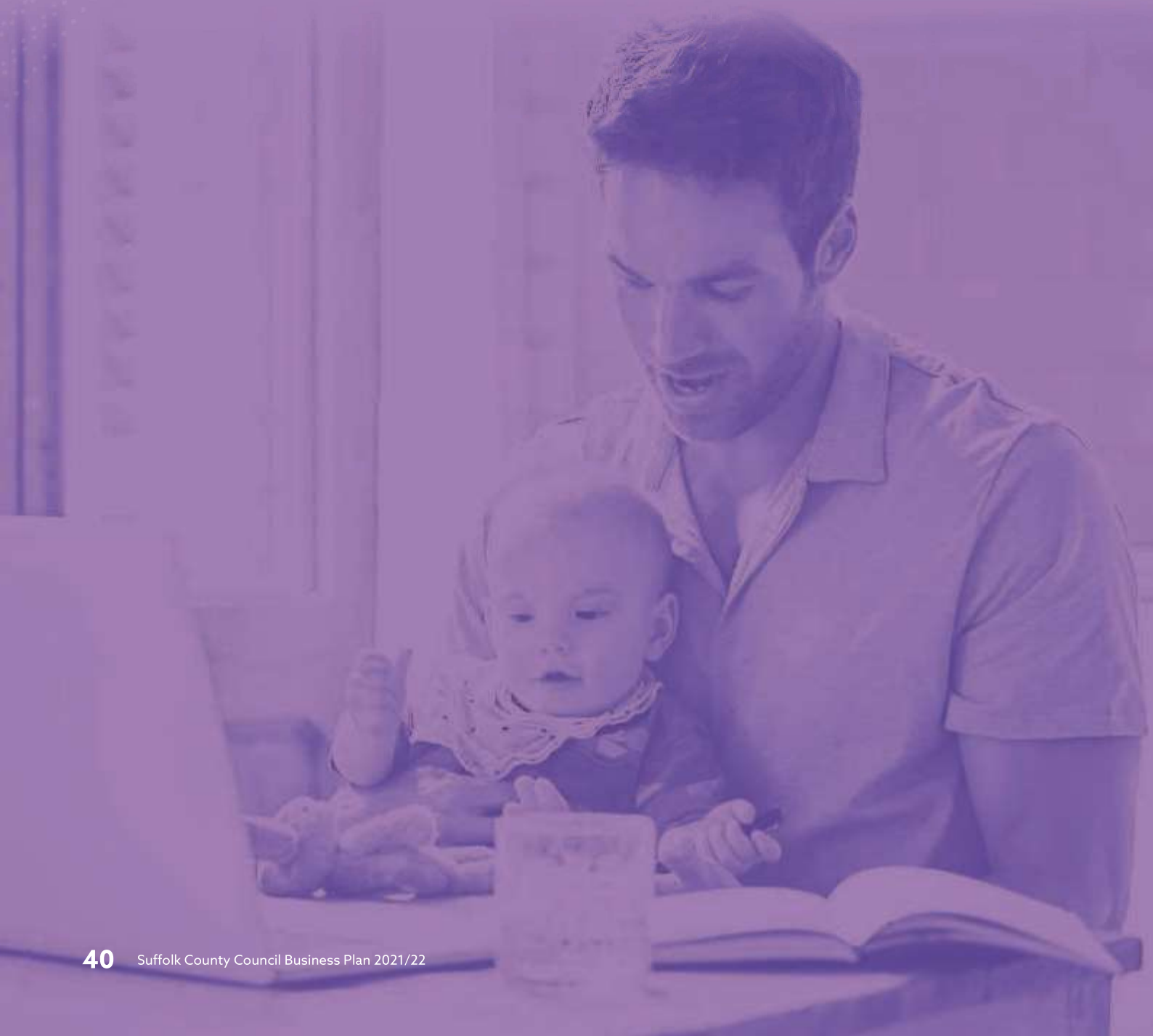




# OUR **FINANCES**



## > OUR FINANCES

For many years, graduated increases in Government funding have not proved enough to keep pace with the increased costs that come from ever increasing demands on council services, particularly relating to the care of adults and children. This has meant that significant savings have been required in previous years to balance the budget.

In 2020-21 the Council experienced unprecedented times due to the pandemic, for which significant additional funding from Government has been received, specifically to manage the response to, and eventual recovery from the Covid-19 crisis as Suffolk's residents and businesses look to regain some degree of normality in future months.

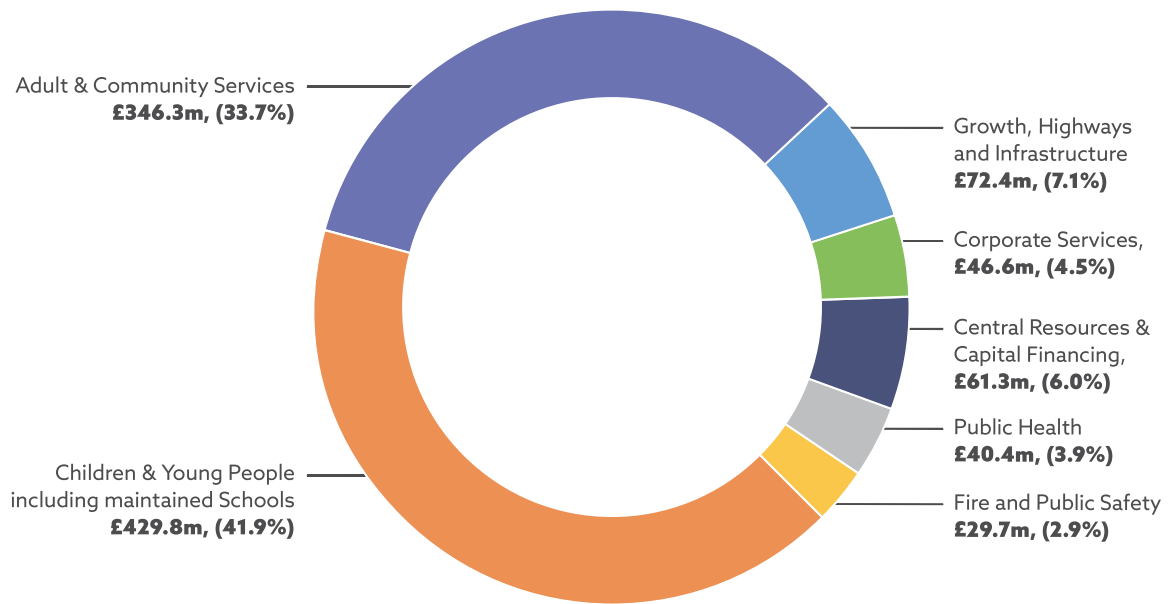
The Council has set a budget for 2021-22 which seeks to respond to this unprecedented situation, whilst continuing to apply its resources in a responsible manner, recognising its key role in providing essential public services. The 2021-22 budget plan includes the use of £16.7m from our unallocated reserves to manage the expected reduction in Council Tax income through the coming year and the delays encountered in the delivery of transformation programmes, both a result from the impact of Covid-19. Using unallocated reserves in this limited way enables the council to set a balanced budget without the need to cut provision or reduce services.

As a result of the Government's one-year spending review for 2021-22, Suffolk County Council does have a level of funding which is sufficient for the short term, and the council will continue to work closely with Government to monitor and address the financial challenges for 2022 and beyond as the country emerges from the virus.



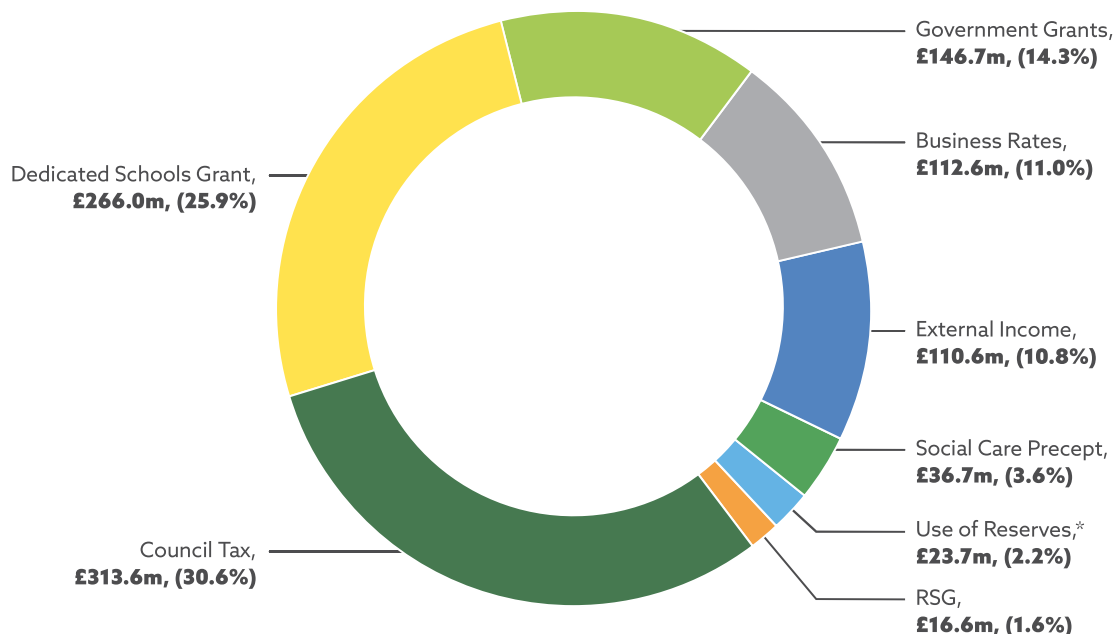
## What we spend:

This chart shows how the council will use its budgeted gross expenditure of £1,026.5million in 2021-22, spread across its seven directorate areas:



## Where the money comes from:

This chart summarises where the council gets its funding:



\* Use of reserves includes £16.7m from unallocated reserves.

# Our forecast budget gap between 2022 and 2025

An essential element of the Council's Medium-Term Financial Plan is maintaining an estimate of expenditure and funding up to the period covering 2024-25. This planning is made ever more challenging because of the uncertainty surrounding the Covid-19 pandemic and the unprecedented and ongoing challenges, with the Council continuing to focus on the immediate requirement to support local communities and manage the recovery.

The Government's Spending Review 2020 only covers funding for the forthcoming financial year, which means the Council's Medium-Term Financial Plan contains less detailed plans beyond 2021-22.

## **This uncertainty is driven by a number of factors:**

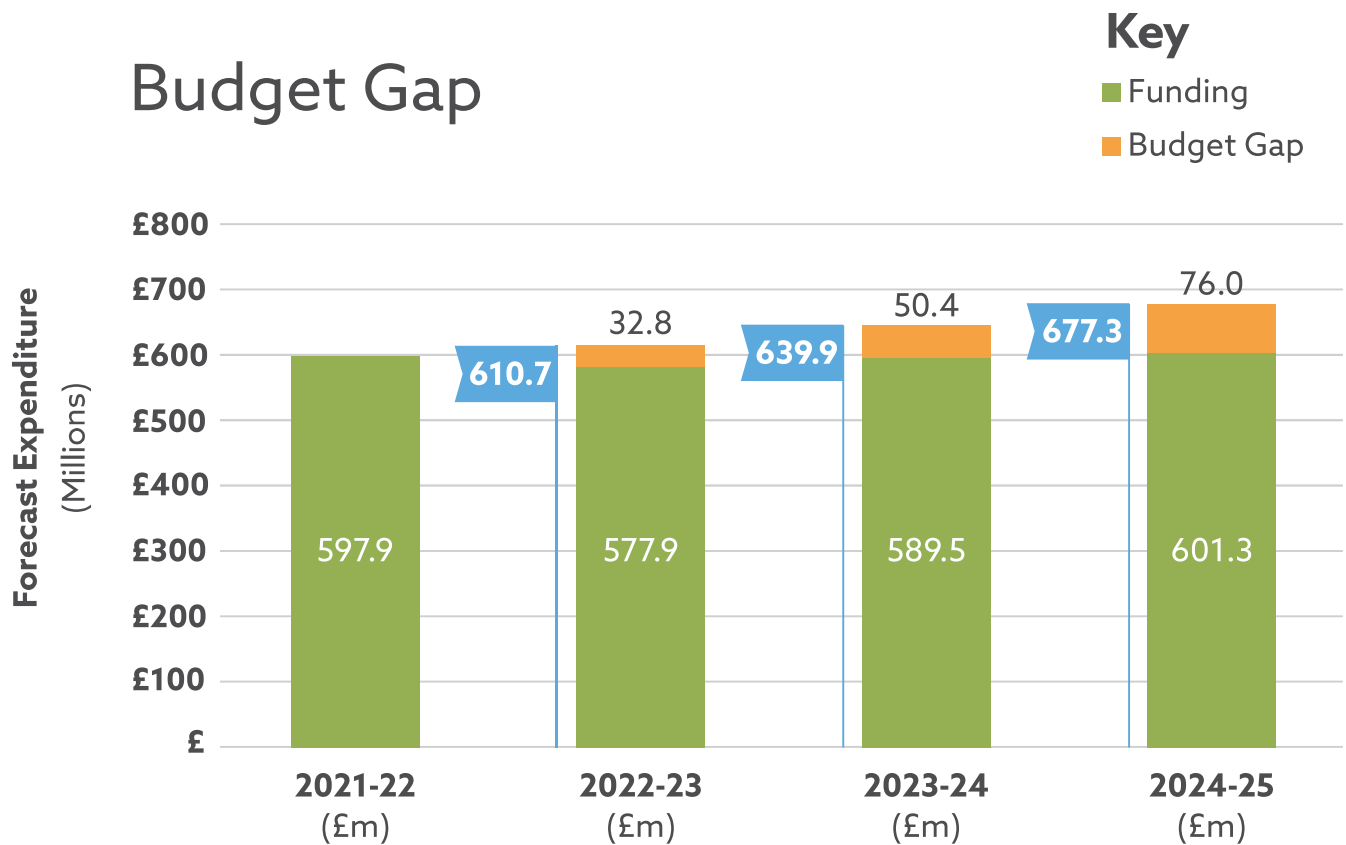
- a.** COVID-19 and its ongoing impact on the economy and public finances
- b.** Brexit and its impact on the economy and public finances
- c.** The Government's Fairer Funding Review which is due to provide future funding for all local authorities
- d.** Changes to the way in which councils can retain local business rates (with the risks and opportunities this provides regarding revenue generation)
- e.** Local business rate revaluation (and whether and when it will occur and the associated impact on revenues)



The Council's spending assumptions in future years are driven by inflation, service provision cost pressures, the impact of the transformation programmes and pressures related to the Covid-19 pandemic.

Despite this uncertainty, funding estimates and forecast spending plans have been developed for the period to 2022 to 2025 but can only be treated as highly indicative at this stage.

The chart below shows the gap between the Council's forecast spending and funding for the period to 2024-25. This is known as the Budget Gap.



The Council will continue to focus on transforming its services to ensure it is on a sustainable financial footing in years to come. As part of this work, the Council will continue to lobby Government to ensure they are fully aware of the financial pressures affecting all local authorities at this time.

### Investing in Suffolk

Our careful approach to financial management over previous years has ensured we are in a strong enough position to invest some £113million in assets and planned infrastructure projects during 2021-22. This work is known as the Council's Capital Programme and is over and above the £1,026.5million budget used for day-to-day service expenditure, and the Programme includes:

£15.3million to create additional places in schools across the county and £4.8million to provide new provision for young people with Special Educational Needs.

- £41.5million on maintaining and improving Suffolk's existing infrastructure including roads and buildings
- £26.3million for development of the new Gull Wing bridge in Lowestoft
- £2.6million to replace and upgrade Fire and Rescue Service equipment and vehicles to enable the service to respond safely and effectively to a wide range of incidents
- £4million investment in Information Technology assets and services for the council, including a new wide area network, to help the connectivity and closer working relationships between public sector organisations
- £2.3million to develop Council owned land for future housing and employment opportunities

