strategies and the principal risks that it faces, as well as providing a commentary on how the Council has used its resources to achieve its desired outcomes in line with its objectives and strategies. The 2017/18 Code introduces the reporting principles established by the International Integrated Reporting Council (IIRC) to the Narrative Report for the first time. This Narrative Report covers the following sections:

- Introducing Waveney District Council – the Council and the district it serves is introduced, including the way in which it is governed and led, and its strategic objectives determined and delivered in partnership with Suffolk Coastal District Council (SCDC).
- Operating Model – the human and financial resources that the Council has at its disposal and how they are deployed is explained. The external context in which the Council operates is also considered, with particular emphasis on changes in the local government sector and society in general, which are having a major impact on the future supply and demand for resources.
- Council Performance 2017/18 – progress against the Business Plan is presented alongside financial performance for the year both in revenue and capital terms. The strength of the Council’s Balance Sheet is also considered at the year-end through an assessment of the level of reserves and balances held.
- Risks and Opportunities – the principle risks and opportunities faced by the Council and the way in which they are being managed are explored. Significant financial, service delivery and environmental risks are countered by notable opportunities due to the location and nature of the district and progression of the shared services partnership with SCDC to a ‘full merger’; and
- Looking Ahead – the 2018/19 financial year is considered – the final year for Waveney District Council – prior to the merger. In addition, a glimpse at 2019/20 and beyond is taken and what it might look like for East Suffolk Council, including some major developments in local government, scheduled for 2020.

2. Introducing Waveney District Council

Suffolk has a two-tier system of local government, comprising Suffolk County Council and seven district councils, including Waveney District Council. The County Council administers services such as education, waste disposal and social services across the whole of Suffolk, whereas locally, Waveney District Council operates a range of services including building regulation, burials/cremations, community safety, the administration of council tax and business rates, environmental health, electoral administration, licensing, sports facilities, housing, street cleaning and refuse collection.

The district of Waveney sits in the north-east of the County and it the most easterly district in Britain. With a population of 116,500 and covers an area of 37,041 hectares (370km²), has 26km of coastline and comprises a mix of urban and rural areas with Lowestoft being the largest town. There are also four other historic towns (Beccles, Bungay, Halesworth and Southwold) and a number of villages.

Waveney as a whole is in the top third of the most deprived local authorities nationally; nine neighbourhoods in Lowestoft are within the 10% most deprived in the country and unemployment levels in two wards are double the regional average. However, it is also an area of great potential with significant growth expected in available jobs in the medium-term due to available development land, and onshore infrastructure developments driven by a rapidly growing offshore energy sector.

Political Leadership

The Council is governed by 48 councillors, covering 23 electoral wards. All councillors serve a four year term of office and, following the May 2015 elections, the Conservatives have control of the Council with 27 councillors; there are 17 Labour councillors, three Independent councillors and one Green councillor.

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The Council operates a ‘Leader and Cabinet’ model whereby the Leader is elected by members of the Council. Cabinet members are appointed by the Leader from members of the Council and they are designated specific areas of responsibility. The Cabinet ordinarily makes decisions collectively but individual Cabinet members also have decision-making powers.

Executive Leadership

Waveney entered a “shared services” partnership with county neighbours Suffolk Coastal District Council (SCDC) in 2008, initially through the appointment of a joint Chief Executive. The partnership extended to a shared senior management team in 2010 and now the majority of services are jointly delivered with SCDC. The senior management team work closely with councillors to ensure that each council delivers its corporate priorities and comprises a Chief Executive, two Strategic Directors and eleven Heads of Service, collectively known as the “Corporate Management Team” (CMT). Separately, the Chief Executive and Strategic Directors make up the Strategic Management Team (SMT). SMT is led by the Chief Executive and takes responsibility for the whole workforce, providing strategic direction and leadership. Heads of Service support SMT in the overall management of both councils and provide direct management of their individual service areas.

Strategy: a shared vision for east Suffolk

The districts of Suffolk Coastal and Waveney have much in common, with both partners – as well as sharing services – having a shared interest and purpose in the future prosperity of east Suffolk as a whole. This led to the development of “East Suffolk Means Business” (2015 – 2023), a combined Business Plan, spelling out a shared vision “to maintain and sustainably improve the quality of life for everybody growing up in, living in, working in and visiting East Suffolk”.

Strategic Deliverables

The Business Plan outlines three “Strategic Deliverables” as follows:

- Economic Growth – “we will encourage a strong local economy which is essential for vibrant communities”
- Enabling Communities – “together we can improve services, build resilient communities and make life better for everyone”
- Financial Self-Sufficiency – “driving down costs and becoming even more business-like and entrepreneurial in our approach”.



Critical Success Factors

Underpinning the three Strategic Deliverables, are 10 “Critical Success Factors” that support the delivery of the shared vision for east Suffolk.

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Critical Success Factors	
Description	Discussion
Economic Development and Tourism	A strong, sustainable, and dynamic local economy offering our communities more stable, high quality and high value jobs, with increased opportunities for all.
Leisure	Increased access to quality leisure, cultural facilities and activities that support and promote healthier lifestyles.
Planning	Well managed development of sustainable, thriving communities, with the quality facilities and services needed for a growing economy, whilst preserving the historic and natural environment.
Housing	Improved access to appropriate housing to meet existing and future needs, including more affordable homes for local people.
Benefits	Timely access to welfare benefits for those in need within our communities.
Customers	Putting customers first in the planning and design of services, and making improvements to services following customer feedback. Ensuring services and information are easily accessible through different communication channels, with customers receiving a consistent, accurate and holistic service at the first point of contact.
Communities	A diverse mix of resilient and supportive communities that value their rural and coastal heritage; which feel engaged, valued and empowered; and where people's needs are met and where they can make a difference to their community.
Community Health	Enabling people to take responsibility for their own mental and physical well-being, helping them to live active and healthy lives, while remaining safe within their homes and communities.
Green Environment	Protecting, enhancing and making sustainable use of our environment, including managing the effects of our changing coastline.
Resources	Delivering a more business-like approach, directing resources to support the delivery of key services, while providing the best possible quality and performance.

Service Delivery: a tailored approach

Shared services has been very effective in driving out combined savings of over £20 million since 2010 and protecting public services in east Suffolk, with the delivery of better outcomes for residents and maximising value-for-money being the overriding consideration in determining service delivery arrangements. A tailored approach is adopted with directly delivered services operating alongside services delivered through third parties and joint arrangements. Examples include:

- *Direct Services* – Community Development, Customer and Support Services, Economic Development, Environmental Services, Housing, Licensing and Planning.
- *Third Party Services* – Car Parks, Facilities Management, Refuse Collection, Grounds Maintenance (all through *Waveney Norse Limited*) and Leisure (through *Sentinel Leisure Trust*); and
- *Joint Arrangements* – Building Control and Internal Audit (both in partnership with *Ipswich Borough Council*), Coastal Management (through the *Coastal Partnership East*), and Revenues and Benefits (through the *Anglia Revenues Partnership*).

3. Operating Model

The way in which the Council operates, deploying and consuming available resources – both human and financial – ultimately determines the outcomes achieved for local residents through the services it provides. It is a dynamic model that changes over time, and adapting to changes in the supply of, and demand for, resources is a major challenge in an era of 'austerity' and a changing society.

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Human resources

As at March 2018), there were 395 full-time equivalent staff employed by Waveney; a wide range of professional teams, delivering a diverse range of services.

Corporate Values: 'how' the work is done

Each staff member is expected to demonstrate a set of core behaviours which define 'how' – as employees – they should approach their work. The behaviours sit alongside 'what' they do and are designed to encourage every member of staff to reach their potential, reflecting five corporate values – "Proud", "Dynamic", "Truthful", "Good Value" and "United".



Performance and Development: "My Conversation"

The Council recognises that developing the capability of its People, its Leaders and its Culture is vital to the achievement of organisational priorities. To this end, the East Suffolk People Strategy includes a new approach to managing performance and personal development called "My Conversation". My Conversation allows the Council to constantly gauge progress against Service and Business Plans, ensuring that staff can develop the skills and behaviours required to undertake their roles and successfully meet future challenges. The approach can be distinguished from the traditional annual appraisal system and is about continuous and ongoing performance management, providing regular feedback, recognition and personal development.

The system is supported by real investment in training and development whereby a number of options are offered ranging from on the job coaching (including an in-house apprenticeship scheme) through to external courses.

The breadth of Council services means that training and development has to be carefully tailored. For example, professionals from many different fields are employed, from Accountancy, Legal and HR, through to Environmental Services and Planning. The workforce also includes large teams of customer facing staff including Customer Service Advisors and, with our service delivery partners, Leisure Assistants and Refuse Workers. Professional staff are required to complete continuous professional development, which needs to be factored in alongside personal and organisational development.

Financial Resources

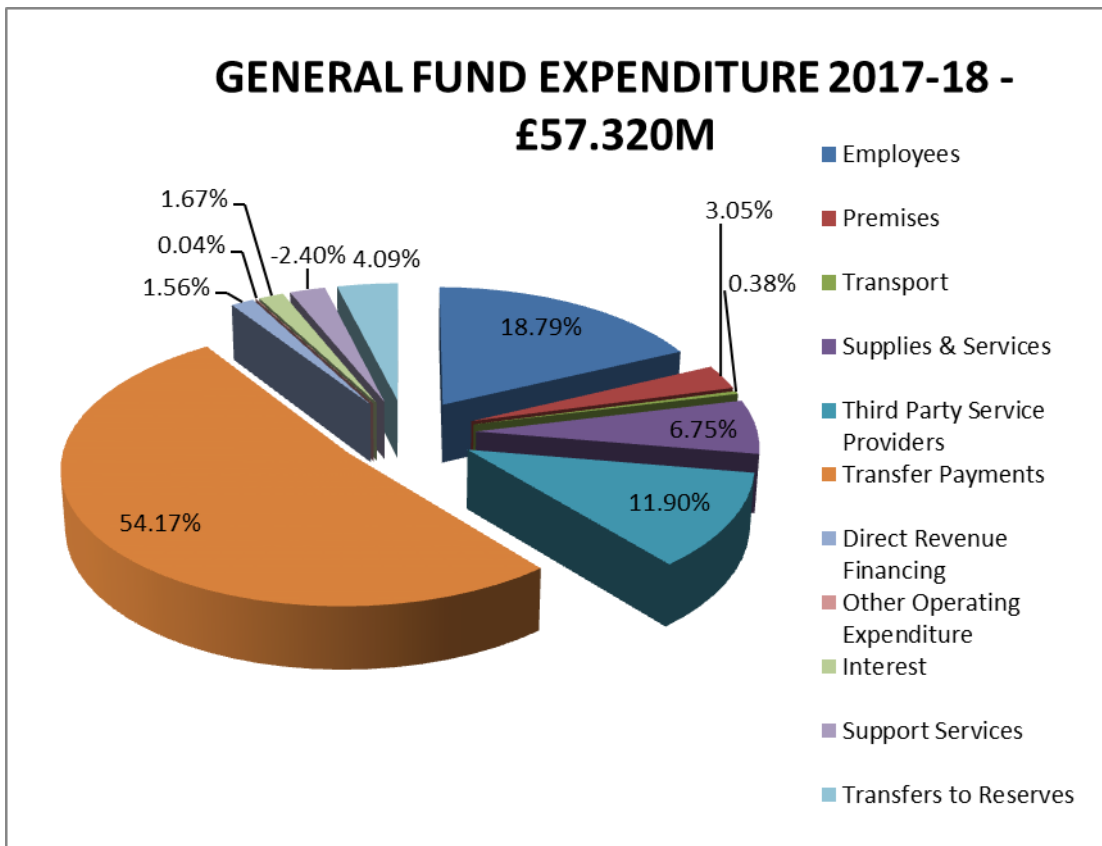
The diversity of council services is reflected in a wide array of income and expenditure sources and applications.

Total Net Revenue Expenditure in 2017/18 was £8.988 million, comprising:

- Expenditure – £57.32 million

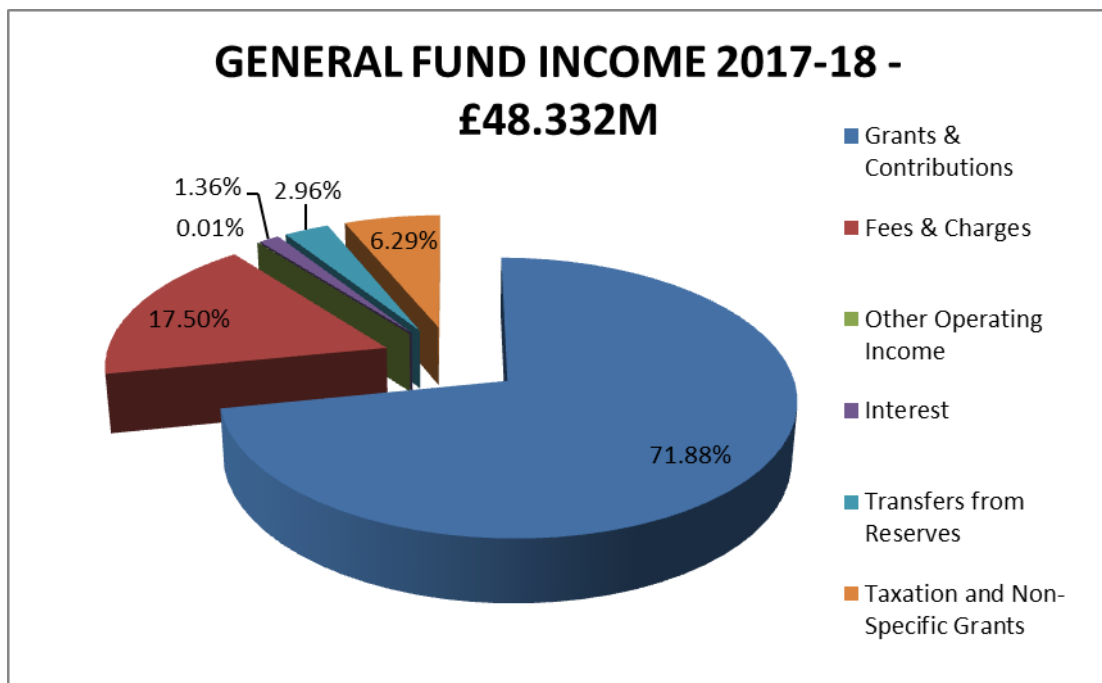
Conversely the largest source of expenditure was the payment of Housing Benefit Payments made to eligible residents (£31.1 million), which comprises the majority of Transfer Payments. The cost of Employees remains the dominant internal cost (£10.8 million).

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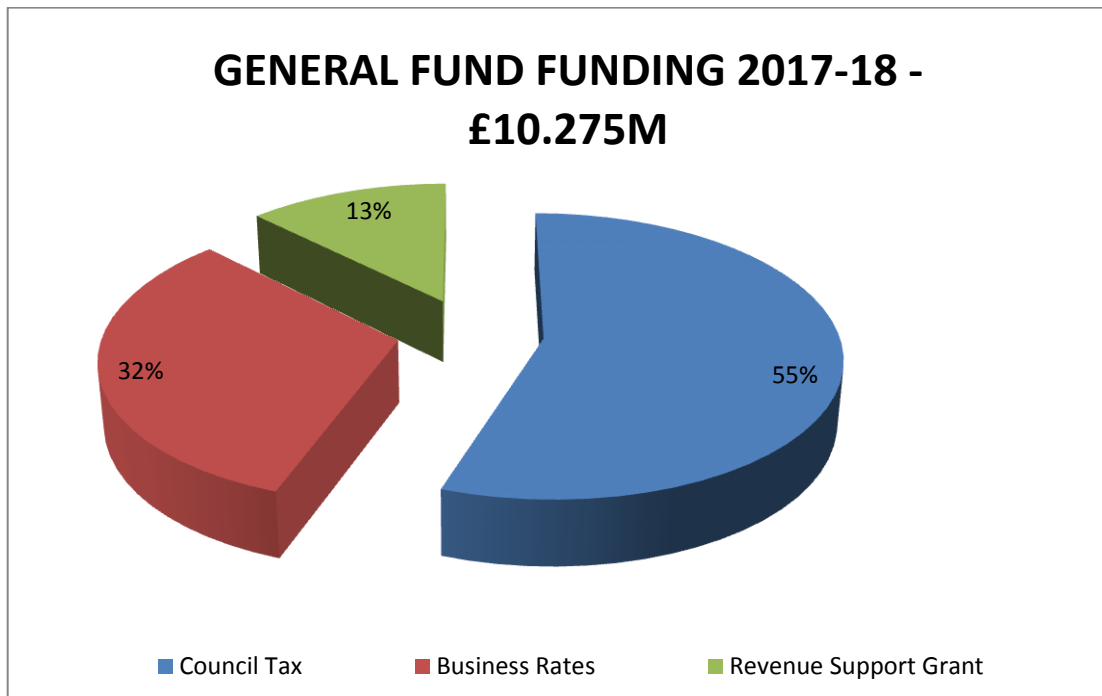
- Income – £48.33 million

The largest source of income was the reimbursement of Housing Benefit Payments received from the Government (£30.6 million), which are included within Grants and Contributions. Fees and charges received from customers for a diverse range of Council services remains a major income source (£8.5 million).



Total Revenue Funding (to meet the net expenditure of £8.988 million) in 2017/18 was £10.275 million, which resulted in an in-year surplus of £1.287 million against the revised budget. The chart below shows that Council Tax remained the single largest funding source (£5.7 million), followed by Business Rates (£3.3 million). Income from Business Rates will increase substantially in 2018/19 as the Council is part of the Suffolk Business Rates Pool 100% Business Rates Retention (BRR) pilot.

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**External Environment**

The Council is committed to ensuring that its services evolve and adapt to meet the needs of a constantly changing world. The pace of change in local government has quickened since in the last decade, in an age of austerity and ongoing major demographic changes.

Local Government: the funding shift

The Council signed up to a four-year financial settlement from the Government for the period 2016/17 – 2019/20. Whilst this brought a welcome degree of certainty compared to the previous annual settlements, the ‘deal’ also entailed progressive reductions in Revenue Support Grant (RSG), which has traditionally been a major source of funding. Thus RSG received from Government was £2.9 million in 2015/16 but – as the table below illustrates – is reducing sharply and will almost be eliminated by 2019/20. This is part of a seismic shift in funding, away from central Government support towards locally generated resources with Council Tax, Business Rates and Fees and Charges dominating as can be seen in the charts above.

Revenue Support Grant (RSG)	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Waveney RSG	(2,909)	(2,018)	(1,296)	(836)*	(323)

**In 2018/19 RSG will need to be met from 100% Retained Business Rates under the Pilot. It will then return in 2019/20 after the one year pilot (see below)*

In October 2015 the Government announced its intention to enable local government as a sector to retain all locally raised Business Rates. The Government also committed itself to a full review of the needs and redistribution mechanism for local authority funding. Although the initial proposals were subsequently delayed, the Government has recently re-confirmed its commitment to the ‘localisation of Business Rates’ in the future, which represents both a risk and an opportunity to councils generally.

The Government established the “New Homes Bonus” (NHB) in 2011, which is incentivised funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the NHB is to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.

In recent years, NHB has become an extremely important source of funding and has grown rapidly from zero in 2010/11 to over £1.2million in 2017/18. However, the Government modified the scheme with effect from 2017/18, partly to divert funding towards adult social care but also to ‘sharpen the incentive’ (to create new homes). NHB allocations for 2017/18 and beyond will see ‘legacy payments’ reducing from 6 to 4 years and the introduction of a threshold (currently 0.4% of properties), below which NHB will not be paid. Local forecasts show a ‘levelling off’ of this source of funding over the next four years.

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The National Audit Office's report "*Financial Sustainability of Local Authorities 2018*" revealed that Government funding for local authorities has fallen by an estimated 49.1% in real terms from 2010-11 to 2017-18, with the pressure felt most acutely and directly by authorities responsible for providing adult social care services.

Adult social care services in Suffolk are provided by Suffolk County Council. It is a service experiencing an ever-increasing demand from a rising elderly population. The Office for National Statistics (ONS) predicts that – by 2039 – 1 in 3 of the Suffolk population will be aged 65+ (compared to 1 in 4 for England as a whole).

A rising number of older residents has many implications across most of the Council's services, ranging from Housing (e.g. ensuring future housing supply adequately supports independent living) and Benefits (as people live longer, often on very low incomes) through to Leisure Services (aimed at maintaining healthy and active lives in later life) and Waste Collection (e.g. assisted bin collections).

4. Council Performance 2017/18

The Council has made positive progress this year both in terms of delivering the Business Plan and financially.

Delivering the Business Plan (strategic, corporate and operational performance)

The Council's non-financial performance is monitored and reported to the Cabinet on a quarterly basis. There are 24 "Key Performance Indicators" (KPIs) relevant to Waveney that measure targeted performance against the joint Business Plan for East Suffolk against three "Strategic Deliverables". In addition, three Indicators (although monitored closely) do not have formal targets – Customer Complaints, Local Government Ombudsman Complaints and Financial Balances.

In 2017/18, overall performance compared to targets was largely positive with 11 (46%) indicators classified as "Green" (i.e. met or exceeded); compared to 15 (79% - based on 19 KPIs) in 2016/17.

KPI Performance against Strategic Deliverables

The table illustrates how performance against the three Strategic Deliverables in the Business Plan compares. It can be seen that performance against the "Financial Self-Sufficiency" priority was maintained compared to 2016/17 five out of seven (72%) of KPIs meeting or exceeding target.

Strategic Deliverable	2016/17 KPI Outturn			2017/18 KPI Outturn		
	Green	Amber	Red	Green	Amber	Red
<u>Financial Self-Sufficiency</u> Driving down costs and becoming even more business-like and entrepreneurial in our approach.	5	1	1	5	1	1
<u>Enabling Communities</u> Together we can improve services, build resilient communities and make life better for everyone.	5	0	1	3	6	2
<u>Economic Growth</u> We will encourage a strong local economy which is essential for vibrant communities in East Suffolk.	5	0	1	3	1	2

Financial Self-Sufficiency: another year of success

The table above shows that KPI performance against the Financial Self-Sufficiency strategic deliverable remained strong in 2017/18. Stronger performance this year on the collection of "Corporate Sundry Debts" was cancelled by weaker performance on "Business Rates Payable to the Collection Fund".

However, the number of "Abandoned Telephone Calls" received was off target this year. The despatch of subscription renewals for the Garden Waste scheme was delayed this year, which triggered a significant upturn in call volumes in February 2018. Despite this, an abandoned call rate of 10.6% only narrowly missed the 10% target, representing a clear improvement compared to an equivalent rate of 14.9% in 2016/17.

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Other Strategic Deliverables: a mixed picture

There are also a number of success stories to report on KPI performance against the remaining strategic deliverables, as well as some challenges which represent future improvement priorities:

- Enabling Communities – the percentage of applicants housed from the Housing Register was a success story, with performance rising from 30% in 2016/17 to 44% in 2017/18 against the 30% target. A positive outcome was also achieved in Waste Collection with the Residual Waste per Household out-performing its target (517.59kg compared to 522.44kg). Performance against the Disabled Facilities and Renovation Grants indicators – new for 2017/18 – also exceeded target. However, there were also some challenges, most notably in the delivery of Affordable Homes with an outturn of 120 falling short of its target of 150 with a number of other KPIs falling marginally short of target (e.g. participation in Leisure activities); and
- Economic Growth – it was a particularly busy year for the Economic Development team with income generated through project work and external funding bids exceeding target. A long list of Business Engagement initiatives and events also resulted in the target of 606 being comfortably exceeded, with 759 businesses engaged with in the year (a new KPI for 2017/18). The number of (net) Dwellings completed in the year also exceeded target (284 compared to 258). In contrast, a new Job Creation KPI target was missed with only 16 jobs created compared to a target of 60, with the most significant set back in the year relating to anticipated jobs within Enterprise Zones lower than expectations due to development delays caused by weather disruption and decontamination works.

Partnership Performance

The Council also monitors and manages the performance of its third party service providers to ensure that the value achieved from external contracts is maximised and corporate objectives are met. In particular:

- Waveney Norse – as noted above, performance against the Residual Waste KPI was strong. Although the Recycling target was missed (39.97% compared to 41.51%), the reclassification of Street Sweepings from Recycling to Residual Waste in the year meant that performance was still relatively strong in getting so close to target. Council officers continue to now work closely with Norse colleagues and, in conjunction with the Suffolk Waste Partnership, a number of projects and initiatives are planned, which should further improve Recycling rates in 2018/19; and
- Sentinel Leisure Trust – the Council has an agreed target of increasing the number of people participating in leisure activities at Council leisure facilities by 1% annually. The target was achieved in 2016/17 with 804,531 recorded participants. However, the number of participants in 2017/18 was 757,864 compared to a target of 765,805. This was partly due to the closure of the old Water Lane Climbing Wall in May 2017. However, a new Climbing Wall opened at Water Lane in Easter 2018 and is already attracting new customers of all ages. Sentinel has also introduced a range of new membership offers aimed at boosting membership. Optimism is therefore high that participation levels will return to the growth pattern experienced in the past.

Other Actions

In addition to KPIs, a wide range of other targeted actions and initiatives are in place to deliver the Business Plan. The East Suffolk Business Plan contains 71 actions aimed at the achievement of the strategic deliverables, including 35 joint actions plus a further 18 actions specific to Waveney (i.e. 53 relevant to Waveney in total). Progress against the Business Plan actions is reported to the Cabinet on a quarterly basis, alongside progress against KPIs as noted above.

Of the 53 actions, a total of 43 were 'live' (in progress) in 2017/18 with the vast majority (41 or 95%) on target at the year end. There are a number of highlights ranging from providing business support to small and medium-term enterprises (e.g. through the "drop in" events which have helped 67 businesses across East Suffolk in 2017/18), through to reducing the number of long-term empty properties (which continue to fall in the district - down from 527 to 501 in the year) and continuing to make positive progress in delivering the Lowestoft Transport & Infrastructure Prospectus (LTIP) with – for example – the new Bus/Rail interchange at Lowestoft Station and the Commercial Road Junction improvements now completed.

Revenue Spending: the General Fund Outturn

The approved General Fund (revised) Net Expenditure budget was £10.071 million for 2017/18. The outturn for the year was £8.988 million, generating a surplus of £1.083 million. In addition, a funding surplus of £0.204 million combined to create an overall surplus of £1.287 million, which was added to Reserves.

The outturn is summarised in the table below:

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General Fund Outturn 2017/18: Summary			
Portfolio	Revised Budget 2017/18	Outturn 2017/18	Variance
	£000's	£000's	£000's
Communities	287	329	42
Customer Services	1,270	1,248	(22)
Economic Development and Regeneration	674	895	221
Environmental Services and Port Health	708	674	(34)
Financial Services, Corporate Performance and Risk management	3,010	2,674	(336)
Housing Operations and Landlord Services	698	692	(6)
ICT services	767	727	(40)
Internal Audit	185	207	22
Legal and Democratic Services	1,006	1,013	7
Operations	2,833	2,120	(713)
Planning and Coastal Management	1,194	937	(257)
Revenue and Benefits	588	481	(107)
Senior and Corporate Management	(830)	(854)	(24)
Taxation and Non-Specific Grant Income	(2,123)	(3,039)	(916)
Net Reserve Movements – Non Service Specific	(196)	884	1,080
Net Expenditure (after Reserve Movements)	10,071	8,988	(1,083)
Council Tax Income	(5,698)	(5,696)	2
Business Rates Income	(3,077)	(3,283)	(206)
Revenue Support Grant	(1,296)	(1,296)	0
Financing	(10,071)	(10,275)	(204)
Net Outturn (Transferred to Reserves)	0	(1,287)	(1,287)

The most significant positive budget variances behind the surplus were as follows:

- Taxation and Non-Specific Grant Income £916,000 (43.1%) – additional income was received mainly from two Business Rates related sources. Section 31 Grants ('Business Rates compensation') received were £471,000 more than anticipated in the budget and Business Rates received from the Lowestoft Enterprise Zone totalled £438,000 (which is offset against a corresponding variance on related spend within Economic Development and Regeneration).
- Operations £713,000 (25.2%) – the surplus was driven by a range of savings/additional income including lower than budgeted Utility and Facilities Management costs at the Riverside Offices (£156,000), additional Recycling Credits (£134,000) and additional Rent and Letting income from Caravan and Camping (£123,000). In contrast, income from Industrial Estates was down compared to budget expectations due to vacancies and some leases being under re-negotiated in the year (£125,000).
- Financial Services, Corporate Performance and Risk Management £336,000 (11.2%) – there were a range of positive variances that contributed to the overall surplus in the year, including lower than budgeted Direct Revenue Financing (DRF) due to deferred/delayed spend in respect of IT and vehicles (funded from the Short Life Asset Reserve), a contingency budget to meet the potential post-implementation costs of the recent Community Governance review was not required (£200,000) and a credit adjustment for the prior year Green Waste Management was also received in the year (£132,000). The positive variances were partially offset by some negative variances including the "Corporate Vacancy Allowance" (£300,000). This is an allowance for the year for establishment savings across the Council as a whole, due to vacancies.

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- Planning and Coastal Management £257,000 (21.5%) – additional income was received from Planning Applications and Pre-Planning Advice (£128,000) and vacancy savings on staffing costs (£109,000) were the primary reason for a budget surplus within this area.

The positive budget variances were partially offset by other transactions, with the most significant one being:

- Net Reserve Movement (Non-Service Specific) £1.080 million – a range of additional transfers were made in the year, including an additional transfer to the Transformation Reserve (£219,000), a newly created In-Year Contingency Reserve (£200,000), an additional transfer to the Actuarial Reserve (£163,000) and a newly created Key Capital Programme Reserve (£100,000). In addition, lower than budgeted usage of the Short Life Asset Reserve (£240,000) occurred (spending on IT and vehicles has been deferred/delayed until 2018/19), along with use of the In-Year Savings Reserve not required as budgeted (£176,000).

Revenue Spending: the Housing Revenue Account (HRA) Outturn

It was a good year for the Council's ring-fenced Housing Revenue Account (HRA), with the final outturn marginally outperforming budget expectations as shown in the table below.

Housing Revenue Account Outturn 2017/18: Summary			
Description	Revised Budget 2017/18	Outturn 2017/18	Variance
	£000's	£000's	£000's
Income	(20,560)	(20,811)	(251)
Expenditure	23,174	23,121	(53)
(Increase) / decrease in year on the HRA	2,614	2,310	(304)

In-year budget variances were generally very small, with the most significant items being as follows:

- Income
 - *Dwelling Rents (+£94,000)* – the largest income variance related to Dwelling Rents with £18.851 million received compared to a budget provision of £18.757 million. The small surplus was due to a relatively low number of write-offs this year. Nevertheless income from Dwelling Rents was down compared to the £19.274 million received in 2016/17, due to the combined effects of a 1% rent reduction required by the Welfare Reform and Work Act 2016, along with continuing asset disposals under the national "Right to Buy" scheme; and
- Expenditure
 - *Revenue Contributions to Capital (-£1.298 million)/ Transfers to Earmarked Reserves (+£1.094 million)* – the revenue contributions and reserve transfer variances are inter-linked; both primarily due to the re-phasing of the Housing Development Programme into 2018/19, with the associated £1 million financing provision being transferred into a new Housing Development Reserve.

HRA expenditure outweighed income in 2017/18, reflecting the profile of the (30-year) HRA Business Plan and the need to maintain an HRA working balance commensurate with financial risk. It is a prudent approach, which aims at achieving a balance between setting aside funds to meet future debt repayment obligations, financing future Housing Development, reducing the current HRA working balance to around 10% of total income (the recommended best practice minimum) and maintaining of the housing stock in accordance with "Decent Homes Standards".

Capital spending

The successful delivery of many Council services also relies on the acquisition and maintenance of fixed assets such as land, buildings and equipment. Acquisitions and expenditure which enhance the value of assets is funded through capital expenditure, whereas maintenance (which maintains, rather than adds value) is funded through (either General Fund or HRA) revenue expenditure.

Overall, the Council spent £9.032 million on its Capital Programme in 2017/18, which included £2.026 million on General Fund and £7.006 million on the HRA:

- General Fund – capital expenditure included £902,000 spent on progressing the Lowestoft Tidal Barrier, along with a £123,000 contribution towards the acquisition of premises in Lowestoft town centre for mixed Housing and Retail Development (project part-funded by an HRA contribution of £327,000); and

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- HRA – capital spending included £3.355 million on the New Build Programme (e.g. including £670,000 on Duncan’s Yard, Southwold) and £2.384 million on Housing Repairs, which has – once again – helped maintain the standard of the Waveney Housing stock well above the “Decent Homes Standard”. Capital spending on both the General Fund and HRA capital programmes is summarised in the table below.

Capital Programme 2017/18			
Description	Revised Budget	Outturn	Variance
	£000’s	£000’s	£000’s
<i>General Fund (GF)</i>			
Leader	173	39	(134)
Community Health	30	15	(15)
Operational Partnerships	1,307	574	(733)
Planning and Coastal Management	4,999	957	(4,042)
Resources	690	441	(249)
Total GF Capital Spending	7,199	2,026	(5,173)
<i>Funded by:</i>			
Internal Borrowing	1,752	1,461	(291)
Grants and Contributions	4,749	87	(4,662)
Revenue / Revenue Reserves	698	478	(220)
Total GF Funding	7,199	2,026	(5,173)
<i>Housing Revenue Account (HRA)</i>			
Housing Repairs	2,585	2,384	(201)
Housing Project Development	1,309	640	(669)
New Build Programme	6,598	3,355	(3,243)
Housing Improvements	500	627	127
Total HRA Capital Spending	10,992	7,006	(3,986)
<i>Funded by:</i>			
Capital Receipts	2,366	2,470	104
Grants and Contributions	757	899	142
Revenue Reserves	7,869	3,637	(4,232)
Total GF Funding	10,992	7,006	(3,986)
Total Capital Programme 2017/18	18,181	9,032	(9,159)

The table above shows that overall spending on the Capital Programme was £9.159 million (52.9%) below the budget of £18.191 million, which was due to:

- GF Programme (£5.173 million) – dominated by the re-phasing of the Lowestoft Tidal Barrier project, which resulted in planned expenditure of £4.042 million being re-phased into 2018/19. Some smaller projects were also re-phased, including the Battery Green Multi-Story Car Park redevelopment project in Lowestoft (impact £250,000 in “Operational Partnerships”). Predominantly as a consequence of the re-phasing of projects, funding of £4.662 million has been rolled forward into 2018/19.
- HRA Programme (£3.986 million) – the largest single factor was unavoidable delays in the purchase of development sites in Lowestoft, which resulted in planned spending on New Builds of £2.950 million being re-phased into 2018/19. Delays on other Housing Developments in Lowestoft, Beccles, Blundeston and Southwold led to the further deferment of planned expenditure. The overall impact meant that the original plan to apply £7.869 million from Revenue Reserves did not materialise, with a total of just £3.537 million

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drawn down for funding purposes; the difference (£4.332 million) is available for funding the projects rolled forward into 2018/19.

Collection Fund: collecting and distributing local taxation

Waveney is a “billing authority” for the purposes of local taxation, which means that we bill, administer, collect and distribute local taxation as follows:

- *Council Tax* – on behalf of “precepting” authorities; the County Council, Police, Town and Parish councils, as well as the District Council itself; and
- *Business Rates* – on behalf of the County Council (10%) and Central Government (50%), as well as the District Council itself (40%).

The Collection Fund – at a summary level – records the transactions associated with collecting and distributing Council Tax and Business Rates. Surpluses and deficits are shared between the local authorities and central Government – as described above – in prescribed shares. The outturn for 2017/18 is summarised in the table below:

Description	Opening Balance (1st April 2017) £000's	Income £000's	Expenditure £000's	Closing Balance (31st March 2018) £000's
Council Tax (Surplus) / Deficit	(1,170)	(58,075)	57,847	(1,398)
Business Rates (Surplus) / Deficit	1,187	(27,680)	27,972	1,479

The Council budgets to for a breakeven position on the Collection Fund over time, although in-year fluctuations are commonplace, not least due to the requirement – by 15th January each year – for year-end surpluses/deficits to be estimated in advance to enable their distribution amongst billing and precepting authorities, along with precepts for the forthcoming year. The table above shows an in-year surplus of £228k on Council Tax, which increased the balance to £1.4 million. In contrast, an in-year deficit of £292k on Business Rates further increased the deficit to £1.5 million. Income from Business Rates in 2017/18 was boosted by additional net receipts of £313k due to the Council’s membership of the Suffolk Business Rates Pool, which generates benefits from reduced levy payments to the Government.

Financial Resilience: reserves and balances

In June 2017, CIPFA published “*Building Financial Resilience*” (“*managing financial stress in local government*”). It identified the warning signs of financial stress, and explained the ‘pillars’ on which financial resilience depends. One of the “four pillars of resilience” highlighted in the document, was the importance of (appropriately) “Managing Reserves”.

The careful management of reserves and balances sits at the heart of the Council’s strategic financial planning process. It includes the establishment and maintenance of reserves and balances as follows:

General Fund Balance:

- A working balance to fund and manage the impact of any unforeseen events or circumstances;
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing; and
- A contingency to cushion the impact of unexpected events or emergencies

Earmarked Reserves (Revenue and Capital):

- A means of building up funds to meet known or predicted requirements.

Movement in Reserves and Balances 2017/18

The table below summarises the overall movement on General Fund and HRA reserves and balances in 2017/18.

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Movement in Reserves and Balances 2017/18				
Description	Opening Balance (31/3/17)	Transfers In	Transfers Out	Closing Balance (31/3/18)
	£000's	£000's	£000's	£000's
General Fund Revenue				
• GF Balance	4,160	0	(161)	3,999
<i>Earmarked Reserves:</i>				
• Business Rates Equalisation Reserve	1,476	274	0	1,750
• New Homes Bonus	1,079	0	0	1,079
• In-Year Savings	1,300	844	0	2,144
• Other Earmarked Reserves	4,789	1,887	(808)	5,868
Total Earmarked Reserves	8,644	3,005	(808)	10,841
Total GF Revenue Reserves	12,804	3,005	(969)	14,840
HRA Revenue				
• HRA Working Balance	7,247	0	(2,310)	4,937
<i>Earmarked Reserves:</i>				
• Debt Repayment Reserve	5,310	3,690	0	9,000
• Other Earmarked Reserves	822	1,000	0	1,822
Total Earmarked Reserves	6,132	4,690	0	10,822
Total HRA Revenue Reserves	13,379	4,690	0	15,759
Total Revenue Reserves	26,183	7,695	(3,279)	30,599
Capital Reserves				
• GF Earmarked Reserve	498	621	(458)	661
• HRA Major Repairs Reserve	15,787	3,312	0	19,099
Total Capital Reserves	16,285	3,933	(458)	19,760

The table shows both Revenue and Capital reserves rising in the year, further strengthening the Balance Sheet. Thus:

- *General Fund Revenue (up £2.036 million)* – the largest net increase was in “Other Earmarked Reserves” (net transfers in of £1.079 million); comprising a range of items. This includes movement on the Actuarial Reserve (contingency to meet potential future ‘one-off’/exceptional pension costs – up £177,000) and the Transformation Reserve (to support future transformation and ‘invest to save’ projects – up £144,000). £300,000 was also transferred into two newly created earmarked reserves for In Year Contingency and Key Capital Projects, £200,000 and £100,000 respectively.
- *HRA Revenue (up £2.380 million)* – the most significant factor in the increase was a planned contribution of £3.7 million to the Debt Repayment Reserve (to meet future debt repayment obligations) in accordance with the HRA Business Plan; and
- *Capital (up £3.475 million)* – the increase in Capital Reserves was dominated by the transfer of HRA depreciation charges into the Major Repairs Reserve in accordance with statutory accounting requirements (accumulated depreciation charges are ring-fenced for meeting future capital expenditure requirements).

The Chief Financial Officer (CFO) has a personal duty under Section 25 of the Local Government Act 2003 to report on the adequacy of financial reserves and balances and the year-end General Fund balance of £4 million is in line with the CFO’s £4 million recommendation adopted by the Council in February 2018. The balance is established as part of the Medium-Term Financial Strategy process and takes account of the strategic, operational and financial risks facing the Council.

Importantly (given the creation of the new East Suffolk Council in 2019) the CFO’s assessment was conducted on the basis that services will continue to be provided and that adequate reserves and balances will be available for the successor authority.

5. Risks and opportunities

The established Council approach is to – wherever possible – seize opportunities as a means of managing risk. The emerging threat from public sector austerity in the late 2000s illustrates the point; the opportunity to share services was taken well ahead of most authorities in the country, leading to savings that have helped maintain the viability of the Council for a decade.

Principal Risks

The principal risks faced by the Council sit within the following broad themes:

Financial Sustainability

Reducing central Government support for local government services is set to continue into the 2020s. Ensuring long-term financial sustainability is a major challenge faced by all councils, and Waveney is no different with the latest Medium-Term Financial Strategy (February 2018) highlighting an underlying budget deficit of £2.3 million by 2019/20. The underlying risk is reflected in the Business Plan (through the *Financial Self-Sufficiency* “strategic deliverable”). A range of actions are in place to ensure the future financial sustainability of the Council, most notably the formation of a single council for East Suffolk and the adoption of a Commercial Investment Strategy (see further discussion on both topics below).

Service Delivery

The Council recognises the need to continually develop and evolve services to meet the ever-changing needs of customers. Demographic, technological and lifestyle changes all need to be catered for if services are to remain fit for purpose. A number of key strategies have been developed and are being deployed to address these risks. For example:

- East Suffolk Access and Customer Care Strategy (2015-19) – aims to ensure that customer access to services is easy, ways of working are efficient, advancements in technology are maximised to improve customer experience, costs are reduced and value for money achieved; and
- East Suffolk Digital Strategy (2015-19) – integral to the way in which services are delivered in partnership with SCDC, the Strategy aims to maximise the use of technology and provide the necessary tools to enable electronic accessibility to all services. Key principles include “electronic by default”, “exploring new ways of working using digital and innovative technologies”, “eliminating duplication and processes that do not add value” and “empowering customers, communities and staff through accessible self-service”.

Environmental

The coastline is a major feature within Waveney, appreciated by residents and visitors alike. It does however carry with it substantial risk, highlighted by the 1953 floods and the tragic loss of life. It is a responsibility borne by a minority of district councils in England (in partnership with the Environment Agency) and is a constant funding challenge. The inland areas of the district are also attractive, with Lowestoft forming the gateway to the Broads National Park with its scenic waterways, rare wildlife and rich history. Combined with an important strategic location, the district is becoming more attractive to developers, prospective residents and tourists alike. Whilst this brings significant opportunity, it also threatens the natural environment if not carefully managed. The Council therefore has a number of measures in place to mitigate environmental risk, including:

- Shoreline Management Plan 2012 (“SMP 7: Lowestoft Ness to Landguard Point”) – covering the short-term (up to 2025), medium-term (2026 to 2055) and long-term (2056 to 2105), the Plan covers 73 km of the East Coast (incorporating all of the district coastline) and identifies the best ways to manage coastal flood and erosion risk to people and the developed, historic and natural environment.
- The Approach to Future Development in Waveney to 2021 (“Core strategy”) – adopted in January 2009, the core strategy for the district sets out in strategic terms, the Council’s overall approach to future development, generally where it should take place and the key factors that need to be taken into account when considering proposals for development. The theme at the heart of the document is ‘spatial planning’ whereby the economic, social and environmental requirements of other strategies and programmes are integrated within land use planning; and
- East Suffolk Housing Strategy (2017 – 2023) – the Strategy aims to achieve sustainable housing growth, whilst maintaining and enhancing the high quality built and natural environment. For example, it aims to ensure that new housing developments, wherever possible, avoid noise pollution, support biodiversity and minimises greenhouse gases.

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Principal Opportunities

Despite the risk, there are substantial opportunities in Waveney.

A Strategic Location

Situated directly opposite major continental ports, the Port of Lowestoft serves the busy sea routes between the UK, Europe, Scandinavia, and the Baltic States. Lowestoft is at the forefront of the rapidly expanding offshore energy industry and, (along with neighbouring Great Yarmouth) has been designated as a national Centre for Offshore Renewable Engineering (CORE) and works with the Government to maximise support for the offshore industry. It also forms part of the established Great Yarmouth and Lowestoft Enterprise Zone, which offers a range of business development incentives, ranging from high quality office and industrial units, to quayside space and land on which to build tailor-made accommodation. In addition, Assisted Area Status (2014-2020) has been granted within 11 Lowestoft wards, which has enabled additional support for development. Further initiatives in place to maximise opportunities here include:

- Business Rates Pilot (2018-19) – as part of the Suffolk Business Rates Pool, the Council has been successful in leading on a Suffolk wide bid to pilot 100% Business Rates Retention in 2018/19 (one of only 10 successful bids in England). It is a pooling arrangement, which is expected to enable all members to increase the amount of Business Rates retained locally. The direct financial benefit for Waveney is expected to be in the region of £1 million, with the benefit for Suffolk as a whole, to be allocated to shared priorities (primarily growth-related initiatives)
- East Suffolk Economic Growth Plan (2018 – 2023) – focussing on key sectors such as agriculture, energy, IT, manufacturing and engineering, marine, and ports and logistics, the Growth Plan has three main priorities:
 - *Priority 1* - Supporting entrepreneurs and entrepreneurship in East Suffolk
 - *Priority 2* - Encouraging established businesses to invest and grow; and
 - *Priority 3* - *Priority* Attracting inward investment to East Suffolk, focused around existing and emerging sectors and supply chains.
- Economic Strategy for Norfolk and Suffolk (November 2017) – this is a 20-year Strategy through to 2036 led by the New Anglia Local Enterprise Partnership (LEP). It is a shared endeavour between businesses, education providers, local councils (including Waveney) and the voluntary and community sectors. It outlines ambitious plans for future growth across Norfolk and Suffolk. The Strategy has ambitious plans to grow the Norfolk and Suffolk economy by £17.5 Billion – in real-terms – by 2036 and complements our work in Waveney.

An Attractive Location

Waveney is an attractive place to live and visit. More than seven million visitors come to the Broads every year, attracted by all it offers, including Oulton Broad, which sits within the district. Further along the River Waveney, lies the tranquil market town of Beccles, next to a waterside meadow, with a wealth of independent shops, antique markets and cafes. Lowestoft too, despite historically fluctuating fortunes, has a rich history and the pretty, Victorian seafront promenade and gardens are still enjoyed by thousands of visitors every year. Therefore tourism presents an economic opportunity, provided it is done in a sustainable way. To this end:

- East Suffolk Tourism Strategy 2017 to 2022 – Recently completed independent research revealed that – in 2016 – the total number of tourist trips to Waveney was 5.3 million, which generated a total value of £300 million and sustained 7,083 jobs (15.7% of total employment). The key aim of the Tourism Strategy is to significantly improve on these numbers (e.g. through extending the tourist season, creating compelling destinations and to linking visitors more to experiences such as special events).

A “Super District”

Government approval for the dissolution of Waveney and Suffolk Coastal district councils to create a single council for east Suffolk from 1st April 2019 has now been given. It is a high profile opportunity that has attracted widespread media interest both locally and nationally; with a combined population of over 242,000, the new Council will be the largest of its kind in the country, a “Super District” that presents a major opportunity and a leap forward in achieving long-term financial sustainability. It will be a model for other authorities to follow as they decide how best to tackle the significant challenges facing local government. East Suffolk Council will be of a scale large enough to face these challenges by having a loud enough voice, a strong bargaining position, a stronger balance sheet and a resilient workforce, yet small enough to feel connected to residents. Managing such an opportunity has been a high priority throughout.

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- Public Consultation (2016) – the councils commissioned an independent telephone survey of 1,000 east Suffolk residents (500 in Waveney) in October 2016 in order to gain feedback on the preferred option to merge. This was followed by a detailed public engagement campaign in November/December 2016; and
- One Council – the “One Council” project was set up in August 2017 to deliver the new Council by April 2019. Overseen by a Member Programme Board, the project is supported by five Member Working Groups and a Programme Team of senior officers. Transitional arrangements also include the formation of a “Shadow Authority”.

6. Looking Ahead

A ‘seamless transition’ will very much be the aim as local government in Waveney and the wider east Suffolk area undergoes fundamental change in the medium-term.

The year ahead: Waveney District Council

The 2018/19 financial year will be an historic one for the Council. It will be the final year for Waveney District Council, which – after 45 years serving the residents of the district – will be dissolved at the end of the year, with the new East Suffolk Council emerging in 2019/20.

There is much to look forward to in 2019/20 and the new Council will be bigger, stronger and more able to meet the future needs of our communities. However, it is ‘business as usual’ in the district for 2018/19, with the focus very much remaining on Waveney.

Strategy: business as usual

The General Fund budget for 2018/19 was approved by the Council on 21st February 2018: net revenue expenditure of £10.643 million is planned for the year ahead. This adds to the Capital Programme for 2018/19 approved by the Council on 24th January 2018, which includes capital commitments of £19.584 million on a range of schemes. Therefore £30.227 million in total is committed to fund Waveney services for the year and deliver on the commitments in our Business Plan.

Most notable in the Capital Programme for 2018/19 is £9.6 million in funding for the Lowestoft Flood Barrier, which is a major project to construct a permanent tidal wall around the harbour to protect the town from future tidal surges.

Tackling the Deficit

Alongside the budget for 2018/19, the Council also approved the latest iteration of the Medium Term Financial Strategy (MTFS), which is a 5-year rolling strategy, setting the strategic financial direction and forming the framework for financial planning in Waveney. The MTFS is presented in the table below. Projecting forwards to 2021/22 it shows that the Council is projecting a shortfall in the base budget of £2.3 million from 2019/20 onwards.

MTFS 2017/18 – 2021/22 (high level extract)					
Description	2017/18	2018/19	2019/20	2020/21	2021/22
	Budget	Budget	Budget (projected)	Budget (projected)	Budget (projected)
	£'000s	£'000s	£'000s	£'000s	£'000s
Total Net Expenditure	10,071	10,643	12,478	13,174	13,334
Total Funding	(10,071)	(10,643)	(10,173)	(10,509)	(10,747)
Budget Deficit/(Surplus)	0	0	2,275	2,665	2,588

However, the General Fund surplus of £1.287 million for 2017/18 allows some flexibility and provides an opportunity to support the transition from Waveney (and Suffolk Coastal) to East Suffolk Council. With this in mind, a balance has been struck between the needs of Waveney in 2018/19 and the needs of East Suffolk in 2019/20, and beyond. The surplus has therefore been transferred as follows:

- *Business Rates Equalisation Reserve £274,000* – to smooth the annual impact of a large and volatile funding source
- *Carry Forward Reserve £169,000* – to meet the cost of (Waveney) expenditure commitments in 2018/19, originally scheduled for 2017/18; and
- *In-Year Savings Reserve £844,000* – to temporarily support the General Fund revenue budget as savings in the base budget are realised through the Efficiency Strategy.

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The £2.3 million deficit for Waveney highlighted in the table above, when added to a corresponding deficit at SCDC, results in an £3.6 million deficit to be taken on by East Suffolk Council. However, the combined balances including the In-Year Savings Reserves of the two councils will make a substantial contribution to minimising the short-term impacts of the opening deficit; thus allowing the newly elected administration at ESC sufficient time to comprehensively review services and budgets and set a sustainable basis for delivering future priorities.

Whatever happens in 2019/20, the ongoing approach to service delivery and partnership working in particular will remain a key part of driving down costs, continuing to increase value for money and addressing budget deficits. In addition, the Council adopted a new Efficiency Strategy in February 2016. The Strategy has taken advantage of the Government's current flexibility, which allows capital receipts from asset sales to be applied towards funding the one-off revenue costs of transformation projects. A rolling Efficiency Plan feeds into the Strategy and the latest update approved by the Council in February 2018 includes projects ranging from an initiative to bring long-term empty properties back into use to increase NHB receipts, through to the achievement of further savings from the recent Lowestoft Community Governance Review (which created the new Lowestoft Town and Oulton Broad Parish councils) in April 2017. The Efficiency Plan also includes two projects of exceptional note:

- Single Council for East Suffolk – the most visible element of the Efficiency Plan is the creation of a new single council for east Suffolk, which will bring a range of benefits, including further efficiency savings that cannot be realised through the current partnership arrangements. These include reducing the governance costs associated with running two separate councils, eliminating a range of duplicated tasks (e.g. in Financial, Legal and HR services) and a reduction in some external costs (e.g. external audit fees will reduce for a single council); and
- Commercial Investment – the Council adopted the East Suffolk *Commercial Investment Strategy* in September 2017. The Strategy, which is firmly aligned to the self-sufficiency ambition, represents a different approach to the more traditional role of local councils and introduced a framework for the acquisition of commercial asset investments and enables commercial trading to generate net income streams to offset the ongoing reductions in central Government support. The Strategy sits alongside, and compliments, the Asset Management Strategy (which is designed to maintain the service potential of Council assets).

Delivering the Transition: from Waveney to East Suffolk

Of course, preparing for the future is a major priority for 2018/19, with the “One Council” project set up in August 2017 to deliver a new district council for East Suffolk by April 2019. It is a substantial undertaking, with over 100 individual work streams being overseen by a Member Programme Board, supported by five Member Working Groups and a Programme Team of senior officers. Good progress has been made so far, with the pace expected to quicken as the deadline approaches.

Preparations include following due legal process, with a “Structural Change Order” coming into effect on 25th May 2018. The Order signalled the commencement of a ‘shadow period’ which will run until 6th May 2019 (four days after the elections for the new council, on 2nd May 2019). A newly created “Shadow Authority” (comprising the 90 existing members across both councils) will act for the duration of the shadow period and is responsible for making the necessary arrangements for East Suffolk Council to assume its powers, functions and responsibilities on 1st April 2019.

2019/20 and beyond: East Suffolk Council

Although Waveney District Council will no longer exist from 1st April 2019, and the detailed priorities of East Suffolk Council will be determined by the newly elected administration in May 2019, there should be no major shift in emphasis, with Waveney and Suffolk Coastal adopting the joint Business Plan in 2015, drawing together and protecting the common interests of both districts. Whatever the political colour however, the new council will be keen to establish its voice in local government and increase its influence for the benefit of East Suffolk.

Increasing Financial Scale

The financial scale of the new council will be much larger in revenue and capital terms. A simple amalgamation of the latest medium-term financial plans (adopted February 2018) of Waveney and Suffolk Coastal provides indicative figures, and is presented in the table below.

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East Suffolk Council: SCDC and WDC combined financial projections (@ February 2018)

Description	2019/20	2020/21	2021/22
	£000's	£000's	£000's
<i>Revenue</i>			
• General Fund (GF) Total Net Expenditure	25,046	25,971	26,558
• Housing Revenue Account (HRA) Income	(20,494)	(21,319)	(22,113)
• Housing Revenue Account (HRA) Expenditure	20,962	22,095	21,495
<i>Capital</i>			
• GF Capital Programme	26,774	33,171	21,610
• HRA Capital Programme	13,046	11,972	12,172

Major External Developments 2020

There is much cause for optimism, tempered by significant uncertainty. The two councils together will result in a resilient East Suffolk Balance Sheet, with a strong asset base combining with good liquidity. However, there are two major developments in local government – scheduled for 2020 – with currently unknown implications:

- 75% Business Rates Retention – in December 2017, the Government announced proposals for the proportion of Business Rates income to be retained by local authorities is to be increased from 50% to 75%. This is to be accompanied by a new central Government ‘funding formula’ for local authorities. It is not known precisely how the new system will work, although local growth areas in Suffolk Coastal (e.g. at Sizewell, Felixstowe Port and Martlesham Heath) look set to combine with similar opportunities in Waveney (e.g. in ‘onshore infrastructure’ to support offshore Sustainable Energy developments and commercial developments following the construction of the Lowestoft Tidal Barrier) to generate a substantial increase in Business Rates receipts in the future; and
- “Fair Funding” Review – the Government is committed to reviewing and updating the current funding formula system which determines local needs and resources, and redistributes funding between local authorities. The current system is widely acknowledged as outdated and in need of reform. The Government has therefore launched its “Fair Funding” review with a view to introducing an updated system from 2020/21, with its first stage consultation process closing in March 2018. So far consultation has focused on the “relative needs” of individual local authorities to spend and future consultation (s) will focus on “relative resources”, which is an adjustment to a Council’s funding to reflect its relative ability to raise income from Council Tax. The eventual impact on East Suffolk Council of the new funding formula is unknown and appears likely to depend on the way in which the cost of delivering services in rural areas is reflected and also “locally significant duties” (most notably Coastal Management).

