

## BABERGH DISTRICT COUNCIL

<b>COMMITTEE:</b> Council	<b>REPORT NUMBER:</b> <b>XXXX</b>
<b>FROM:</b> Councillor John Ward, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 24 February 2026
<b>OFFICERS:</b> Melissa Evans, Director of Finance & Procurement	<b>KEY DECISION REF NO. Item No.</b>

### 2026/27 GENERAL FUND BUDGET & MEDIUM-TERM FINANCIAL POSITION (MTFP)

#### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to set out the proposed General Fund Budget for 2026/27 and the Medium-Term Financial Plan (MTFP) up to 2030/31.
- 1.2 To enable Council to consider key aspects of the 2026/27 Budgets, including Council Tax proposals, in order to approve the budget recommendations.

#### 2. OPTIONS CONSIDERED

- 2.1 Setting a balanced budget is a statutory requirement: options for balancing the budget are proposed within this report.

#### 3. RECOMMENDATIONS

##### **That Council approves:**

- 3.1 The General Fund revenue and capital budget for 2026/27 set out in the report.
- 3.2 The increase to Council Tax of £5.79 per annum (11p per week) for a Band D property, which is equivalent to 2.99%, increasing from £193.73 to £199.52 per annum.
- 3.3 The new income bands and contribution rates for the 100% Local Council Tax Reduction (Working Age) Scheme, as set out in paragraph 8.25.
- 3.4 The forecast surplus for 2026/27 of £334k be transferred to the Financial Resilience Risk Reserve.
- 3.5 The Flexible Use of Capital Receipts Strategy at Appendix E.
- 3.6 The Council Tax resolution set out in Appendix G.

##### **That Council notes:**

- 3.7 The Medium-term Forecast set out in Appendix A.
- 3.8 The Section 25 report on the robustness of estimates and adequacy of reserves in Appendix F.

## REASON FOR DECISION

To bring together all the relevant information to enable Council to approve the General Fund Budget for 2026/27.

### 4. EXECUTIVE SUMMARY AND COMMENTARY

- 4.1 The key figures included in this 2026/27 budget, based on current estimates assumptions are:
- Surplus of £334k in the revenue budget compared to a deficit of £633k in 2025/26, a favourable movement of £967k or 153% (Table 1).
  - Net expenditure on services of £14.591m, compared to £15.059m in 2025/26, a decrease of £468k or 3% (Table 1).
  - Net cost of services of £13.722m, compared to £15.090m in 2025/26, a decrease of £1.368m or 9.07% (Table 1).
  - Gross expenditure of £31.557m, compared to £28.665m in 2025/26, an increase of £2.892m or 10.1%. Gross income including funding of £31.895m compared to £28.036m in 2025/26, an increase of £3.859m or 13.8%. (Appendix A). These large increases are mainly attributed to the change in contract status with Abbeycroft leisure with income and expenditure now accounted for in the Councils budget.
  - Capital budget of £6.6m for 2026/27 and an overall forecast capital programme over the medium-term period (2025/26 to 2030/31) of £26.777m (Appendix D).
- 4.2 Overview and Scrutiny reviewed the draft budget proposals at its meeting on 15 December 2025, the committee noted the draft budget and the Medium-Term Financial Plan and had no further recommendations for Cabinet to consider.
- 4.3 Cabinet reviewed the budget proposals at its meeting on 10 February 2026 and endorsed it for recommendation to Council subject to updates from the Final Local Government Finance Settlement which have now been incorporated in this report.
- 4.4 The range of the Council's services, size, and complexity coupled with a very challenging resources envelope has meant that the budget setting process has once again proved incredibly difficult. Those challenges have been tackled head-on by the Senior Leadership Team and Cabinet Members leading to a net reduction of £1.368m to the net cost of services, the main changes are shown in Table 16.
- 4.5 There are significant financial challenges facing the Local Government sector and it is widely recognised that most councils are undergoing similar challenges in delivering their services within their financial envelope.
- 4.6 Across the sector, the main issues are a rise in demand (numbers of people accessing services) and ever-increasing costs of services (due to inflationary pressures), with the additional resources available (through extra Council Tax, Business Rates, Government grants, and Fees and Charges) not being enough to meet these pressures. This inevitably

means that councils are under pressure to try to reduce costs or generate income to live within their means.

- 4.7 Due to the planned establishment of new unitary councils throughout Suffolk in 2028 through the Government's Local Government Reorganisation (LGR) policy, it is proposed that the current Council Plan be extended until the abolition of the Council. While LGR is in its early stages, the authority will continue the financial plans on a five-year horizon, and the report provides an update of the five-year Medium Term Financial plan (MTFP) as detailed in Appendix A.
- 4.8 The Local Government Finance Policy Statement 2026/27 to 2028/29 was published on the 20 November 2025. This included a multi-year settlement framework, response to Fair Funding Review 2.0, business rates retention reset, council tax equalisation and simplification and grant consolidation. The Provisional Local Government Finance Settlement was published on 17 December 2025 with the Final Settlement published on 9 February 2026 and has been incorporated into this budget. Further details on the policy statement and the settlement information can be found in section 8.
- 4.9 Looking forwards, there is a forecast budget gap over the MTFP period (2026/27 to 2030/31), (after assumed maximum increases in Council Tax), of £9.656m. The three-year Local Government Finance Settlement which includes changes in Business Rates has improved the five-year position, however, the MTFP remains unviable with the Financial Risk and Resilience Reserve running out in 2029/30.
- 4.10 Although the position has improved from that presented to Cabinet in December as a result of additional funding from the government, the Council will need to plan for the loss of the Adjustment Support Grant in 2027/28 of £440k and the reducing Revenue Support Grant over the three years to 2028/29. The MTFP remains sensitive to changes in economic conditions and should therefore not be considered as an absolute position. The Council will need to continue to identify future savings or increases in income to set a balanced budget and not deplete reserves over the medium term.
- 4.11 The Council's fees and charges income supports an increasing proportion of the budget and all services, where a charge can be applied, and it is critical that any charge covers the associated costs. This is particularly important for discretionary services.

## **5. SUMMARY AND BACKGROUND TO THE 2026/27 REVENUE BUDGET**

### **2025/26 Revenue Budget**

- 5.1 The second quarter 2025/26 budget monitoring report was presented to Cabinet on 9 December 2025 and shows a forecast deficit of £333k compared to a budgeted deficit of £633k, a beneficial increase of £300k.

### **2026/27 Budget approach**

- 5.2 The most significant budget items are forecast afresh for the new financial year from a zero-base, including the employees' budget, grant income from Government, financing costs, interest income, Business Rates and Council Tax income. For the rest of the budget the approach is to take the 2025/26 quarter two forecast outturn position as a starting point as the most up to date position of the Council's financial requirements going

forwards. Advice on key and complex estimates has also been sought from expert external advisers.

- 5.3 The Finance Team have worked closely with budget managers and the Senior Leadership Team to update the Council's budget requirements for 2026/27, considering known pressures and identifying efficiencies, savings, and income opportunities to help balance the budget position. Several budget workshops have been held with Cabinet members throughout the year to discuss the emerging budget proposals and the medium-term financial position.
- 5.4 The fees and charges for 2026/27 were agreed by Cabinet on 11 November 2025 and the budget incorporates the impact of the changes agreed.

### 2026/27 Budget - key figures, tables, and charts

- 5.5 The summary in Table 1 below shows the breakdown of the Council's proposed budget compared to this year's approved budget, the net cost of services and the overall position.
- 5.6 Appendix A shows the same forecast bottom-line position in terms of gross forecast expenditure and gross forecast income.

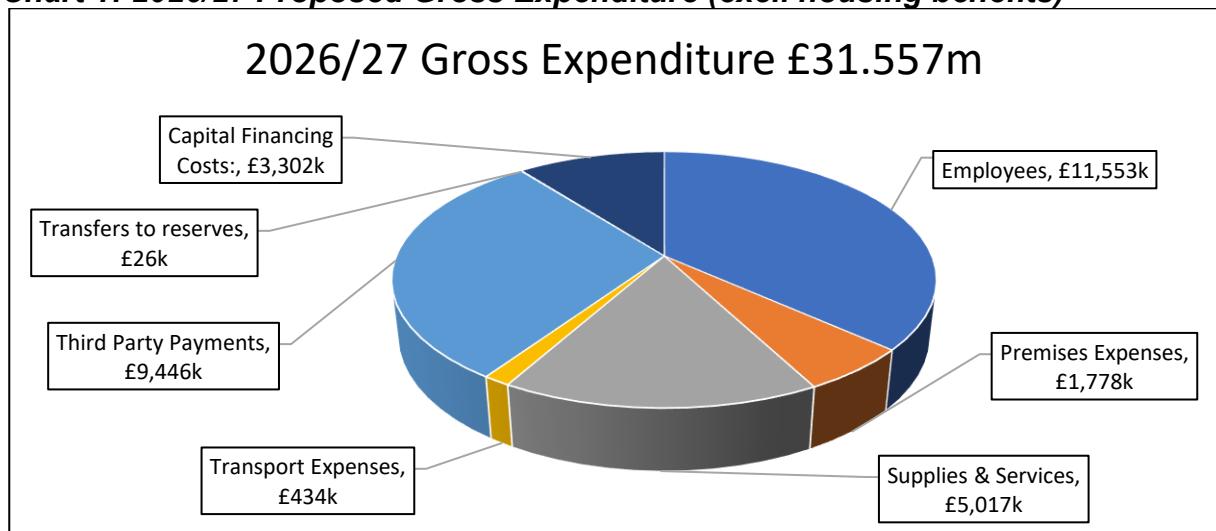
**Table 1: General Fund Budget Summary for 2025/26 and 2026/27**

Budget Areas		Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
<b>Service Expenditure</b>	Employees	12,456	11,553
	Premises Expenses	1,772	1,778
	Supplies & Services	5,363	5,017
	Transport Expenses	441	434
	Contracts	4,920	9,446
<b>Grants &amp; Income</b>	Grants and Contributions	(1,592)	(2,706)
	Sales, Fees & Charges	(5,462)	(8,393)
	Savings from Savings Programme	(91)	-
	Rental & Other Income (incl. PV panels)	(2,348)	(2,017)
<b>Housing Benefits</b>	HB Transfer Payments	12,401	12,403
	HB Grants and Contributions	(12,398)	(12,398)
<b>Reserves</b>	Transfers to / (from) Reserves	(402)	(526)
<b>Net expenditure on services as above</b>		<b>15,059</b>	<b>14,591</b>
<b>Recharges</b>	Charge to HRA/Capital	(1,964)	(1,803)
<b>Capital Financing Costs</b>	Interest Payable - CIFCO (PWLB Only)	187	177
	Interest Payable - Short-Term Borrowings	2,084	1,952
	Less Item 8 Debit Recharge to HRA	(462)	(918)
	Minimum Revenue Provision (MRP)	1,771	2,091
<b>Investment Income</b>	Pooled Funds - Transfers to Reserves	1,000	-
	Interest Receivable - Pooled Funds	(420)	(336)
	Interest Receivable - Short-Term Investments	(178)	(208)
	Less Item 8 Credit Recharge from HRA	172	321
	Interest Receivable - (CIFCO)	(2,160)	(2,146)
<b>Total Net Cost of Services</b>		<b>15,090</b>	<b>13,722</b>
<b>Government Grants</b>	New Homes Bonus	(838)	-
	Revenue Support Grant (RSG)	(154)	(3,549)
	Adjustment Support Grant	-	(440)
	Employers National Insurance Compensation	(119)	-
	Funding Guarantee Grant	(219)	-
	Baseline Business Rates	(10,305)	(13,923)

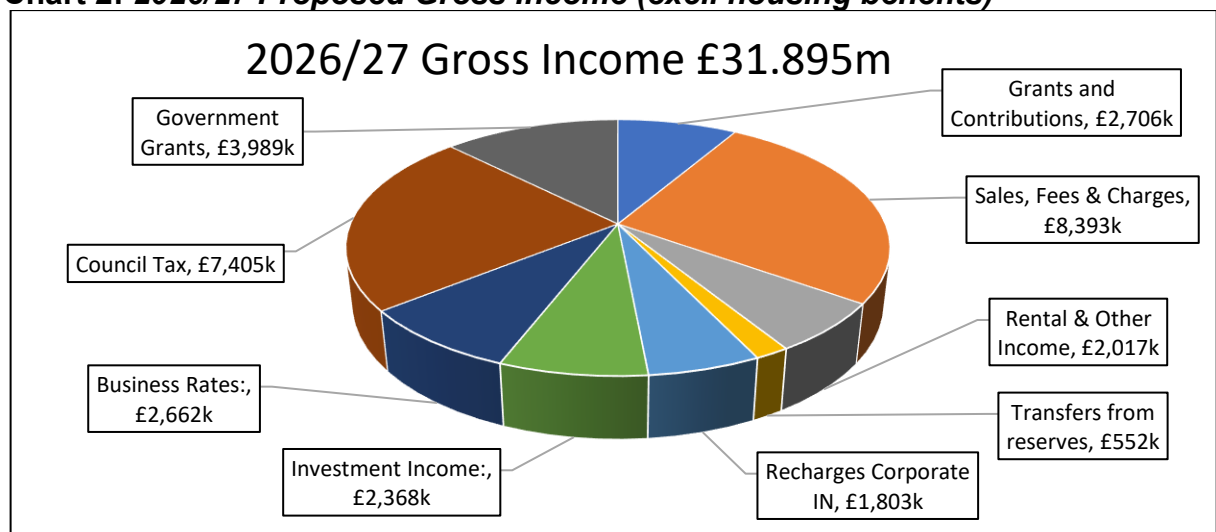
Budget Areas		Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Business Rates	Business Rates Current Year Levy	888	(71)
	Business Rate Tariff Payments	8,185	11,947
	Business Rates Pool share of Growth Benefit	(487)	-
	S31 Business Rates Grant	(3,135)	-
	Removal of Top Slicing	(233)	-
	Business Rates - Renewable Energy	(223)	(218)
	Enterprise Zone income	(318)	(403)
	Business Rates Prior Year Deficit / (Surplus)	(354)	(120)
	Business Rates Adjustment	-	125
Council Tax	Council Tax	(7,144)	(7,405)
<b>Total Funding</b>		<b>(14,457)</b>	<b>(14,056)</b>
<b>Deficit/(Surplus) for the Year</b>		<b>633</b>	<b>(334)</b>

5.7 Charts 1 and 2 illustrate the proposed overall budget for gross expenditure and for gross income excluding Housing Benefits payments and compensating subsidy income. The charts show the proportionate shares of the total, the actual figures are found in Appendix A.

**Chart 1: 2026/27 Proposed Gross Expenditure (excl. housing benefits)**



**Chart 2: 2026/27 Proposed Gross Income (excl. housing benefits)**



## 6. KEY ASSUMPTIONS MADE IN THE 2026/27 EXPENDITURE BUDGETS

6.1 Constructing a budget that runs to 13 months beyond when it was approved means that several assumptions must be made about the conditions that are likely to exist over an extended period. The key assumptions are summarised in Appendix B and detailed in the paragraphs that follow.

### Employees' Budget

6.2 The Council's pay structure is primarily based on national negotiating body pay spines and nationally negotiated settlements. The 2025/26 agreed Pay Award was agreed at 3.2%, this was 0.2% higher than the assumption in the budget, this increases the salaries budget for 2026/27 by £25k. For 2026/27 a 3% Pay Award increase has been assumed this equates to an increase of £371k.

6.3 A stress test on the budget has been completed illustrating that every 1% increase in the Pay Award creates a permanent and additional budget pressure of approximately £118k. Given that pay costs form a significant proportion of the Council's budget and the uncertainty over future Pay Awards, this is a key budget risk. If the pay award is the same percentage as it was for 2025/26 (3.2%) this would create a pressure of £25k. A pressure on the salary budgets in 2026/27 will be funded from the Financial Resilience and Risk Reserve.

6.4 In addition, the budget assumes that incremental increases within the Scale Points within each Grade will occur at on average 2% per annum, this increase equates to £198k in 2026/27.

6.5 Included within the employees' budget are proposals to update the cost sharing Memorandum of Understanding of staff costs between Babergh and Mid Suffolk. This is reviewed annually to fairly reflect the time spent on each Council's work. The decrease in cost from this proposed reallocation for 2026/27 is £249k.

**Table 2: Detail of the employee's budget**

Employee Costs Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Salaries	9,118	9,101
Overtime	11	7
Employers NI	1,188	1,234
Employers Pension	2,332	1,473
Recharge - Corporate Democratic Core	(221)	(204)
Vacancy Management Factor	(358)	(354)
Apprenticeship Levy	50	54
Agency Staff	22	3
Staff Training Costs	68	69
Employees Insurance	181	112
Other Employee Costs	65	58
<b>TOTAL EMPLOYEE COSTS</b>	<b>12,456</b>	<b>11,553</b>
External Funding	(493)	(777)
Reserve Funding	(213)	(133)
<b>Total Funding</b>	<b>(706)</b>	<b>(910)</b>
<b>Bottom Line Employee Costs Total</b>	<b>11,750</b>	<b>10,643</b>

**Note: the CDC (Corporate & Democratic Core) is a recharge to the HRA for its share of the cost of senior corporate management**

- 6.6 As in previous years the assumption is that, due to retirements, resignations, creation of new posts and turnover, a reduction in costs will occur. Therefore a 3% vacancy management factor has been included in the 2026/27 budget (it is 3% in this year's budget). This reduces the employees' budget by £354k in 2026/27.
- 6.7 The Employers National Insurance contribution is 15% with the annual salary threshold for it being paid at £5,000.
- 6.8 The Employers Pension contribution rate is currently 26% however the latest Actuaries revaluation of the pension fund confirmed that the rate could be reduced to 16.4% for 2026/27. This reduction equates to £895k. The next review is in 2029/30.
- 6.9 As shown in Table 2 above some of the employee costs are funded from grants (most notably Homelessness Grant from Government) and from the Council's own earmarked reserves. The increase in External Funding is due to several roles in Housing Solutions in 2025/26 not being included in the budget as funding was unknown at the time the budget was set.

### Transport Expenses

- 6.10 Minimal changes are anticipated with the budgets for transports costs as shown in the table below.

**Table 3: Detail of transport budgets**

Transport Expenses Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Essential User Allowances	52	55
Mileage	73	64
Public Transport	7	7
Transport Insurance	68	51
Vehicle & Plant Fuel	140	154
Vehicles & Plant Repairs	102	103
<b>TOTAL</b>	<b>441</b>	<b>434</b>

### Premises, supplies and services, and contractual costs

- 6.11 Premises, supplies and services proposed budgets have reduced from £7.135m in 2025/26 to £6.795m in 2026/27.
- 6.12 Many of the Council's contracts have inflationary increases incorporated within them and therefore the increases in CPI and RPI measures have created a clear pressure on the budget position. Where renewal costs are known or tenders received, this forms the basis of the year-on-year change, other contracts have had inflationary increases applied and information on these is found in Appendix B.
- 6.13 Other Premises, Supplies & Services of £1.127m in table 4 includes the cost of collection of cash from car park ticket machines (£167k), bank charges (£200k), office costs at Endeavour House (£58k), electrical testing and maintenance of PV Panels (£105k) and Sustainable Travel (£105k).

**Table 4: Detail of the proposed premises, supplies and services budgets**

<b>Premises, supplies and services</b>	<b>Budget 2025/26 (£'000)</b>	<b>Budget 2026/27 (£'000)</b>
Advertising & Marketing	90	72
Audit Fees	175	179
B&B Costs	235	378
Bank Charges	96	47
Cleaning	26	39
Conference Expenses	17	11
Domestic Waste Disposal	311	-
Equipment, Tools & Maintenance	162	147
Furniture	11	14
Garden Waste Disposal	200	203
General Insurance	21	27
Grants, Contributions & Donations	850	848
Grounds & Site Maintenance	18	23
Health & Safety	8	24
IT Hardware	21	15
Kennels Retainer	12	16
Legal Expenses	371	354
Members Allowances	235	239
Members Courses & Conferences	10	12
NNDR Payable	358	348
Operating Lease Payments	43	44
Other Premises, Supplies & Services	1,016	1,127
Other Waste Disposal	64	14
Photocopying	13	-
Postage	109	105
Premises Insurance	227	29
Printing	39	30
Professional & Consultancy Fees	373	302
Property, Repairs & Maintenance	167	223
Recruitment Expenses	-	10
Removal Expenses	1	21
Rent Payable	567	610
Sampling & Analysis	10	10
Software Licences	139	134
Software Maintenance	-	10
Software Purchase	55	55
Special Responsibility Allowance	177	184
Subscriptions	143	149
Telephones	41	38
Trade Waste Disposal	287	287
Tree Maintenance	55	55
Utility Costs	318	309
Write Offs	21	13
Other Items £10k and under	44	40
<b>TOTAL</b>	<b>7,135</b>	<b>6,795</b>

- 6.14 The major contracts budget for 2026/27 in table 5 includes the new Food Waste contract (£1.5m) and anticipated increases in the Domestic and Garden Waste contracts. From June 2026 the Council will roll out a four-stream household collection system including residual waste, food waste, paper and card and other dry recyclables. Food waste collection will be at least weekly. This is with the aim to achieve a consistent approach to recycling across the UK. The budget includes new burdens funding for Extended Producer Responsibility (EPR) of £1m. Funding for Food Waste will be supported by the Revenue Support Grant (RSG).
- 6.15 The large increase in Leisure Contracts represents the change in model used with Abbeycroft Leisure moving to an agency model with income and expenditure now recorded in the Councils budgets.

**Table 5: Detail of the major contracts' budgets**

Major Contracts Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Domestic Waste Contract	2,318	2,449
Garden Waste Contract	593	663
Trade Waste Contract	168	204
Food Waste Contract	-	1,520
IT SCC Contract	476	525
Leisure Contract	244	2,868
Shared Revenues Partnership Contract	1,122	1,216
<b>TOTAL</b>	<b>4,920</b>	<b>9,446</b>

**Table 6: Waste and Recycling budgets**

Waste and Recycling Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Domestic Waste Contract	2,318	2,449
Garden Waste Contract	593	663
Trade Waste Contract	168	204
Food Waste Contract	-	1,520
EPR - New Burdens	-	(1,050)
	<b>3,079</b>	<b>3,787</b>

## Grants and Contributions

**Table 7: Grants and Contributions budgets**

Grants and Contributions Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
BMS Invest	(61)	(61)
Biodiversity	(27)	-
Building Safety Levy New Burdens	-	(130)
Community Safety	(18)	(19)
Domestic Abuse Funding	(31)	(36)
EPR - New Burdens	-	(1,050)
Guaranteed Rent Scheme	(50)	(76)

<b>Grants and Contributions Breakdown</b>	<b>Budget 2025/26 (£'000)</b>	<b>Budget 2026/27 (£'000)</b>
Hadleigh Pool	(80)	(80)
Healthy Behaviours	(67)	(43)
Homelessness	(225)	(350)
Homelessness Prevention	(265)	(220)
Independent Living Service	(21)	-
Leisure Contracts	(120)	(120)
Neighbourhood Plan Designations	(180)	(60)
NNDR Collection	(262)	(134)
Open Spaces	(56)	(61)
Rent Deposit Scheme	(45)	(40)
Renters Right Act	-	(40)
Rough Sleepers	-	(173)
S106 Monitoring	(13)	-
Senior Leadership Team	(20)	-
Shared Prosperity Fund	(13)	-
Street & Major Road Cleansing	(11)	(11)
Temporary Accommodation	(27)	-
<b>TOTAL</b>	<b>(1,592)</b>	<b>(2,706)</b>

## Capital Financing Charges

**Table 8: Detail of the capital financing charges budgets**

<b>Capital Financing Charges Breakdown</b>	<b>Budget 2025/26 (£'000)</b>	<b>Budget 2026/27 (£'000)</b>
Interest Payable - CIFCO (PWLB Only)	187	177
Interest Payable - Short-Term Borrowings	2,084	1,952
Interest Payable - Item 8 Debit	(462)	(918)
Minimum Revenue Provision (MRP)	1,771	2,091
<b>TOTAL</b>	<b>3,581</b>	<b>3,302</b>

### 6.16 **Interest Payable (CIFCO)**

This is interest payable on the two 50-year loans borrowed from the PWLB (Public Works Loans Board) at fixed interest rates of 2.63% and 1.71% which have been used to fund part of the lending to the Council's wholly owned property company, CIFCO.

### 6.17 **Interest payable - short-term borrowing**

This is the interest the Council needs to pay on its short-term borrowing, which is needed to fund ongoing operations, when cash reserves require short-term borrowing, and to fund capital expenditure. As interest rates are expected to fall the amount of interest payable in the budget is expected to fall to £1.952m.

### 6.18 The assumptions made in producing this estimate are as follows:

- Average interest rates of 4% for 2026/27 and 3.75% for 2027/28.
- Continue to utilise cheaper short-term borrowing rather than long-term borrowing which is more expensive to fund the General Fund and Housing Revenue Account.

6.19 **Minimum Revenue Provision (MRP)**

This represents the amounts set aside each year to finance the repayment of the debt that the Council has incurred to finance capital expenditure. The MRP forecasts are based on the 2025/26 agreed and 2026/27 proposed capital budget. The annuity rates used to charge MRP average 5% across the MTFP.

6.20 As reported to Council in February 2024, as part of the Budget Report, it is anticipated that the Council's subsidiary company, Babergh Growth Limited, will be unable to repay all of the loan (and interest) lent by the Council. The shortfall in the loan repayments is forecast at £3m and has arisen because the housing development at the former Council offices in Hadleigh is forecast not make the expected return.

6.21 Changes to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made in April 2024 require that the shortfall is charged as an MRP cost to the revenue budget. We have assumed in these estimates that the loss to the Council can be charged to the revenue budget over the expected useful life of the housing assets (30 years) which gives an annual MRP cost of £45k for 2025/26, £47k for 2026/27 (increasing annually with annuity) which will be funded until 2036 from the Expected Credit Loss Reserve agreed by Council in February 2024. However, the Director of Finance and Procurement is currently awaiting a view from the Council's external auditors on our intended financing approach and therefore there is a risk that the loss may need to be financed over a shorter period which would significantly increase the MRP cost needing to be charged to the revenue budget.

6.22 **Interest Payable Item 8 Debit**

This represents the amount the HRA has 'borrowed' from the General Fund instead of borrowing from external lenders. The increase in the charge is due to an increase in the HRA borrowing requirements for their capital programme.

**7. KEY ASSUMPTIONS MADE IN THE 2026/27 INCOME BUDGETS**

**Fees and Charges Income**

7.1 The revenue generated from fees and charges is an important source of income to the Council, and essential to ensure that the delivery of Council services is sustained both now and into the future.

7.2 The Council's sales, fees, and charges for 2026/27 were approved by Cabinet on 11 November 2025. This paper also includes increased car parking charges which were not previously included in the sales, fees and charges paper on the 11 November 2025.

7.3 Further details of these can be found in the 'Fees and Charges 2026/27 report' to November Cabinet (BCa/25/22). Table 9a shows the sales fees and charges income only and the highest service areas of fee increase driven by volume and fee increase.

7.4 Table 9b shows both the sales, fees and charges as well as other income and rental income.

**Table 9a: Fees generated by service, fee increases, and forecast volume changes**

Service Area	Budget 2025/26 (£'000)	Sum of MTFP 2026/27 (£'000)	Volume Change (£000)	(Increase)/Decrease Fee change (£'000)	(Increase)/Decrease Volume change %	(Increase)/Decrease Fee Change %	(Increase)/Decrease Total (£'000)	(Increase)/Decrease Total %
Building Control	(427)	(476)	(3)	(46)	(0.7)	(10.8)	(49)	(11.5)
Car Parking	(1,166)	(1,219)	84	(137)	7.2	(11.7)	(53)	(4.5)
Electric Vehicle Charging	(41)	(43)	(2)	-	(4.9)	-	(2)	(4.9)
Planning & Enforcement	(832)	(946)	(78)	(40)	(9.4)	(4.8)	(118)	(14.2)
Electoral Services & Land Charges	(104)	(103)	1	-	1.0	-	1	1.0
Housing Solutions	(3)	-	3	-	100	-	3	100
Leisure Contracts	(33)	-	-	33	-	100	33	100
Kingfisher Leisure Centre	-	(1,762)	-	(1,762)	-	(100)	(1,762)	(100)
Hadleigh Leisure Centre	-	(912)	-	(912)	-	(100)	(912)	(100)
Licensing	(284)	(311)	(18)	(9)	(6.3)	(3.2)	(27)	(9.5)
Public Realm	(98)	(125)	(5)	(22)	(5.1)	(22.4)	(27)	(27.6)
Recycling, Waste & Fleet	(2,184)	(2,308)	25	(149)	1.1	(6.8)	(124)	(5.7)
Shared Legal Services	(135)	(138)	-	(3)	-	(2.2)	(3)	(2.2)
CIL Admin Income	(155)	(50)	105	-	67.7	-	105	67.7
<b>Grand Total</b>	<b>(5,462)</b>	<b>(8,393)</b>	<b>112</b>	<b>(3,047)</b>	<b>2.1</b>	<b>(55.8)</b>	<b>(2,935)</b>	<b>(53.7)</b>

**Table 9b: Detail of sales, fees & charges and Rental Income**

Sales, Fees & Charges, Rental and Other Income	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Building Control Fees	(427)	(476)
Car Parking	(1,166)	(1,219)
CIL Admin Income	(155)	(50)
Electoral Services & Land Charges	(104)	(103)
Electric Vehicle Charging	(41)	(43)
Homelessness Private Sector	(3)	-
Kingfisher Leisure Centre	-	(1,762)
Hadleigh Leisure Centre	-	(912)
Leisure Contracts	(33)	(33)
Planning Fees	(832)	(946)
Public Protection Licensing	(284)	(311)
Public Realm	(98)	(125)
Recycling & Waste	(2,184)	(2,308)
Shared Legal Services	(135)	(138)
<b>Total Sales, Fees &amp; Charges</b>	<b>(5,462)</b>	<b>(8,393)</b>
Domestic Abuse Funding	(15)	(15)
Economy & Business	(17)	(17)
Electoral Services & Land Charges	(25)	(25)
Finance	(118)	(118)
Guaranteed Rent Scheme	(500)	(575)
Homeless Prevention Fund	(1)	-
Homelessness Private Sector	(0)	(30)
Homes for Ukraine	(11)	-
Old School House	(32)	(36)
Recycling & Waste	(13)	(5)
Recycling Credits	(830)	(415)

Sales, Fees & Charges, Rental and Other Income	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Rent Deposit Scheme	(5)	-
Shared Legal Services	(13)	(7)
Solar PV Panels	(395)	(395)
Strategic Property	(373)	(379)
<b>Total Rental &amp; Other Income (incl. PV Panels)</b>	<b>(2,348)</b>	<b>(2,017)</b>
<b>TOTAL</b>	<b>(7,811)</b>	<b>(10,410)</b>

## Investment Income

**Table 10: Detail of the investment income budget**

Investment Income	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Interest Receivable - (CIFCO)	(2,160)	(2,146)
Interest Receivable - Pooled Funds	(420)	(336)
Pooled Funds - Transfer to Reserves	1,000	-
Interest Receivable - Short-Term Investments	(178)	(208)
Interest Receivable - Item 8 Credit	172	321
<b>TOTAL</b>	<b>(1,586)</b>	<b>(2,368)</b>

### 7.5 **Interest Receivable from CIFCO**

Interest is charged to the company at 5% per annum. The 50-year loans are due to be repaid fully in 2068 and 2071. As part of the 2025/26 Business Plan, a 10% deferment of interest repayments has been approved to support CIFCO's short-term cashflow position while asset disposals and essential works are progressed. The deferred interest will continue to accrue and is expected to be repaid over the medium term, ensuring that the Council ultimately receives the full value of interest due under the loan agreements.

### 7.6 **Accounting for the Loss in value of Pooled Investments**

The Council currently retains three pooled investments which are managed by three providers (CCLA, Ninety-One, and Schroder). CCLA is a property-based fund, Schroder is equity-based, and Ninety-One is a multi-asset fund. Any loss in value on active fund investments should, under internationally accepted accounting rules, be charged as a cost to the revenue budget. However, the Government has applied a statutory override to this requirement over the last few years which is due to expire on 31 March 2029. The Council has set aside £1m in reserves as part of the 2025/26 budget setting to mitigate against this. No further amounts are scheduled to be added to this reserve.

7.7 By 31 March 2026 the Council expects to have sold the investment in the Schroder Fund. The corresponding income budget has been reduced to reflect this.

### 7.8 **Interest income from Pooled Funds**

The budget is lower due to the forecast sale of the Schroder Fund in 2025/26. The sale of the fund is expected by 31 March 2026.

### 7.9 **Interest income from short-term investments**

The short-term investments is forecast to be marginally higher than 2025/26, reflecting cash received from the sale of the Schroder Pooled Fund and this being invested in Money Market Funds before being used to repay debt when it falls due.

#### 7.10 **Item 8 Credit**

This represents the amount the HRA has “earned” from their reserves and capital receipts. More information on the item 8 recharges and their method of calculation can be found in the Glossary of Financial Terms in Appendix H.

### 8. **FUNDING**

#### **Fair Funding Review 2.0**

8.1 The Fair Funding review 2.0 reforms the distribution of funding to local authorities over multiple years. The aim is to create a fairer, simpler, and evidence-based system, realigning funding to where it's needed most due to rising demand, growing costs, and outdated funding formulas.

8.2 The government has used a needs assessment to decide on new distributions of funding between local authorities.

8.3 Revenue Support Grant (RSG), other grants and business rates baselines have been recalibrated using the following formulas:

- **Relative needs formula (RNF)**, assessing local areas' need for local authority services, weighting for socio-economic factors (deprivation, demographics, etc.).
- **Area Cost Adjustment (ACA)**, applied to the RNF and is a tool used to measure the variation in the cost of providing services for local authorities (remoteness adjustment only applies to the Adult Social Care ACA).
- **Resource adjustment**, taking account of the amount of council tax revenue an authority could raise, this is the maximum permissible increase to council tax without a referendum.

8.4 The needs assessment informs the distribution of Revenue Support Grant, some other grants, and of the local share of business rates revenue.

#### **Local Government Finance Policy Statement**

8.5 The government published the Local Government Finance Policy statement on 20 November 2025 covering the 2026/27 to 2028/29 settlement. The policy set out:

- To deliver greater predictability and stability, allowing councils to plan finances more effectively.
- Implement the government's response to the Fair Funding Review 2.0 consultation, revising funding formulas to reflect local needs and reducing reliance on competitive bidding pots.
- The 2025 Spending Review set local government budgets for 2026/27 to 2028/29, adding over £5bn for local services. Of this, £3.4bn will be allocated through the Local Government Finance Settlement.
- Council tax referendum rules will stay the same as in 2025/26 for the whole multi-year period.
- Additional Investments to be made in:
  - Children's social care: £866m
  - Neighbourhood services: £180m
  - Adult social care: £900m (distributed using the relative needs formula)
  - Contingency fund: £50m per year for unexpected costs or changes.

## **Local Government Finance Settlement**

8.6 The Local Government Finance Settlement is the annual process through which central government allocates funding, it consists of grant funding, council tax and locally retained business rates.

8.7 The government published the provisional Local Government Finance Settlement for 2026/27 to 2028/29 on 17 December 2025 and the Final Settlement on 9 February 2026. This followed the proposals that were set out in the Finance Policy Statement and the government's response to the Fair Funding 2.0 consultation. Details of the changes from the Provisional to the Final settlement are detailed in paragraph 8.13.

8.8 The consultation on the provisional settlement closed on 14 January 2026 and the government published its response on 9 February 2026. Future years will be subject to annual consultations. The headlines are as follows:

### **8.9 Business Rates**

- A full reset of the Business Rates Retention System (BRRS) effective 1 April 2026, realigning baselines, tariffs, and top-ups based on updated need assessments, and changes to the levy on growth above the baseline.
- After the BRRS was introduced in 2013, local authorities received some £12bn in retained business rate revenue. An equivalent amount was deducted from RSG at this point, so that introducing the BRRS did not constitute a windfall for local authorities. Since then, RSG has been steadily reduced: in the 2025/26 Local Government Finance Settlement (LGFS) it was £2.19bn, down from some £15bn in 2013/14.
- The BRRS allows local authorities to retain a percentage of their growth in business rates. The changes for 2026/27 comprise a 'reset' of the BRRS and removal of historical growth and redistribution.
- Business rates baselines will be distributed according to new relative need shares, increases in future baseline funding levels will be in line with CPI.
- Up to three new multipliers will be introduced, and a revaluation of all rateable values will take effect from 1<sup>st</sup> April 2026.

### **8.10 Grants**

- The government aims to reduce fragmentation by streamlining funding streams and consolidating smaller grants into core allocations. Simplifying 33 funding streams, totalling £46.8bn.
- This includes four large, consolidated grants in 2026/27 to bring together funding streams for homelessness, rough sleeping and domestic abuse; public health; crisis and resilience; and children, families and youth, totalling £21.5bn.
- Consolidating 18 funding streams into RSG, totalling £11.66bn, including the Market Sustainability and Improvement Fund, New Homes Bonus, Temporary Accommodation element of the former Homelessness Prevention Grant and Social Care Grant.

- Phased introduction of new RSG allocations over the three years and fading out of legacy grant funding allocations. As a result, only by 2028/29 will the RSG allocations fully reflect the distribution of the new Fair Funding Assessment through the gradual phasing out of 2025/26 legacy funding allocations.
- Continuing Recovery Grant payments in 2026/27.
- The Government has reiterated that councils will be able to retain income from the Extended Producer Responsibility scheme expected to be worth £1.2bn. This income will be additional to the main settlement and Core Spending Power (CSP).

### 8.11 **Core Spending Power**

- Core spending power is the amount of funding the government determines is available for councils to deliver its services.
- Local government funding is estimated to rise by up to 5.7% in 2026/27, 4.3% in 2027/28 and 4.4% in 2028/29.
- Core spending power in 2026/27 consists of:
  - Income from council tax including taxbase assumptions in line with the average annual growth between 2021/22 and 2025/26 and assumes councils increase by the maximum under the referendum principles at 3% or £5 (whichever is greater) for district councils. Social care authorities will continue to be able to raise an additional 2% precept. Average Band D assumptions have been used: £2,060 in 2026/27, £2,160 in 2027/28 and £2,165 in 2028/29 and average tier splits of 11% to districts. This is NOT the actual council tax amount per council it is an average
  - Revenue support grant and baseline funding level (business rates), including all rolled in grants
  - Homelessness, rough sleeping and domestic abuse funding.
  - Transitional protection

### 8.12 **Transitional arrangements**

- The new funding distributions will be subject to transitional arrangements. They will be introduced gradually over the period of the three-year settlement, from 2026 to 2029. This means that in the 2029/30 financial year, local authorities' allocations of grant funding will fully reflect the outcome of the needs assessment.
- There are two levels of protections for councils:
  - 100% income protection. For all local authorities where the difference between their pre-reform and post-reform income is 15% or less of their pre-reform income, 100% of their 2025/26 income is protected.
  - 95% income protection. For all lower tier local authorities where the difference between their pre-reform and post-reform income is more than 15% of their pre-reform income, with council tax levels below average.
- It is the government's view that local authorities furthest above their new allocations which have benefitted the most from the existing system will need to accept some

losses in income over the multi-year Settlement. This is to redirect funding to where the government assesses as being needed most.

### 8.13 **Changes from the Provisional Settlement to the Final Settlement**

- There is an additional £740m over the 3-year multi-settlement period, with Core Spending Power in total now increasing by 15.5% by 2028/29, compared to 15.3% in the provisional settlement.
- Changes to the way business rates pooling gains are rolled in to the 2025/26 baseline. Business Rates Pooling gains were rolled-in incorrectly in the provisional settlement, and changes have been made to the 2025/26 baseline and to Fair Funding Allocations from 2026/27 onwards. The original method used was not representative of how local authorities generally share pooling gains locally. This was corrected in the final settlement, splitting the benefit 50:50 between county councils and shire districts. This increases county councils 2025/26 baselines by £90m and reduces the shire districts baselines by £113m. The impact on authorities depends on whether they are tariff or top-up authorities in a business rates pool. Changes in the 2025/26 baseline are then smoothed over 3 years.
- To help councils adjust to this change, the government have provided a one-off Adjustment Support Grant in 2026/27 totalling £116m to authorities who would otherwise see their Core Spending Power reduce in 2026/27, compared to allocations set out at the provisional Settlement.
- A £90m increase to the Homelessness, Rough Sleeping and Domestic Abuse grants for 2026/27 as part of a £272m uplift over the multi-year settlement.
- The settlement also announced the government's plan to resolve the Dedicated Schools Grant (DSG) High Needs deficit. The government has agreed to fund 90% of the local authorities DSG deficits through a High Needs Stability Grant. This could lead to additional annual funding for the sector of more than £2bn.
- The population projections used in the calculations have been updated from the 2018 based projections to the 2022 based projections.
- There will be no Business Rates Pools in 2026/27, all existing Pools have revoked at the request of the authorities.

### **Impacts for Babergh**

8.14 The changes to grants rolled in, as referred to in 8.10, along with the Business Rates reset and the methodology of distributing funds has changed so significantly under the Fair Funding review that the new RSG and Business Rates baseline funding will look very different to previous years.

8.15 Changes from the Provisional Settlement to the Final Settlement are as follows:

- Revenue Support Grant has decreased from £3.843m to £3.549m for 2026/27, and from £3.220m in 2026/27 to £3.071m in 2027/28. Total reduction of £442k over the two years.

- Transitional Protection Grant has been totally removed. This is a loss of £146k in 2026/27, £273k in 2027/28 and £412k in 2028/29. Total loss of £832k over the three years.
- To compensate for the Business Rates error Babergh will receive a one-off Adjustment support grant in 2026/27 of £440K.
- Homelessness, Rough Sleeping and Domestic Abuse grant increases from £579k to £636k in 2026/27 (however this was the level of funding Babergh were receiving in 2025/26), increases from £604k to £643k in 2027/2028 and increases from £627k to £648k in 2028/29. Total increase of £117k.
- The impact of these four changes is an increase of £58k in 2026/27, decrease of £383k in 2027/28 and a decrease of £391k in 2028/29. **The total impact over the three years is a reduction in funding from the Provisional to the Final Settlement of £717k.**
- In the Provisional Settlement Babergh's Core Spending Power (CSP) was remaining flat across all three years at £14.355m with the inclusion of £832k of Transitional Protection Grant. The Final Settlement reduces CSP to £13.923m in 2025/26 and then increases slightly over the three years to 2028/29 to £13.963m, a 0.3% increase. The transitional protection has been removed because it was only intended to support councils that would experience a reduction in their CSP by 2028/29.
- The changes to Revenue Support Grant, Transitional Protection Grant and Core Spending Power are as a result of the adjustment to the 2025/26 Core Spending Power due to the Business Rates error.

**Table 11: Detail of the Government grants per the Final Settlement**

Government Grants Breakdown	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)
Funding Guarantee Grant	(219)	-
New Homes Bonus	(838)	-
Revenue Support Grant (RSG)	(154)	(3,549)
Adjustment Support Grant	-	(440)
Employers National Insurance Compensation	(119)	-
<b>TOTAL</b>	<b>(1,330)</b>	<b>(3,989)</b>

- 8.16 Table 11 shows that Babergh will receive £3.549m in RSG for 2026/27 compared to funding of £1.330m in 2025/26 an increase of £2.219m. Funding Guarantee, New Homes Bonus and Employers National Insurance grants are rolled in RSG for 2026/27 onwards. As shown in table 12, RSG allocations for 2027/28 will reduce to £3.071m and a further reduction to £2.570m in 2028/29.
- 8.17 The large increase in RSG needs to be viewed in the context of Council's legacy business rates and baseline funding position reset which reduces from £4.494m in 2025/26 to £2.246m in 2026/27, a reduction of £2.248m as shown in table 12. The combination of changes in RSG and baseline business rates means that the Council will lose £29k of core funding in 2026/27, this is of course helped for one year only by the Adjustment

Support grant of £440k. The baseline business rates will increase by CPI in 2027/28 and 2028/29, and the Council will be allowed to keep any growth it generates over that period.

- 8.18 As shown in table 12, the Council's core spending power is increasing in 2026/27 by £489k (3.5%), reducing in 2027/28 by £440k (3.1%) and a further reduction of £9k in 2028/229 (0.1%). This is an overall small increase of £40k (0.3%), which does not cover the inflationary increases or financial pressures the Council will see over the next 3 years especially in relation the new food waste collection service.

**Table 12: Core Spending Power per Final Settlement**

Core Spending Power	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)
Fair Funding Allocation				
of which: Baseline Funding Level		(2,246)	(2,298)	(2,344)
of which: Revenue Support Grant		(3,549)	(3,071)	(2,570)
Legacy Funding Assessment				
of which: Legacy Business Rates	(4,494)			
of which: Legacy Grant Funding	(1,339)			
Council tax requirement	(7,145)	(7,541)	(7,960)	(8,402)
Homelessness, Rough Sleeping and Domestic Abuse	(636)	(636)	(643)	(648)
Total Transitional Protections				
of which: 100% income protection				
Adjustment Support Grant		(440)		
Grants rolled in to Revenue Support Grant	(310)			
<b>Total Core Spending Power</b>	<b>(13,923)</b>	<b>(14,412)</b>	<b>(13,972)</b>	<b>(13,963)</b>
<b>Year on Year change</b>		<b>3.5%</b>	<b>-3.1%</b>	<b>-0.1%</b>
<b>Change since 2025</b>		<b>3.5%</b>	<b>0.4%</b>	<b>0.3%</b>

Note 1 Grants rolled in	(£'000)
Biodiversity Net Gain Planning Requirement Grant	(27)
Enforcement of Location and Volume Price Promotions Restrictions Grant	(1)
Enforcement of OOH Calorie Labelling Regulations Grant	(1)
Homelessness Prevention Grant - Temporary Accommodation	(280)
Local Government Finance Data Review New Burdens Grant	(1)
<b>Total Grants rolled in</b>	<b>(310)</b>

- 8.19 The Council Tax requirement that is part of the Core Spending Power and funding calculations also puts the Council at a disadvantage. The government have calculated this using the following assumptions:

- Average Band D of £2,060 in 2026/27, £2,160 in 2027/28 and £2,165 in 2028/29
- Average Tier splits of 11% to districts – Babergh's share is 9%

- 8.20 Based on these assumptions the governments calculation of council tax funding for Babergh is £7.541m for 2026/27, (see Table 13) however with a 2.99% increase, the actual is £7.422m, a shortfall of £119k in 2026/27. Assuming maximum council tax increases over the three years this shortfall totals £700k. This means that Babergh's actual core spending power will not be as high as the government is assuming in its calculations.

**Table 13: Council Tax per Settlement compared to MTFP**

	2025/26 (£'000)	2026/27 (£'000)	2027/28 (£'000)	2028/29 (£'000)
Per Government settlement	7,145	7,541	7,960	8,402
Actuals per MTFP	7,144	7,422	7,729	8,053
<b>Difference</b>	<b>1</b>	<b>119</b>	<b>231</b>	<b>349</b>

### **Council Tax**

- 8.21 The taxbase for 2026/27 has increased from 36,878.79 to 37,197.15 (0.86%). The main factor affecting the taxbase is actual and anticipated growth of dwellings built and occupied (net of discounts/reductions). However, this is partially offset by actual and anticipated reduction in Second & Empty homes premiums (e.g. through properties returning to use). This growth in taxbase generates £61k for 2026/27 based on a band D equivalent.
- 8.22 Given the budget pressures being faced by the Council in 2026/27 and beyond, the maximum amount of permissible increase in Council Tax of 2.99% without a referendum is recommended for 2026/27. The decision to raise council tax influences not just the 2026/27 budget but has cumulative impacts on future years.
- 8.23 A 2.99% increase will take the Band D equivalent from £193.73 to £199.52 per annum, an increase of £5.79 or 11p per week. This will generate an additional £215k for 2026/27. Every 1% increase in Band D Council Tax levied generates an additional amount of £71k.
- 8.24 In the Chancellor's autumn budget, a High Value Council Tax surcharge (HVCTS) was announced. This will be introduced in 2028/29 and will be applied to properties valued in excess of £2m. Owners rather than occupiers will be liable, and social housing will not be in scope. This is in addition to standard council tax. HVCTS will be collected on behalf of central government by local authorities, who will be fully compensated for additional costs of administering the tax. It is not yet clear how HVCTS revenues will flow to central government.

### **Local Council Tax Reduction Scheme**

- 8.25 The Council introduced an ongoing 100% Local Council Tax Reduction Scheme in 2023/24 and committed to review the scheme each year to ensure that it kept pace with inflation. It is proposed to update the Income Bands by the Consumer Price Index for September 2025 (3.8%), as for other welfare benefits. The contribution rates will be increased by indicative council tax increases to control the cost of the LCTR Scheme although customers who do not work, or who earn less than £75.23 per week, will have no Council Tax to pay. This ensures that the scheme remains affordable and sustainable whilst continuing to support the most vulnerable households. The proposed criteria for 2026/27 are summarised in the table below.

**Table 14: 2026/27 Proposed Income Bands and Contribution Rates**

Income Bands (Monthly)	Monthly contribution	Income Bands (Weekly up to)	Weekly contribution
Not in work or less than £326	-	Not in work or less than £75.23	-
£326 - £685.99	£54	£158.31	£12.46
£686 - £1,305.99	£102	£301.38	£23.54
£1,306 to £2,076.99	£145	£479.31	£33.46
£2,077 to £2,668.99	£216	£615.92	£49.85
£2,669 to £2999.99	£283	£692.31	£65.31
Over £3,000	No entitlement to LCTR	over £692.31	No entitlement to LCTR

## Business Rates

8.26 The Government's key changes to Business Rates, are as follows:

- 2026/27 will see a business rates reset. This means that accumulated retained business rates growth will be redistributed according to need by way of recalculating Baseline Funding Levels.
- Business rates growth will still be subject to levies, but there are now three growth tiers with different levy rates (initial growth at 10%, further growth at 30% and high growth at 45%).
- Pooling arrangements are also still available. However, due to the reset, growth values for 2026/27 and hence any levies due and safety nets applicable means that new pooling benefits available are not expected to be significant compared to previous years. Therefore, the decision has been taken not to pool in Suffolk as the risks of the pool potentially covering the costs of the safety net outweigh any benefits at this stage. This will be kept under review and reviewed annually
- Alongside the reset, there will be some changes to methodology. Business rates baselines and income for levy purposes will be calculated at gross level (resulting in higher tariffs), with Section 31 grants fully compensating all mandatory and most discretionary reliefs. Section 31 grants will be accounted for through the collection fund and distributed in line with net rating income. This should make neutralising the effect of current and future government policy (e.g. new reliefs) simpler and more transparent as there should be no net impact on rates income distributions from the collection fund.
- Business rates will be revalued with effect from the 1<sup>st</sup> April 2026, updating the rateable values (RVs) of all non-domestic properties. The new RVs are based on rental values as of 1<sup>st</sup> April 2024. The two main multipliers will be falling so that tax rates are adjusted to reflect the tax base changes. The small business multiplier will be falling from 49.9p to 43.2p and the standard multiplier will be falling from 55.5p to 48p.
- Two new discounted Retail, Hospitality and Leisure (RHL) multipliers (replacing RHL relief) and one new supplemented high-value multiplier will come into effect from 2026/27 (38.2p small business RHL, 43.0p standard RHL and 50.8p high-

value). However, these will be offset by Section 31 grants so there will be no net change in the Council's rating income.

- Other reliefs to be granted under section 47 powers and compensated in full by section 31 grants are a 10-year 100% relief for eligible Electric Vehicle Charging Points and Electric Vehicle only forecourts (EVCP relief) and extensions/increases to Supporting Small Business Scheme (SSB reliefs).
- A new Transitional Relief Scheme and Supplement for 2026/27 and an extension of Supporting Small Business Relief Scheme (SSBR) will be detailed in new regulations and guidance.
- Designated areas and renewable energy schemes are exempt from the rates reset but will see comparable changes (e.g. expansion of Section 31 grants), some of which will require new legislation.
- Baseline funding levels and tariffs will be indexed by CPI each year and S31 grant compensation will be made for any under-indexation of the small and standard multipliers. There is no such compensation required for 2026/27.
- Some business rates items are being rolled up into the Revenue Support Grant. This includes the current compensation and adjustments for historic under-indexation, but this will also be subject to redistribution according to need. Other elements are green plant and machinery compensation and the fixed component of SBRR compensation.

**Table 15: Detail of the Business Rates income budgets**

<b>Business Rates Breakdown</b>	<b>Budget 2025/26 (£'000)</b>	<b>Budget 2026/27 (£'000)</b>
S31 Business Rates Grant	(3,135)	-
Baseline Business Rates	(10,305)	(13,923)
Business Rates Current Year Levy	888	(71)
Business Rate Tariff Payments	8,185	11,947
Business Rates Pool share of Growth Benefit	(487)	-
Removal of Top Slicing	(233)	-
Business Rates Prior Year Deficit / (Surplus)	(354)	(120)
Business Rates Adjustment	-	125
Enterprise Zone Income	(318)	(403)
Business rates - Renewable Energy	(223)	(218)
<b>TOTAL</b>	<b>(5,982)</b>	<b>(2,662)</b>

8.27 Table 15 reflects the changes in the business rates as described in paragraph 8.26.

8.28 This particularly highlights Section 31 grants being accounted for through the Collection Fund rather than the Revenue account, which increases both baseline business rates income and tariff payments as well as reducing S31 grants income to zero.

8.29 In addition, the business rates reset (which essentially resets growth) is reflected in the Levy. This is now expected to be a Safety Net payment received due to the reset and an anticipated decline in gross rates in year. The combined effect on rates and S31 income and tariff and levy payments means that Babergh's baseline business rates income that the Council gets to keep reduces from £4.367m to £2.047m, a reduction of £2.320m.

- 8.30 There is also no benefit from pooling or top slicing as the Suffolk pool will not be going ahead this year as there is no anticipated benefit as a result of reduced accumulated growth and changes to the Levy/ Safety net calculations.
- 8.31 Share of prior year collection fund surplus/ deficit is now included in Business Rates Adjustment, along with any prior year surplus/ deficit for enterprise zones and renewable energy disregards. The projected share of 2025/26 collection fund deficit is £84k which is mostly offset by a projected 2025/26 surplus for the enterprise zone of £79k. A 2026/27 year-end surplus of £120k (which must be deferred into the following year via Business Rates Adjustment) is expected for S31 grants on reliefs to be granted in year. Previously, these differences were accounted for in year, but the change to accounting for S31 grants through the Collection Fund means they now form part of the year-end surplus/ deficit.
- 8.32 Enterprise zone income has increased due to favourable revaluations.

## 9. PRESSURES AND SAVINGS

- 9.1 Table 16 illustrates the savings and pressures between the 2025/26 budget and the position for 2026/27.
- 9.2 As part of the budget setting process all services areas were reviewed with Heads of Service and Directors. This review identified £10.867m of savings or increased income, however there were also a number of increases identified, totalling £12.234m, Reducing the overall net cost of service for 2026/27 by £1.367m.
- 9.3 One of the more significant pressures is in relation to employee costs in terms of the pay award and annual increments, which alone total £594k, however this is offset by the pension saving of £895k and other staff savings of £975k.
- 9.4 These pressures and savings also include increases and decreases in recharges to the HRA and Capital and the £1m transfer to pooled funds that was for 2025/26 only.
- 9.5 There has been an increase in grants received overall of £63k, (excluding the Waste service new funding) however this will be offset by an increase in costs that these grants are funding, including B&B and homelessness.
- 9.6 Waste changes have been shown separately below as there are some significant increases and decreases because of the waste changes coming in, as described in paragraph 6.14.

**Table 16: Savings and pressures 2025/26 to 2026/27**

Budget Areas	Pressure (£'000)	Saving (£'000)	Total (£'000)
<b>Net cost of Service 2025/26 (A)</b>			<b>15,090</b>
<b>Employees</b>			
Pension saving, contribution rate reducing from 26% to 16.4%		(895)	
Pay Award (0.2% 2025/26 £25k, and 3% 2026/27 £371k)	396		
Increments	198		
Authority Splits changes between Mid Suffolk and Babergh (Feel Good Suffolk Roles - £105k which is fully funded by Feel Good Suffolk)		(249)	
Staff Savings		(975)	
Increase to establishment of which £353k is externally or reserve funded	622		
<b>Total Employee changes</b>			<b>(903)</b>
<b>Premises Expenses</b>			

Budget Areas	Pressure (£'000)	Saving (£'000)	Total (£'000)
Pressures, incl. PV panels maintenance £69k, business rates increase, increase in rent guaranteed scheme and homelessness costs (offset by income and grant) and insurance increase	174		
Savings, incl. lower business rates and repairs		(158)	
Other small budget changes under £5k per item		(10)	
<b>Total Premises Expenses changes</b>			<b>6</b>
<b>Supplies &amp; Services</b>			
Pressures, incl. B&B costs, IT software maintenance contracts in Finance and Planning	138		
Savings, incl. spend on consultants, legal expenses, bank charges and IT		(125)	
Changes to Waste Services, larger payment for glass bring site in 2026/27, offset by savings on waste disposal and glass collections		(358)	
Other small budget changes under £5k per item	5		
<b>Total Supplies &amp; Services changes</b>			<b>(345)</b>
<b>Transport Expenses - small net pressure</b>	(7)		<b>(7)</b>
<b>Contracts</b>			
Budget pressure, incl. SCC IT contract and increase to SRP contribution based on case load	148		
Change in Leisure Contract status to Agency Model	2,620		
Changes to Waste Contract, £1.520m New Food Waste, £237k 5% increase on Serco contract	1,758		
<b>Total Contracts change</b>			<b>4,526</b>
<b>Grants and Contributions</b>			
Budget pressure, increase in grants paid out shared prosperity and changes to healthy behaviours contribution	128		
Increase in Government Grants, incl. rough sleepers, temp accommodation and new building regs funding		(318)	
Reduction in Government Grants, incl. neighbourhood plans, domestic abuse, and homeless prevention	133		
EPR New Burdens £1.050m		(1,050)	
Other small budget changes under £5k per item		(6)	
<b>Total Grants and Contributions change</b>			<b>(1,113)</b>
<b>Sales, Fees &amp; Charges</b>			
Increased Income, garden and trade waste, public realm, planning, licencing, building control and car parking		(606)	
Change in Leisure Contract status to Agency Model		(2,674)	
Reduced Income, CIL, street naming and numbering and incorrect car parking income budget in 2025/26	345		
Changes to Waste Services, bulky refuse impact of upcycling resulting reduced use of this service	17		
Other small budget changes under £5k per item		(13)	
<b>Total Sales, Fees &amp; Charges change</b>			<b>(2,931)</b>
Savings from 2025/26 Savings Programme - now reflected in other budget lines except for posting letters in planning, proposal rejected £26k	91		91
<b>Rental &amp; Other Income (incl. PV panels)</b>			
Reduced Income, incl. rent deposit scheme, Homes for Ukraine and contribution from ICB	11		
Increased income, incl. increased income to offset B&B costs and rent guaranteed scheme		(100)	
Changes to Waste Services, reduction in recycling credits £415k and reduction in income from recycling banks £8k	423		
Other small budget changes under £5k per item		(3)	

Budget Areas	Pressure (£'000)	Saving (£'000)	Total (£'000)
<b>Rental &amp; Other Income (incl. PV panels) changes</b>			<b>331</b>
<b>Transfers to / (from) Reserves change - see reserves table</b>	305	(430)	<b>(125)</b>
<b>Charge to HRA/Capital changes - recharges in and out</b>	2,827	(2,666)	<b>161</b>
<b>Capital Financing Charges</b>			
Interest Payable decrease due lower interest rates forecast and reduced on capital spend		(143)	
Item 8 Debit Recharge to HRA increase		(455)	
Minimum Revenue Provision (MRP) increase	320		
<b>Capital Financing Charges Changes</b>			<b>(278)</b>
<b>Investment Income</b>			
Pooled Funds - Transfers to Reserves in 2025/26 as one off transfer		(1,000)	
Interest Receivable change including less income from Pooled Funds	69		
Item 8 Credit Recharge from HRA decrease	149		
<b>Investment Income changes</b>			<b>(782)</b>
Housing Benefit	1		1
<b>Total pressures and savings (B)</b>	<b>10,867</b>	<b>(12,234)</b>	<b>(1,367)</b>
<b>Net cost of Service 2026/27 (A+B)</b>			<b>13,722</b>
<b>Waste changes net</b>	<b>2,198</b>	<b>(1,407)</b>	<b>791</b>
<b>Total pressures and savings excluding Waste changes</b>	<b>8,669</b>	<b>(10,827)</b>	<b>(2,158)</b>

9.7 Babergh District Council's long-standing partnership with Mid Suffolk District Council has helped shield the council from the worst impacts of the budget pressures described above. Both Councils have been able to benefit from the greater efficiencies generated by a single cohort of staff working for two councils. Most of these benefits have now been embedded however, and it is increasingly difficult to find additional 'pain-free' efficiencies for residents and communities. Doing 'the same for less', let alone doing 'more for less', is no longer possible. The Council must find a balance – deciding what it does less of, and where it can justify charging a little more to sustain the same level of service for residents. In considering how to set a balanced budget for 2026/27 the Council's administration has sought to balance the following principles:

- **People** - protecting critical services to the most vulnerable who are still feeling the impacts of the cost-of-living crisis.
- **Place** – working with our parishes and towns across Babergh to bring clarity and consistency to service provision and cost.
- **Planet** – as part of providing stewardship of the local area the Council must ensure that it protects its communities as far as possible from the impacts of climate change which we experience largely through water shortages (as both one of the driest parts of England) and conversely, through flooding due to increasingly extreme weather.
- **Organisation** – ensuring that the district council is organisationally resilient in terms of capacity and capability to be able to respond to the pressures facing society and the sector, especially given the context of Local Government Reorganisation.

- 9.8 Based upon these principles the administration has taken a blended approach to savings that utilises all the available options and spreads the impact whilst protecting the most vulnerable and acting responsibly in looking to the future.
- 9.9 Given the uncertainty in local government funding, as well as the uncertainty created by local government reorganisation, it might have been tempting to close the 2026/27 budget gap entirely through the use of reserves. To do so would destabilise the organisation, however, leaving it with very little usable reserves, and ignores that the implementation of LGR has costs that will accrue to the current council. It is not responsible financial management to simply push the financial challenge 'down the road' and create a larger financial 'cliff edge' in future years. Nor is it responsible to pass on financial weakness to any successor councils.
- 9.10 To put the Council, and any successor, on the strongest possible financial footing for the future, it might alternatively be tempting to immediately make swinging cuts in services or introduce dramatic increases in fees and charges that are inconsistent with the rest of the sector. The administration consider that this would be irresponsible ahead of the changes described above and could disadvantage those residents who are most in need.
- 9.11 The administration has therefore sought to balance the 2026/27 budget through some service reductions, some reductions in the capital programme and some increases in fees and charges.
- 9.12 There are number of functions that the Council is legally obliged to ensure are carried out, known as statutory services, whilst other activities are discretionary. Where the Council chooses to deliver discretionary services, however, these often result in additional legal responsibilities e.g. health & safety.
- 9.13 Very few aspects of how statutory functions must be delivered are prescribed in law. There is also no direct correlation between whether something is statutory and the degree to which it supports the most vulnerable in society. The administration has, therefore, concluded that any strategy to de-fund discretionary services and protect funding to statutory functions would not be in the best interests of the residents and communities of Babergh, and would be contrary to the spirit and purpose of local government.
- 9.14 The cost efficiencies proposed will be delivered by reductions in pension contributions, more targeted use of training budgets, prioritising our most impactful communications, continuing the 'in house' approach to staff surveys and advertising vacant posts, reduced mileage costs, and improved use of assets.
- 9.15 Additional to these efficiencies, but shown as a separate savings figure, are reductions in staffing where vacancies have arisen and are being absorbed, (totalling £975k) for example in ICT, housing solutions, planning, building control, public realm, assets, economic development, sustainable communities, strategic policy and governance roles. Some teams will also be restructuring to remove roles.
- 9.16 Whilst every effort has and will be made to minimise the impact of these savings there will inevitably be reduced capacity to undertake some of the activities that people have been used to receiving. Planning officers will have less capacity to explain process and enter dialogue with stakeholders, the policy team will have less capacity to create state of the district reports, businesses and communities will have to get more support from relevant umbrella bodies within their sectors, managers will be spread more thinly, and

there will be less capacity to look beyond our boundaries and explore emerging best practice.

- 9.17 The increases to fees and charges are set out in the fees & charges schedule approved by Cabinet in November 2025 and the budget assumes some growth increases in the cost and frequency of those payments.
- 9.18 Each Council is legally obliged to pay for the staff time that it utilises. The Councils have governance mechanisms in place to ensure the costs are reconciled each year and therefore borne by the relevant Council. There have therefore been some reductions to Babergh's budget that reflect these fluctuations
- 9.19 Babergh has also made specific decisions to reduce investment in certain activities, which Mid Suffolk have decided to absorb through greater service delivery across Mid Suffolk. This includes activity related to climate change, sustainable travel, biodiversity, and waste education.
- 9.20 Overall, the administration considers it has taken a proportionate and balanced approach to setting the 2026/27 budget. It is clear however that the medium-term financial position remains financially challenging.

## **10. RESERVES**

- 10.1 Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.
- 10.2 The forecast position on the Council's earmarked reserves is shown in Appendix C. The Council has classified the reserves into three groups: reserves held to mitigate financial risks and to fund budget deficits, reserves set up to fund specific services, and reserves that are corporate resources for strategic priorities and costs.
- 10.3 It is forecast that the Council will hold £10.702m of earmarked reserves at the end of this financial year 2025/26 (this total includes funding the forecast deficit of £333k).
- 10.4 The Council has a General Fund reserve balance of £1.2m in addition to the earmarked reserves reported in Appendix C. This is totally uncommitted and acts as a contingency to fund unforeseen costs. There is no statutory minimum level for such a reserve, it is a matter for each local authority's own judgement after taking into consideration the strategic, operational, and financial risks it faces.
- 10.5 It should be noted that the reserves position in Appendix C shows negative forecast financial resilience reserve positions in the latter part of the medium-term planning horizon. This position could not actually occur. The negative figures show that given the current medium-term forecast the Council does not have sufficient reserves to fund the estimated future budget gaps from the financial resilience reserves.
- 10.6 The reserves fall into a negative position by 2030/31 without savings or income generation being made.

## 11. MEDIUM TERM FINANCIAL POSITION (MTFP)

11.1 Table 16 shows the forecast summary position for the period 2025/26 to 2030/31. More detail is given in Appendix A. The forecast shows that the financial position going forwards will be very challenging given that the costs and demands for the Council's services continue to outstrip the resources available to fund them. And whilst, as explained below, there is a lot of uncertainty in the forecast, the likelihood is that significant savings and/or increases in income will need to be identified in the years to come to balance the budget.

**Table 16: Forecast gross expenditure and income over period 2025/26 to 2030/31**

	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)	Forecast 2027/28 (£'000)	Forecast 2028/29 (£'000)	Forecast 2029/30 (£'000)	Forecast 2030/31 (£'000)
Gross Expenditure	28,665	31,557	32,765	33,875	35,339	36,065
Gross Income	(28,036)	(31,895)	(31,498)	(31,442)	(32,119)	(33,011)
Adjustment for Housing Benefit	3	4	4	4	4	4
<b>Budget (Surplus) / Deficit</b>	<b>633</b>	<b>(334)</b>	<b>1,271</b>	<b>2,437</b>	<b>3,225</b>	<b>3,057</b>
Use of reserves to fund budget Gaps	(333)	-	(1,271)	(2,437)	(2,793)	-
Balance of Financial Resilience Reserve	6,167	6,501	5,230	2,793	-	-
<b>Remaining Budget Gap</b>					<b>432</b>	<b>3,057</b>

11.2 Over the medium-term period gross expenditure is forecast to increase by £4.508m (14.28%) from the 2026/27, due to forecast pay awards, staff increments, inflationary increases on major contracts, and capital financing charges. The major cost and income assumptions used in the MTFP are shown in Appendix B.

11.3 Income over the same period however is forecast to increase by only £1.116m (3.5%).

11.4 The ongoing expenditure needed to fund Council Services is far outstripping the Council's recurring income resources from Business Rates, Council Tax, fees & charges, and government grants. This is largely because of the local government funding reforms as set out in paragraphs 8.14 to 8.24. The Council therefore has the structural budget challenge of having to permanently reduce its base budget, or increase its income, before it uses all its Financial Resilience Reserve.

### Medium Term Financial Strategy

11.5 To achieve its ambitions, the Council needs to take a medium-term view of budgeting through a robust financial strategy. The Council's main strategic financial aim remains to become self-financing. The Council's parallel aim is to generate more funds than are required purely for core services, to enable additional investment into the district.

11.6 There are 3 key elements that need to be carefully balanced to ensure financial sustainability, which are cost management, income generation and service levels.

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

- Reduce our costs
- Increased income
- Provide better / "best" value
- Increased social value
- Provide a better service for our customers

- Reduction in administration costs, without compromising service
- Reduced climate change and biodiversity impact

11.8 The focus is on:

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

11.9 It is likely that additional resources and investment will be required in order to deliver efficiencies and savings in the longer term. The Council will continue this approach to further transform the way it operates over the MTFP period.

11.10 A further key element of the Strategy is having adequate reserves available to manage any unexpected changes to spending and funding plans. They are a fundamental part of the way the Council manages its business risks and maintains a stable financial position.

11.11 It is important to keep the focus on financial sustainability ahead of the Government's decision on LGR for Suffolk. With limited reserves, increasing costs and reduced funding, the Council will need to focus on balancing its budgets over the medium term whilst also undertaking investment to get itself ready for LGR.

11.12 The 2026/27 Budget and MTFP does not include any pressure for the funding of transition costs as part of LGR. The funding of transition costs will be a collaborative approach between all Suffolk councils, with reserves being considered as the first call for funding these (where these reserves can then be replenished), in advance of savings being delivered.

11.13 However, given Babergh's financial position, reserves will need to be maintained at a level to provide adequate financial resilience and therefore it is proposed that the Council seeks to obtain permission from Government to use capital receipts to help manage upfront transition costs, and costs associated with service transformation, cost saving initiatives and efficiency improvements as set out in Appendix E.

## **12. CAPITAL PROGRAMME**

12.1 Appendix D shows the full breakdown of the capital programme to 2030/31. The main schemes proposed in the 2026/27 capital budget are:

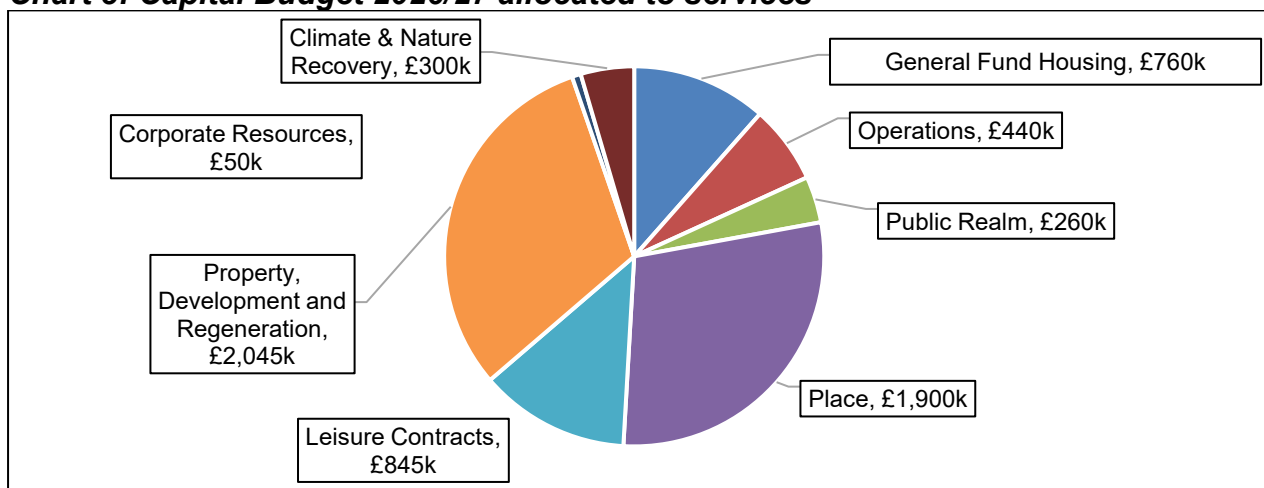
- Belle Vue Café – Budget of £1.2m to deliver the project at Belle Vue Café. Current forecasts are included for 2025/26 but expenditure will be incurred in 2026/27.
- Kingfisher Leisure Centre - £775k budgeted for in 2026/27 to deliver essential maintenance to keep the leisure centre operational.
- Community Infrastructure Levy (CIL) - £1.6m for funding of approved schemes across the district.
- Mandatory Disabled Facilities Grant - £760k per year across the MTFP for this service which is funded.

- Replacement of Refuse Freighters – An amount of £340k per year across the MTFP for replacing refuse freighters.
- Rent a Roof Scheme - £300k budget allocated for the rent a roof scheme to deliver solar PV panels across the district.
- Borehamgate Shopping Centre - £230k for capital planned maintenance works.
- Strategic investment Fund - £350k available for opportunistic purchases.

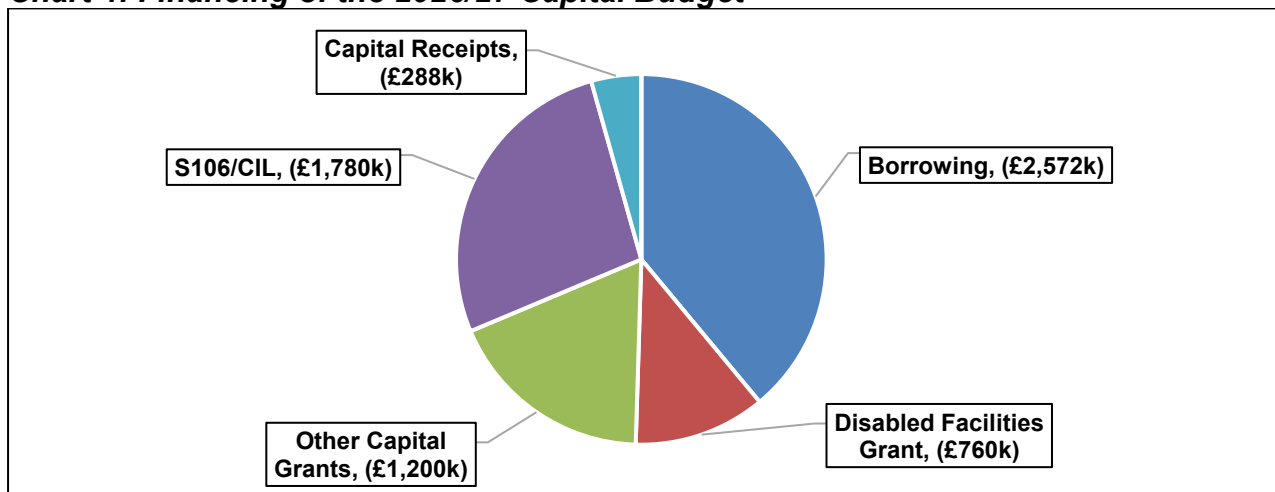
**Table 17: Capital Programme and financing 2025/26 to 2030/31**

Capital Budget	2025/26 Forecast (£'000)	2026/27 Forecast (£'000)	2027/28 Forecast (£'000)	2028/29 Forecast (£'000)	2029/30 Forecast (£'000)	2030/31 Forecast (£'000)
Capital Budget	11,717	6,600	2,265	2,065	2,065	2,065
<b>Financing</b>						
Borrowing	(6,721)	(2,572)	-	(699)	(970)	(954)
Disabled Facilities Grant	(798)	(760)	(760)	(760)	(760)	(760)
Other Capital Grants	(2,579)	(1,200)	-	-	-	-
S106/CIL	(1,169)	(1,780)	-	-	-	-
Capital Receipts	(400)	(288)	(1,505)	(606)	(335)	(351)
Earmarked Reserves	(50)	-	-	-	-	-
<b>Total</b>	<b>(11,717)</b>	<b>(6,600)</b>	<b>(2,265)</b>	<b>(2,065)</b>	<b>(2,065)</b>	<b>(2,065)</b>

**Chart 3: Capital Budget 2026/27 allocated to services**



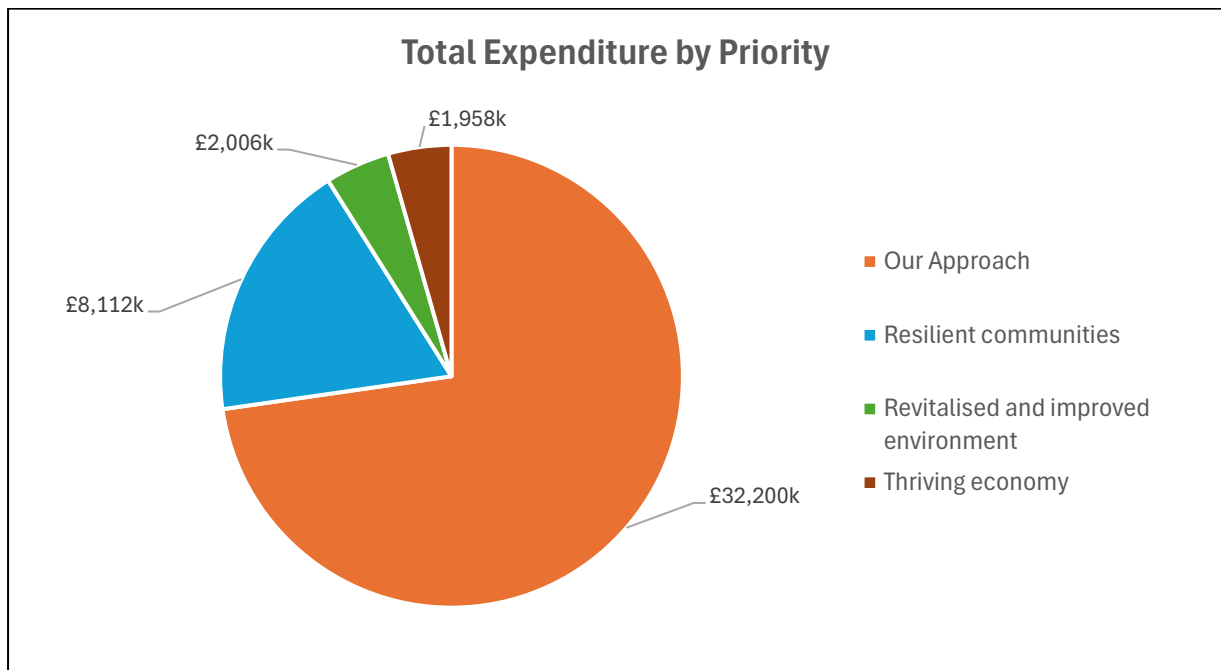
**Chart 4: Financing of the 2026/27 Capital Budget**



### 13. LINKS TO OUR PLAN FOR BABERGH

- 13.1 Ensuring that the Council makes best use of its resources underpins the ability to achieve the priorities set out in Our Plan for Babergh. One of the key planks of 'our approach' is ensuring that Babergh District Council is a financially viable organisation now and for the future. The underlying principle of the Medium-Term Financial Plan is to be financially sustainable.
- 13.2 Chart 5 shows the gross revenue and capital spend for 2026/27 and how this aligns with the plan for Babergh. Chart 5 illustrates the Council are spending £32.2m on 'Our Approach' which covers delivering good quality core Council services, ensuring the Council remains financially viable and providing open and honest leadership. There is £8.1m allocated to building resilient communities, £2m for revitalising the environment and £1.9m on a Thriving Economy.

**Chart 5 Revenue and Capital Spend 2026/27 by Priority**



### 14. FINANCIAL IMPLICATIONS

- 14.1 These are detailed in the report.

### 15. LEGAL IMPLICATIONS

- 15.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) require the Council to set a balanced budget annually having regard to the advice of its Chief Finance Officer (Section 151) in relation to the level of reserves, the robustness of the estimates, and the risks associated with the proposed budget.

### 16. RISK MANAGEMENT

- 16.1 The Section 25 Report from the Section 151 Officer in Appendix F includes an assessment of the robustness of budget estimates and reserves to ensure the Council maintains adequate provision given the level of financial risk.

16.2 Key risks are set out below.

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
The income, capital and outcome projections for the Councils investment in the Capital Investment Fund (CIFCO) may not be met	3 - Probable	2 - Noticeable	Implementation of strong corporate governance Engagement of independent professional advisers and preparation of annual audited accounts. Business Plan approved by Council Review by Overview and Scrutiny Committee Council oversight of trading companies' management accounts Cashflow forecast complete Develop Business Plan for Council Review with continuing focus on capital strategy	Strategic Risk Register - SRR001
General Fund: Babergh District Council may fail to be financially sustainable	3 - probable	4 - Disaster	Continued monitoring and reporting of the Councils financial position including actual and reserves. Cabinet briefings to review position and budget options. External value for money audits. Corporate transformation programmes to review expenditure and income to balance future years budgets. Early development of medium term financial strategy and identification of options	Strategic Risk Register - SRR008BDC
Babergh District Council may expose itself to financial risk through its own subsidiary companies and other commercial activities.	4 – Highly probable	3 - Bad	Director of Assets and Investments is a Director on each Company Board Director of Finance is provisioned with Company accounts annually in addition to receiving quarterly financial reporting Discussions with external auditors - EY	Strategic Risk Register - SRR0017BDC

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference
			Advice from Treasury Managers - Arlingclose Annual assessment of expected credit losses on lending to companies Further Mitigation Actions - Formal training on subsidiary companies for officers and councillors regularly Assess whether company directors have the relevant skills to oversee a commercial business	
The councils may face significant increases in their borrowing costs.	2 - unlikely	3 - Bad	Regular review of current interest rates and ongoing advice from Arlingclose. Review as part of treasury and investment strategy, and budget setting to ensure further decisions that incur borrowing are affordable.	Strategic Risk Register - SRR0025BD C

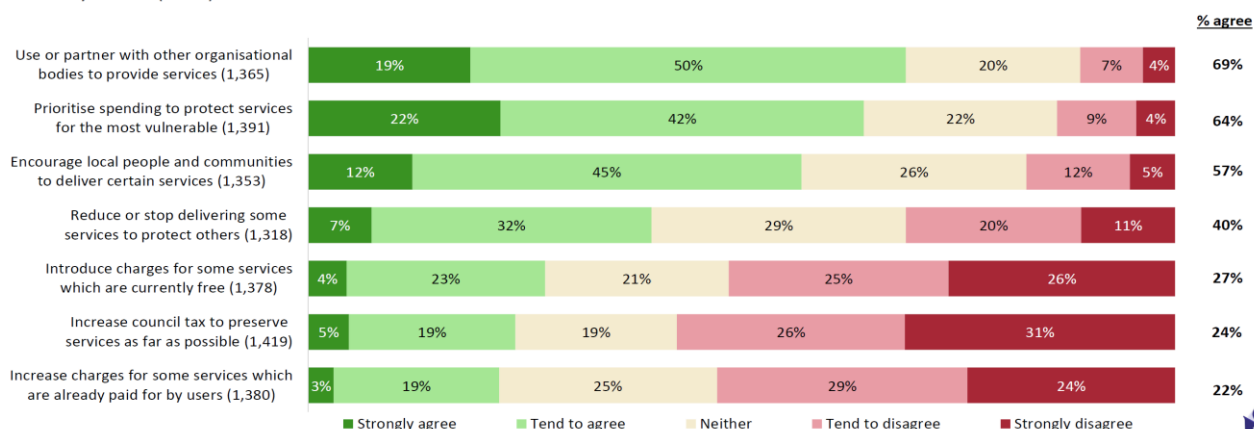
## 17. CONSULTATIONS

- 17.1 Consultations have taken place with Directors, Corporate Managers, Budget Managers and Cabinet Members as appropriate.
- 17.2 Between 31 July 2025 and 19 October 2025 Babergh conducted a resident's survey, 1,469 online and postal questionnaires were completed, yielding a household response rate of 23.21% and an estimated individual response rate of 12.28%.
- 17.3 The survey included a question relating to the Councils finances when dealing with financial pressures - To what extent do you agree or disagree that Babergh District Council should do each of the following when faced with financial pressures?

***Chart 6: Respondent views on To what extent do you agree or disagree that Babergh District Council should do each of the following when faced with financial pressures?***

## Dealing with financial pressures

- Babergh residents are most inclined to agree that the Council should use or partner with other organisational bodies to provide services (69%) when faced with financial pressures.
- Residents are least inclined to agree that they should increase charges for some services which are already paid for by users (22%).



NEWQ1: To what extent do you agree or disagree that Babergh District Council should do each of the following when faced with financial pressures?



## 18. EQUALITY ANALYSIS

18.1 A full Equality Impact Assessment (EIA) has been completed and can be found in Appendix J.

## 19. ENVIRONMENTAL IMPLICATIONS

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

19.2 The Council's new strategic priorities state that environmental and social responsibilities will be at the heart of all the work the Council undertakes and the budget underpins this.

19.3 In support of the Council's commitment to be Carbon neutral by 2030, including membership of the UK100, several initiatives have and are being undertaken from a combination of the Council's own resources and those secured from external sources. Work is underway to update and revise the Biodiversity Action Plan. Further work is ongoing with regard to carbon reduction and climate adaptation related activity both in respect of the Council's own emissions and those of the wider district.

## 20. APPENDICES

Title	Location
Medium Term Financial Plan 2025/26 to 2030/31	Appendix A
Inflation and other key assumptions made in the 2026/27 budget and MTFP	Appendix B
Forecast Earmarked Reserves	Appendix C

Capital Programme for 2025/26 to 2030/31	Appendix D
Flexible Use of Capital Receipts Strategy	Appendix E
Section 25 Report from the S151 Officer	Appendix F
Council Tax Resolution and Parish Schedules	Appendix G
Glossary of financial terms used in the Budget Report	Appendix H
Budget Book 2026/27	Appendix I
Full Equality Impact Assessment	Appendix J

## 21. BACKGROUND DOCUMENTS

BC/24/41 2025/26 GENERAL FUND BUDGET AND MEDIUM-TERM FINANCIAL POSITION (MTFP)  
 BC/25/22 FEES AND CHARGES 2026/27  
 BCa/25/27 2026/27 DRAFT GENERAL FUND BUDGET & MEDIUM-TERM FINANCIAL POSITION (MTFP)  
 BCa/25/29 GENERAL FUND FINANCIAL MONITORING 2025/26 Q2 OUTTURN  
 BC/23/32 OUR PLAN FOR BABERGH  
 BCa/25/46 2026/27 GENERAL FUND BUDGET & MEDIUM-TERM FINANCIAL POSITION (MTFP)

## 22. REPORT AUTHORS

David Feveyear-Ward, Head of Finance and Deputy S151 Officer

Melissa Evans, Director Finance & Procurement and S151 Officer

Beth Sherman, Financial Accountant

APPENDIX A: MEDIUM TERM FINANCIAL PLAN 2025/26 TO 2030/31

	Budget 2025/26 (£'000)	Budget 2026/27 (£'000)	Forecast 2027/28 (£'000)	Forecast 2028/29 (£'000)	Forecast 2029/30 (£'000)	Forecast 2030/31 (£'000)
Employees	12,456	11,553	12,121	12,738	13,386	14,067
Premises Expenses	1,772	1,778	1,766	1,769	1,773	1,777
Supplies & Services	5,363	5,017	4,947	4,971	4,990	4,984
Transport Expenses	441	434	379	385	391	397
Third Party Payments	4,920	9,446	9,826	10,223	10,636	11,067
Transfer to Reserves	133	26	85	47	48	48
<b>Capital Financing Costs:</b>						
Interest Payable - CIFCO (PWLB Only)	187	177	163	152	385	363
Interest Payable - Short-Term Borrowings	2,084	1,952	2,250	2,430	2,549	2,661
Less Item 8 Debit Recharge to HRA	(462)	(918)	(918)	(946)	(1,014)	(1,103)
Minimum Revenue Provision (MRP)	1,771	2,091	2,145	2,107	2,196	1,804
<b>Total Expenditure</b>	<b>28,665</b>	<b>31,557</b>	<b>32,765</b>	<b>33,875</b>	<b>35,339</b>	<b>36,065</b>
<b>Income</b>						
Grants and Contributions	(1,592)	(2,706)	(2,601)	(2,606)	(2,611)	(2,617)
Sales, Fees & Charges	(5,462)	(8,393)	(8,661)	(8,828)	(9,098)	(9,356)
Savings from Savings Programme	(91)	-	-	-	-	-
Rental & Other Income (incl. PV panels)	(2,348)	(2,017)	(1,911)	(1,911)	(1,911)	(1,911)
Transfer from Reserves	(535)	(552)	(368)	(351)	(323)	(562)
Recharges	(1,964)	(1,803)	(1,822)	(1,841)	(1,861)	(1,882)
<b>Investment Income:</b>						
Interest Receivable - Pooled Funds	(420)	(336)	(336)	(336)	(336)	(336)
Interest Receivable - Short-Term Investments	(178)	(208)	(208)	(188)	(163)	(163)
Pooled Funds - Transfers to Reserves	1,000	-	-	-	-	-
Less Item 8 Credit Recharge from HRA	172	321	122	77	89	121
Interest Receivable - (CIFCO)	(2,160)	(2,146)	(2,132)	(2,115)	(2,099)	(2,082)
<b>Government Grants:</b>						
New Homes Bonus	(838)	-	-	-	-	-
Revenue Support Grant (RSG)	(154)	(3,549)	(3,071)	(2,570)	(2,570)	(2,570)
Adjustment Support Grant	-	(440)	-	-	-	-
Employers National Insurance Compensation	(119)	-	-	-	-	-
Funding Guarantee Grant	(219)	-	-	-	-	-
<b>Business Rates:</b>						
Baseline Business Rates	(10,305)	(13,923)	(14,248)	(14,541)	(14,838)	(15,140)
Business Rates Current Year Levy	888	(71)	-	-	0	1
Business Rate Tariff Payments	8,185	11,947	12,221	12,468	12,655	12,908
Business Rates Pool share of Growth Benefit	(487)	-	-	-	-	-
S31 Business Rates Grant	(3,135)	-	-	-	-	-
Removal of Top Slicing	(233)	-	-	-	-	-
Business Rates - Renewable Energy	(223)	(218)	(223)	(227)	(232)	(237)
Enterprise Zone income	(318)	(403)	(412)	(420)	(429)	(437)
Business Rates Prior Year Deficit / (Surplus)	(354)	(120)	-	-	-	-
Business Rates Adjustment	-	125	(120)	-	-	-
Collection Fund Surplus/Deficit	-	16	-	-	-	-
Council Tax	(7,144)	(7,422)	(7,729)	(8,053)	(8,393)	(8,749)
<b>Total Income</b>	<b>(28,036)</b>	<b>(31,895)</b>	<b>(31,498)</b>	<b>(31,442)</b>	<b>(32,119)</b>	<b>(33,011)</b>
HB Transfer Payments	12,401	12,403	12,403	12,403	12,403	12,403
HB Grants and Contributions	(12,398)	(12,398)	(12,398)	(12,398)	(12,398)	(12,398)
<b>Budget (Surplus) / Deficit</b>	<b>633</b>	<b>(334)</b>	<b>1,271</b>	<b>2,437</b>	<b>3,225</b>	<b>3,057</b>
Use of reserves to fund budget gap	(333)	-	(1,271)	(2,437)	(2,793)	-
Balance of Financial Resilience Reserve	6,167	6,501	5,230	2,793	-	-
<b>Remaining Budget Gap</b>					<b>432</b>	<b>3,057</b>

**APPENDIX B: INFLATION & OTHER KEY ASSUMPTIONS MADE IN THE 2025/26 BUDGET AND MTFP**

	2026/27 (%)	2027/28 (%)	2028/29 (%)	2029/30 (%)	2030/31 (%)
<b>Employees</b>					
Annual Pay Award Inflation	3%	3%	3%	3%	3%
Annual Increment Increases Inflation	2%	2%	2%	2%	2%
Employers NI Contribution Rate (above £5,000 threshold)	15%	15%	15%	15%	15%
Employers Pension Contribution Rate	16.4%	16.4%	16.4%	16.4%	16.4%
Vacancy Management Factor	3%	3%	3%	3%	3%
<b>Major Contracts</b>					
Domestic Waste Contract	5%	5%	5%	5%	5%
Garden Waste Contract	5%	5%	5%	5%	5%
Food Waste Contract	5%	5%	5%	5%	5%
Trade Waste Contract	5%	5%	5%	5%	5%
IT SCC Contract	3%	3%	3%	3%	3%
Leisure Contract	3%	3%	3%	3%	3%
Shared Revenues Partnership Contract	3%	3%	3%	3%	3%
<b>Supplies &amp; Services - Price inflation - for different types of expenditure</b>					
Insurance Premium Increase	10%	10%	10%	10%	10%
<b>Fees &amp; Charges</b>					
Building Control	11.33%	2.65%	2.66%	2.67%	2.67%
Car Parking	(7.23%)	-	-	-	-
Planning & Enforcement	8.86%	22.08%	9.04%	16.59%	14.23%
Electoral Services & Land Charges	-	-	-	-	-
Housing Solutions	13.97%	-	-	-	-
Licensing	9.48%	-	-	-	-
Public Realm	28.11%	7.50%	6.98%	6.52%	6.12%
Recycling, Waste & Fleet	5.30%	(0.09%)	0.13%	0.13%	0.22%
Strategic Planning	(67.70%)	-	-	-	-
<b>Capital Financing Charges &amp; Investment Income</b>					
Minimum Revenue Provision - Annuity Rate	5%	5%	5%	5%	5%
Interest payable - Short-Term Borrowing Interest Rates	4%	3.75%	3.5%	3.5%	3.5%
Interest income - Short-Term Investments Interest Rates	4%	3.75%	3.5%	3.5%	3.5%
<b>Council Tax</b>					
Council Tax Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax Base Growth	0.86%	1.12%	1.16%	1.19%	1.22%

## APPENDIX C: FORECAST EARMARKED RESERVES

Reserve	Opening Balance 1 April 2025 (£'000)	Forecast Movement 2025/26 (£'000)	Forecast Closing Balance 31 March 2026 (£'000)	Budget Movement 2026/27 (£'000)	Budget Balance as at 31 March 2027	Budget Movement 2027/28 (£'000)	Budget Balance as at 31 March 2028	Budget Movement 2028/29 (£'000)	Budget Balance as at 31 March 2029	Budget Movement 2029/30 (£'000)	Budget Balance as at 31 March 2030	Budget Movement 2030/31 (£'000)	Budget Balance as at 31 March 2031
Business Rates & Council Tax	3,796	(3,796)	-	-	-	-	-	-	-	-	-	-	-
Financial Resilience Reserve	1,766	2,796	4,562	-	4,562	-	4,562	-	4,562	-	4,562	-	4,562
Expected Credit Loss Reserve	938	-	938	-	938	-	938	-	938	-	938	-	938
Pooled Investments (loss in value) Reserve	-	1,000	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000
In Year Forecast Surplus / (Deficit)	-	(333)	(333)	334	1	(1,271)	(1,270)	(2,437)	(3,707)	(3,225)	(6,932)	(3,057)	(9,989)
<b>Total Financial resilience and risk reserves</b>	<b>6,500</b>	<b>(333)</b>	<b>6,167</b>	<b>334</b>	<b>6,501</b>	<b>(1,271)</b>	<b>5,230</b>	<b>(2,437)</b>	<b>2,793</b>	<b>(3,225)</b>	<b>(432)</b>	<b>(3,057)</b>	<b>(3,489)</b>
Climate Change and Biodiversity	174	(5)	169	9	178	9	187	9	196	9	205	9	214
Community Housing Fund	63	(24)	39	(1)	38	(1)	37	(1)	36	(1)	35	(1)	34
Commuted Maintenance Payments	1,840	(190)	1,650	(259)	1,391	(259)	1,132	(259)	873	(259)	614	(259)	355
Elections Equipment	25	-	25	-	25	-	25	-	25	-	25	-	25
Elections Fund	50	35	85	15	100	37	137	38	175	40	214	(201)	14
Government Grants	235	-	235	-	235	-	235	-	235	-	235	-	235
Homelessness	59	-	59	-	59	-	59	-	59	-	59	-	59
Neighbourhood Planning Grants	47	(16)	31	(28)	3	10	13	(13)	-	-	-	-	-
Planning (Legal)	347	(195)	152	(128)	24	-	24	-	24	-	24	-	24
Planning Enforcement	93	-	93	-	93	-	93	-	93	-	93	-	93
Strategic Planning / Joint Local Plan	380	(2)	378	(10)	368	(10)	358	(10)	348	(10)	338	(10)	328
Temporary Accommodation	-	-	-	10	10	10	20	10	30	10	40	10	50
Rough Sleepers	13	(13)	-	-	-	-	-	-	-	-	-	-	-
<b>Total Service specific earmarked reserves</b>	<b>3,326</b>	<b>(410)</b>	<b>2,916</b>	<b>(392)</b>	<b>2,524</b>	<b>(205)</b>	<b>2,320</b>	<b>(226)</b>	<b>2,094</b>	<b>(212)</b>	<b>1,882</b>	<b>(452)</b>	<b>1,431</b>
Strategic Priorities	632	(220)	412	(127)	285	(79)	206	(79)	127	(64)	63	(63)	-
Business Rates Retention Pilot (BRRP)	229	(22)	207	(8)	199	-	199	-	199	-	199	-	199
Transformation Fund	-	1,000	1,000	-	1,000	-	1,000	-	1,000	-	1,000	-	1,000
<b>Total Corporate Priorities Reserves:</b>	<b>861</b>	<b>758</b>	<b>1,619</b>	<b>(135)</b>	<b>1,484</b>	<b>(79)</b>	<b>1,405</b>	<b>(79)</b>	<b>1,326</b>	<b>(64)</b>	<b>1,262</b>	<b>(63)</b>	<b>1,199</b>
<b>OVERALL TOTAL</b>	<b>10,687</b>	<b>15</b>	<b>10,702</b>	<b>(193)</b>	<b>10,509</b>	<b>(1,555)</b>	<b>8,955</b>	<b>(2,742)</b>	<b>6,213</b>	<b>(3,501)</b>	<b>2,712</b>	<b>(3,572)</b>	<b>(860)</b>

**APPENDIX D: CAPITAL PROGRAMME 2025/26 TO 2030/31**

Capital Budget	2025/26 Forecast (£'000)	2026/27 Budget (£'000)	2027/28 Forecast (£'000)	2028/29 Forecast (£'000)	2029/30 Forecast (£'000)	2030/31 Forecast (£'000)
<b>General Fund Housing</b>						
Mandatory Disabled Facilities Grant	798	760	760	760	760	760
Renovation / Home Repair Grants	9	-	-	-	-	-
<b>Total General Fund Housing</b>	<b>807</b>	<b>760</b>	<b>760</b>	<b>760</b>	<b>760</b>	<b>760</b>
<b>Operations</b>						
Replacement Refuse Freighters - Joint Scheme	735	340	340	340	340	340
Simpler Recycling - Twin Stream Recycling Collection	1,403	-	-	-	-	-
Simpler Recycling - Food Waste Collections	892	-	-	-	-	-
Refuse and Recycling Bins	284	100	100	100	100	100
<b>Total Operations</b>	<b>3,314</b>	<b>440</b>	<b>440</b>	<b>440</b>	<b>440</b>	<b>440</b>
<b>Public Realm</b>						
Vehicle and Plant Renewals	295	180	180	180	180	180
Parking Strategy Implementation	51	-	-	-	-	-
Pin Mill - Planned Maintenance	30	30	30	30	30	30
Play Equipment	129	50	50	50	50	50
<b>Total Public Realm</b>	<b>505</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>260</b>
<b>Communities and Well-being</b>						
Community Development Grants	120	120	120	120	120	120
S106 Open Spaces Expenditure	181	158	-	-	-	-
S106 Affordable Housing	52	22	-	-	-	-
CIL Funded Infrastructure Grants	936	1,600	-	-	-	-
<b>Total Communities and Well-being</b>	<b>1,289</b>	<b>1,900</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>
<b>Leisure Contracts</b>						
Kingfisher Leisure Centre Planned Capital works	160	775	300	100	100	100
Kingfisher Leisure Centre-Roof Works	164	-	-	-	-	-
Hadleigh Leisure Centre Planned Capital works	70	70	70	70	70	70
<b>Total Leisure Contracts</b>	<b>394</b>	<b>845</b>	<b>370</b>	<b>170</b>	<b>170</b>	<b>170</b>

**APPENDIX D: CAPITAL PROGRAMME 2025/26 TO 2030/31**

Capital Budget	2025/26 Forecast (£'000)	2026/27 Budget (£'000)	2027/28 Forecast (£'000)	2028/29 Forecast (£'000)	2029/30 Forecast (£'000)	2030/31 Forecast (£'000)
<b>Property, Development and Regeneration</b>						
Babergh Growth Ltd - Capital Loans	2,900	-	-	-	-	-
Belle Vue - Café & Toilets	1,523	1,200	-	-	-	-
Belle Vue - Boundary Wall	93	-	-	-	-	-
Planned Maintenance / Enhancements - Car Parks	5	15	15	15	15	15
Chilton Depot Planned Maintenance	495	150	150	150	150	150
Corporate Buildings-Planned Maintenance/Enhancements	100	100	100	100	100	100
9 Curzon Road-Improvement Works	42	-	-	-	-	-
Borehamgate & Navigation House - Planned Maintenance	200	230	-	-	-	-
Strategic Investment Fund	-	350	-	-	-	-
<b>Total Property, Development and Regeneration</b>	<b>5,358</b>	<b>2,045</b>	<b>265</b>	<b>265</b>	<b>265</b>	<b>265</b>
<b>Corporate Resources</b>						
ICT-Hardware/Software Refresh	50	50	50	50	50	50
<b>Total Corporate Resources</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Climate Change &amp; Nature Recovery</b>						
Rent a Roof Scheme	-	300	-	-	-	-
<b>Total Climate Change &amp; Nature Recovery</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Budget</b>	<b>11,717</b>	<b>6,600</b>	<b>2,265</b>	<b>2,065</b>	<b>2,065</b>	<b>2,065</b>

Capital Financing	2025/26 Forecast (£'000)	2026/27 Budget (£'000)	2027/28 Forecast (£'000)	2028/29 Forecast (£'000)	2029/30 Forecast (£'000)	2030/31 Forecast (£'000)
Borrowing	(6,721)	(2,572)	-	(699)	(970)	(954)
Disabled Facilities Grant	(798)	(760)	(760)	(760)	(760)	(760)
Other Capital Grants	(2,579)	(1,200)	-	-	-	-
S106/CIL	(1,169)	(1,780)	-	-	-	-
Capital Receipts	(400)	(288)	(1,505)	(606)	(335)	(351)
Earmarked Reserves	(50)	-	-	-	-	-
<b>Total Financing</b>	<b>(11,717)</b>	<b>(6,600)</b>	<b>(2,265)</b>	<b>(2,065)</b>	<b>(2,065)</b>	<b>(2,065)</b>

# **APPENDIX E FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY**

## **Introduction**

The Government has produced Statutory Guidance on the Flexible Use of Capital Receipts. Proper accounting practices mean that capital receipts can only be used to support capital expenditure. However, the purpose of the guidance is to give flexibility as to the use of capital.

In summary, the guidance allows councils to use capital receipts from the disposal of property, plant and equipment assets received in the period to 31 March 2027 to fund revenue spending which is forecast to generate ongoing savings to an authority's net service expenditure.

## **1. Qualifying Expenditure**

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces the costs or demand for services in future years for any of the public sector delivery partners.

Within this definition it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classed as qualifying expenditure.

## **2. Proposed use of Capital Receipts Flexibility**

In accordance with the above definition the council's Strategy is such that when it utilises the flexibility it will be in support of delivering transformation. Details of expected savings/service transformation are contained within the Strategy. This Strategy includes but is not limited to:

1. Service transformation
2. Cost saving initiatives
3. Efficiency improvements
4. Transition costs ahead of LGR

The council will also consider the use of this flexibility in regard to specific transformation projects that meet the qualifying criteria. In such circumstances the qualifying criteria and how they are met by the project spend will be documented.

## **3. Capital Receipts Strategy Updates**

Any revision to this Strategy, i.e. proposed use of Capital Receipts for purposes other than the above, will be reported through to Cabinet and Council at the appropriate time in the relevant financial year. Any revision to the Strategy will also consider whether it is necessary to amend the Prudential Indicators at the same time. If the council presents a revised Strategy during the year it will be copied to MHCLG.

## **4. Guidance**

In using the flexibility, the council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

## **APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER**

### **1. Background**

- 1.1 Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund budget and level of council tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This report fulfils that requirement for the setting of the budget and council tax for 2026/27. This advice will be presented to Council on 24 February 2026.
- 1.2 This is to ensure that when deciding on its budget for a financial year, Members are made aware of any issues of risk and uncertainty, or any other concerns by the Chief Financial Officer (CFO). The local authority is also expected to ensure that its budget provides for a prudent level of reserves to be maintained.
- 1.3 Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its CFO and is heading for financial difficulty. The Section 151 Officer and Members, therefore, have a responsibility to ensure in considering the budget that:
  - It is realistic and achievable and that appropriate arrangements have been adopted in formulating it.
  - It is based on clearly understood and sound assumptions and links to the delivery of the Council's strategic priorities.
  - It includes an appropriate statement on the use of reserves and the adequacy of these.

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

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

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

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

## **APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER**

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

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

To deliver these responsibilities the CFO:

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

### **CIPFA Financial Resilience Index**

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

2.6 The 2025 index, which provides the relative position for the 2024/25 financial year, is the most up to date index currently available. Councils' performance is ranked relative to those in the selected 'comparator group'.

2.7 The CIPFA indicators of financial stress are;

- Level of Reserves
- Change in Reserves
- Interest payable/Net Revenue Expenditure
- Gross External Debt
- Fees & charges to Service Expenditure ratio

## APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER

- Council Tax Requirement/Net Revenue Expenditure
  - Business Rates Growth Above Baseline
  - Unallocated Reserves
  - Earmarked Reserves
  - Change in Unallocated Reserves
  - Change in Earmarked Reserves
  - Change in HRA Reserves
  - Homelessness/Net Revenue Expenditure
- 2.8 Babergh's level of reserves are only 55.6% of their net revenue expenditure in 2024/25. In comparison to our nearest neighbour group according to CIPFA this places Babergh as high risk in terms of financial stress and they are holding the lowest level of reserves in the group as a proportion of net revenue expenditure.
- 2.9 The change in reserves over the past three years indicator shows that Babergh's reserves have decreased by 30.77%, this is the largest decrease in the group of 14 nearest neighbours, 8 out of the 14 have reduced their reserves 3 of them have reduced by more than 20%.
- 2.10 The interest payable ratio for Babergh at 17.32% of Net Revenue Expenditure this one of the highest in the group with the highest being 18.16%. However, this is misleading due to the investment that the Council has made in CIFCO by increasing General Fund debt levels, higher interest payments, but also higher investment income coming back to the Council and is secured by charges on the properties acquired by CIFCO.
- 2.11 Babergh is showing as having the highest debt in the group at £125.7m with the next nearest neighbour showing £114.8m. However, £75.2m or 60% of this relates to the HRA PWLB debt which was entered into a part of the self-financing regime in 2012. Of course, the level of debt and associated finance costs for the HRA should not be ignored but it needs to be balanced against the value of the housing stock on the Councils balance sheet (£323m).
- 2.12 The fees and charges as a proportion of service expenditure for Babergh is 12%, which makes it the lowest in the group of nearest neighbours. The higher the ratio, the lower the risk, a greater amount in fees/charges will make councils more resilient as they have more control over their income and are less reliant on government funding.
- 2.13 Babergh has one of the lowest proportions of council tax requirement to net revenue expenditure within the group at 57% meaning that it needs to generate the other 43% through business rates, fees and charges and is still reliant on Government funding to cover the costs of delivering services.
- 2.14 Babergh's business rate growth above baseline is 76% putting it at a low risk in CIPFAs view, with the highest being 200% which is Mid Suffolk and the lowest 20%. This is of particular importance when faced with a baseline reset as has happened in 2026/27 as this is the amount of growth that is being redistributed across the system.
- 2.15 We are in the process of creating our own reporting on the indicators to be reviewed and monitored by the statutory officers group.

## **APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER**

### **Financial Management**

- 2.16 Alongside the statutory role of the CFO the Council has in place a number of financial management policies and financial controls which are set out in the Financial Regulations.
- 2.17 Other safeguards which ensure that the Council does not over-commit financially include:
- a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
  - b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
  - c) the auditors' consideration of whether the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
- 2.18 The Council's statement of accounts for 2023/24 and were presented to Joint Audit and Standards committee (JASC) on 24 February 2025 and a disclaimed opinion issued by the Councils auditors EY on those accounts. The 2024/25 statement of accounts were published by the statutory deadline of 31 May 2025 and were presented to JASC on 18 August 2025, The audit was not completed during the autumn of 2025 and therefore the Council is expecting a disclaimed opinion to be issued for these accounts as part of the audit report to be presented to JASC on 23 February 2026. This does place some uncertainty on the accuracy of balances carried forward and the level of reserves reported.
- 2.19 This is in response to the Governments proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The disclaimer of the Council's accounts will impact both the audit procedures to be undertaken to gain assurance on the 2025/26 financial statements and subsequent years during the 'Recovery phase' of the Government's proposals.
- 2.20 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the "Annual Governance Statement".
- 2.21 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily. This is backed up by the review processes of Cabinet and the Joint Audit and Standards Committee undertaking the role of the Council's Audit Committee.
- 2.22 The 2023/24 value for money conclusion for Babergh issued by EY reported the following:
- Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services - no significant weakness identified.
  - Governance: How the Council ensures that it makes informed decisions and properly manages its risks - significant weakness identified that the Council is to put proper arrangements in place to ensure that its Statement of Accounts is

## APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER

prepared in a timely manner and that the Council meets its statutory reporting requirements by the deadlines.

- Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services -significant weakness identified. The Council is to put proper arrangements in place to ensure robust oversight of Contract Management Processes and to implement clear and effective strategies, policies and procedures to ensure compliance with procurement-related laws and regulations.

2.23 In response to governance point above the statement of accounts for 2024/25 were issued within the statutory deadline. However, the finance team were unable to respond in a timely manner to the significant volume of queries raised by the auditors as part of the 2024/25 audit and as a result the audit could not be completed. Work is underway to address this along with an action plan to get the Council back on track to the rebuild the assurance needed as part of the recovery phase of the back log we and many other councils across the country are facing.

2.24 In response to the issues regarding contract management and procurement work is well underway to address this as follows:

- Complete the review of all procurement templates, guidance and training resources in line with the new Procurement Act 2023 including developing additional training resources.
- Capacity within the team has been addressed with the appointment of a new Procurement Business Partner.
- The Contract Management Network has been established and is proving to be an effective resource for contract managers along with a suite of tools, guidance and training to support officers with contract management responsibilities.
- Introduction of additional contracts module to the finance system to support more accurate reporting of non-contracted spend.
- The introduction of the Procurement Performance Dashboard which provides quarterly updates to senior officers, the Senior Leadership Team and Portfolio Holders regarding procurement and commercial practise within the Councils to support compliance, cultural change and embed good commercial practise.
- Review non contracted spend and action procurement strategies for the spend to ensure value for money, legislation compliance.

### **Budget Setting**

2.25 The 2026/27 budget setting commenced early in 2025 to address the challenges the Council were facing in setting a balanced budget. Work continued throughout the year to identify significant savings and manage in year pressures and future funding gaps. This is described in more detail in section 9 of this report, where the Council has identified £12.234m of savings or increased income, however there were also a number of increases identified, totalling £10.867m, Reducing the overall net cost of service for 2026/27 by £1.367m.

2.26 Whilst this went a long way in addressing the issue for 2026/27, the budget presented to Cabinet and Overview & Scrutiny in Decembers 2025 showed a remaining budget gap of just over £900k. The Final Settlement announced on 9 February 2026 provided

## **APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER**

Babergh with more funding than we were showing in the MTFP in December and allowed the Council to have a small surplus for 2026/27.

- 2.27 However, the medium-term position is showing deficits from 2027/28 onwards, rising to just over £3m in 2030/31. The cumulative budget gap over the MTFP totals £9.656m, with only £6.501m in the Financial Resilience reserve at the end of 2026/27. Work will commence in 2026/27 to address this but will need to be considered alongside the outcome of Local Government reorganisation.
- 2.28 The Medium-Term Financial planning process is designed to ensure that the Council can set balanced budgets in the short and medium term.
- 2.29 The Medium-term financial strategy in Section 11 sets out the approach the Council will take to address this situation and to remain financially sustainable.
- 2.30 The budget process is rigorous, with all key drivers identified and scrutinised to ensure they are understood and relevant. Cabinet and Overview and scrutiny have provided robust challenge of the budget proposals and assumptions.
- 2.31 Detailed scrutiny, review and challenge of budgets has been undertaken by finance officers, the Senior Leadership Team and by Overview & Scrutiny at its meeting held on 15<sup>th</sup> December 2025.
- 2.32 Cost pressures and variations in key areas of income and expenditure have been carefully considered and reflected in the budget.
- 2.33 The Council has used the advice of expert external advisors in areas of key materiality and / or complexity including interest rate and inflationary forecasts, including advice on the expected credit loss associated with Babergh Growth Ltd.

### **Budget Management**

- 2.34 A key factor in effective budget management is the Council's regular monitoring of spending against budgets throughout the year and at year-end. Budget managers are required to update their forecasts during the year, and these are subject to review by the Senior Leadership Team and Cabinet on a quarterly basis. The development of budget managers and initiatives to strengthen budgetary control and financial management throughout the Council is an ongoing process.
- 2.35 The drivers behind material variances are discussed and understood, with mitigating actions taken where necessary to ensure overall Council expenditure remains within the overall budget envelope.
- 2.36 Key checks and balances, including reconciliations to all key systems and bank accounts, are undertaken throughout the financial year to give assurance that the financial information is accurate.
- 2.37 Future improvements will include regular updates to the MTFP forecasts reflecting the latest financial information and long-term cash flow projections to manage the Councils debt and cash positions.

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### Adequacy of Insurance and Risk Management

- 2.38 The Council's insurance arrangements are in the form of external insurance premiums with regular reviews being undertaken of the level at which risks are insured. An Insurance Analyst has been appointed and been in post for over six months. The post holder has led on the insurance renewal and is instrumental in embedding insurance into the Councils service delivery.
- 2.39 A critical area where risk management thinking can add significant value is to enhance the planning and budgeting process. Utilising a risk-based approach directly links to the Council's risk appetite to its core financial and economic performance, supported by the Council's Strategic Risk Register. The goal when integrating risk management into budget planning is to understand the assumptions that the budget is based on.
- 2.40 The effective application of the Council's risk management principles enhances many processes within the context of managing its services and enables management to make better and more informed decision.
- 2.41 The Director of Finance and Procurement meets regularly to discuss strategic risks with Finance Cabinet Members, as well as regular review and oversight by the Senior Leadership team and Cabinet.
- 2.42 Our approach is to identify the major line items of each service budget, the personnel who contributed to them and the basis of estimation and then to ask key questions such as:
- What are the potential risks that could interfere with the accuracy of the estimate?
  - What is the likelihood of these risks materialising?
  - What would the impact on the organisation be if they did materialise?

### Mitigation of Strategic Financial Risk

- 2.43 No budget can be completely free from risk, and some of the assumptions made are outside of the Council's control and influence.
- 2.44 The key financial risks in the 2026/27 budget are as follows:

Financial Risk	Assumptions made
<b>Employees Budget</b>	Assumed 2026/27 Pay Award of 3%, in 2025/26 the actual award was 3.2%, this is of course subject to agreement nationally and is therefore outside of the Councils control. A 1% increase would equate to an additional £118k.  A 3% vacancy management factor has been included in the 2026/27 budget, this equates to £354k. This was also set at 3% for 2025/26. The Council is currently delivering against the 2025/26 forecast, therefore careful management of the Councils staffing budget will need to be undertaken throughout the year. Every 1% not achieved is £118k.

## APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER

Financial Risk	Assumptions made
<b>Interest rates and inflation</b>	<p>The global economic situation is currently uncertain, and this could have an impact on interest rates and inflation.</p> <p>A key risk is the cost of short-term borrowing as the Councils 2026/27 Treasury Management Strategy proposes no long-term borrowing in 2026/27 given the high interest rates and the adverse impact on the Council of locking itself into long-term borrowing at these rates.</p> <p>This proposed strategy will need to be kept under review. The 2026/27 budget assumes interest rates on short-term borrowing at 4%. For 2026/27 this is budgeted at £1.952m</p> <p>The Council also budgets for interest receivable, for 2026/27 this is budgeted at £336k for Interest from Pooled Funds and £208k from Short Term Investments.</p> <p>It is more difficult to assess the impact of a rise in inflation as different expenditure budgets have increased by specific inflation indices.</p>
<b>Business Rates</b>	<p>The forecasting of Business Rates income is always difficult given the potential volatility arising from businesses moving out of the area or ceasing to trade and the number of successful appeals lodged with the Valuation Office Agency on the rateable values used. Changes to the business rates system introduced from 2026/27 mean that some calculations are now misaligned (e.g. gross vs net rates basis; different S31 grant entitlements for designated areas), which further complicates forecasting.</p> <p>The rateable value changes due to the 2026 revaluation, the replacement of retail and hospitality reliefs by lower multipliers and the introduction of a higher multiplier mean there is more scope this year for large changes in bills (partially mitigated by transitional relief) which could have an impact on collectable debt.</p> <p>This will be closely monitored through the Shared Revenues Partnership and will be reported through to Cabinet as part of the quarterly monitoring and through the Joint SRP committee.</p>
<b>Income from Fees and Charges</b>	<p>A significant part of the Council's costs continues to be met from fees and charges.</p> <p>For some of these headings it is difficult to predict the level of income to be received e.g. planning fees, so progress against these income targets will need to be monitored throughout the year, particularly in the light of continuing economic volatility.</p> <p>A 1% change in fees and charges income including from planning, building control, garden waste, car park and recycling performance payments income is around £55k</p>

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Financial Risk	Assumptions made
Expected Credit Loss	<p>The Council is forecasting a loss in the region of £3m relating to Babergh Growth. The Council has £938k set aside in an earmarked reserve to cover part of this loss.</p> <p>The proposed treatment of this loss is to write it off over 30 years. This is being discussed with the Councils auditors to seek a view on this treatment, the outcome of this at the time of writing was still unknown.</p> <p>If the auditors advise that the loss should be incurred when realised, then the Council would need to use reserves to cover the full loss. This would have a significant impact on the level of reserves available to the Council.</p>
Capital Programme	<p>The Councils capital programme for 2026/27 has been reviewed with a view to keeping financing costs manageable within the budget.</p> <p>The borrowing required to deliver the £6.6m capital programme in 2026/27 is £2.572m. The interest cost for borrowing equates to £1.952m and £2.091m in MRP.</p> <p>The borrowing strategy and MRP policy are set out in detail in the Capital, Investment and Treasury Management Strategies document</p> <p>The capital programme spend could increase due to unexpected increases in material or contract costs linked to demand or inflation.</p> <p>Performance against the capital programme will be reported through the quarterly monitoring to Cabinet.</p>

### Adequacy of Reserves

- 2.45 There is no available guidance on the minimum level of reserves that should be maintained. Each authority should determine a prudent level of reserves based upon their own circumstances, risk and uncertainties. Regard has been had to guidance that has been issued to CFO's and the risks and uncertainties faced.
- 2.46 The Council is required to maintain adequate financial reserves to meet the needs of the authority. This is the General Reserve and provides a safe level of contingency.
- 2.47 The minimum level of unearmarked reserves in 2026/27 will remain at £1.2m, this represents 10% of the annual General Fund Budget. There is currently no intention to increase the reserve.
- 2.48 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account) are forecast to be £10.509m at 31 March 2027, with £6.501m in the financial resilience and risk reserves, £2.524m in service specific reserves and £1.484m in the corporate priorities reserves.
- 2.49 The reserves forecast in Appendix C shows the annual budget gaps, totalling £9.656m being funded from the financial resilience and risk reserves. This is not my recommended approach as this does not result in a financially sustainable position,

## **APPENDIX F: SECTION 25 REPORT FROM THE S151 OFFICER**

these reserves will be depleted by 2029/30. Therefore, there needs to be a serious and focussed approach to ensuring Council increasing costs do not continue to exceed its income and that it can get to a position where reserves can be protected and even increased in order to mitigate against the risks set out in 2.44.

### **Conclusion**

- 2.50 Taking all of the above into consideration, the Section 151 Officer's opinion is that the Council's budget and estimates are reasonable based on the assumptions and available information, but cannot be absolutely robust, so a full assurance cannot be given that there will be no unforeseen adverse variances.
- 2.51 This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation is likely to impact on expenditure and income. The £6.501m in the financial risk and resilience reserves along with the £1.2m minimum reserve are considered adequate to cover any variations that may arise throughout the year.
- 2.52 The medium-term position remains challenging and the level of reserves for this period is not adequate to enable the Council to balance its budgets in the future without significant financial savings, additional income or more Government funding. If this does not happen and the assumptions over the medium term are accurate the Council could be in a S114 situation by 2028.
- 2.53 It is acknowledged that plans for future years may change following the outcome of Local Government Reorganisation. Progress on this will be kept under review and reflected in future years budgets.

Melissa Evans  
Director, Corporate Finance & Procurement  
(Section 151 Officer)

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

### Budget, Funding and Council Tax Requirements

	2026/27 Budget Requirement £	2026/27 Council Tax at Band D £	2025/26 Budget Requirement £
<b>Babergh District Council</b>			
General Fund Budget Requirement District Council Purposes	14,055,996	377.88	13,634,508
Estimated Parish/Town Council Precepts (net of Council Tax Support Scheme Grant)	3,938,153	105.87	3,705,195
	<b>17,994,149</b>	<b>483.75</b>	<b>17,339,703</b>
Business Rates	(2,745,954)	(73.82)	(5,762,762)
Revenue Support Grant (RSG)	(3,548,935)	(95.41)	(154,212)
Funding Guarantee Grant	-	-	(219,207)
Adjustment Support Grant	(439,961)	(11.83)	-
Adjustment for anticipated surplus on Business Rates Collection Fund	84,028	2.26	(353,799)
Adjustment for anticipated surplus on Council Tax Collection Fund	16,401	0.44	-
<b>Babergh's basic amount under section 33 of the 1992 Local Government Act</b>	<b>11,359,728</b>	<b>305.39</b>	<b>10,849,723</b>
LESS: <i>Estimated</i> Parish/Town Council Precepts	(3,938,153)	(105.87)	(3,705,195)
Basic amount under s. 34 of the 1992 Act for dwellings to which no special items relate. (see section 3 below)	<b>7,421,575</b>	<b>199.52</b>	<b>7,144,528</b>
Suffolk County Council precept requirement (see section 7 below)	64,413,933	1,731.69	60,828,983
Police and Crime Commissioners Requirement (see section 7 below)	11,325,416	304.47	10,677,516
<b><i>Estimated</i> Basic amount for areas where there are no special items.</b>	<b>83,160,924</b>	<b>2,235.68</b>	<b>78,651,027</b>

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

### Council Tax Resolution 2026/27

1. It is a requirement for the billing authority to calculate a council tax requirement for the year as opposed to its budget requirement.
2. It be noted that the Council, as delegated to the Section 151 Officer, calculated the taxbase:
  - a) for the whole Council area as 37,197.15 and,
  - b) for dwellings in those parts of its area to which a Parish precept relates as further detailed in Appendix F.
3. The council tax requirement for the Council's own purposes for 2026/27 (excluding Parish precepts) is £7,421,575.
4. That the following amounts be calculated for the year 2026/27 in accordance with Sections 31 to 36 of the Act:

(a)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by parish councils (gross expenditure)	58,449,527
(b)	Being the aggregate of the amounts which the Council estimates for items set out in Section 31(A)(3) of the Act (gross income)	(47,089,799)
(c)	Being the amount by which the aggregate at 3 a) above exceeds the aggregate at 3 b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act) (net expenditure)	11,359,728
(d)	Being the amount at 3 c) above (item R) all divided by item T (2 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts) (average council tax)	305.39
(e)	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act	3,938,153
(f)	Being the amount at 3 (d) above less the result given by dividing the amount at 3 e) above by item T (2 above) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates (basic council tax)	199.52

5. To note that Suffolk County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in Section 7 below.
6. That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below and further in Appendix F as the amounts of council tax for 2026/27 for each part of its area and for each of the categories of dwellings.

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

7. The precept levels of other precepting are detailed below:

### **Suffolk County Council**

Suffolk County Council has set their precept at £64,413,933 which results in a Band D council tax of £1,731.69.

### **Suffolk Police and Crime Commissioner**

The Police and Crime Commissioner has set their precept at £11,325,416. This results in a Band D council tax of £304.47.

### **Babergh District Council**

The General Fund council tax requirement for Babergh District Council is based on an increase in council tax from £193.73 to £199.52 (2.99%) for a Band D property.

### **Aggregated council tax requirement**

The aggregated council tax requirement for Suffolk County Council, Suffolk Police and Crime Commissioner and Babergh District Council results in a Band D council tax of £2,235.68.

	<b>Babergh District Council</b>	<b>Suffolk County Council</b>	<b>Police and Crime Commissioner</b>	<b>Aggregated Council Tax requirement</b>
<b>Valuation Bands</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A</b>	133.01	1,154.46	202.98	1,490.45
<b>B</b>	155.18	1,346.87	236.81	1,738.86
<b>C</b>	177.35	1,539.28	270.64	1,987.27
<b>D</b>	199.52	1,731.69	304.47	2,235.68
<b>E</b>	243.86	2,116.51	372.13	2,732.50
<b>F</b>	288.20	2,501.33	439.79	3,229.32
<b>G</b>	332.53	2,886.15	507.45	3,726.13
<b>H</b>	399.04	3,463.38	608.94	4,471.36

8. The Town and Parish Council Precepts for 2026/27 are detailed further in Appendix G and total £3,938,153. The increase in the average Band D for Town and Parish Councils is 5.4% and results in an average Band D council tax figure of £105.87 for 2026/27.



## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

### Precepts and Council Tax Band D for Parishes

Parish	2025/26 Parish Precept	Tax Base	Council Tax Band D	2026/27 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Acton	58,000.00	727.90	79.68	61,000.00	733.26	83.19	3.51
Aldham	1,550.00	93.79	16.53	1,880.00	94.87	19.82	3.29
Alpheton	8,770.00	112.68	77.83	10,310.00	113.65	90.72	12.89
Erwarton	-	65.23	-	-	64.76	-	-
Assington	9,600.00	247.00	38.87	9,600.00	246.42	38.96	0.09
Belstead	7,250.00	111.30	65.14	7,250.00	113.01	64.15	(0.99)
Bentley	15,500.00	365.56	42.40	17,000.00	367.65	46.24	3.84
Bildeston	36,000.00	388.26	92.72	39,000.00	396.70	98.31	5.59
Boxford	65,107.00	559.93	116.28	73,200.00	557.90	131.21	14.93
Boxted	848.00	51.50	16.47	-	51.95	-	(16.47)
Brantham	74,966.00	1,092.33	68.63	92,054.00	1,115.57	82.52	13.89
Brent Eleigh	3,400.00	101.05	33.65	3,600.00	93.59	38.47	4.82
Brettenham	7,161.33	150.53	47.57	6,992.15	152.03	45.99	(1.58)
Bures St Mary	32,500.00	406.35	79.98	34,500.00	403.33	85.54	5.56
Burstall	10,394.00	101.34	102.57	10,377.00	101.17	102.57	-
Capel St Mary	112,050.00	1,325.67	84.52	116,360.00	1,326.49	87.72	3.20
Chattisham	2,148.35	84.56	25.41	2,469.05	83.80	29.46	4.05
Chelmondiston	33,702.00	421.45	79.97	36,000.00	431.76	83.38	3.41
Chelsworth	1,900.00	98.22	19.34	1,700.00	99.29	17.12	(2.22)
Chilton	32,022.00	387.13	82.72	33,478.00	396.80	84.37	1.65
Cockfield	61,480.00	493.11	124.68	62,464.00	501.04	124.67	(0.01)
Copdock & Washbrook	40,440.00	481.11	84.06	39,799.00	473.49	84.05	(0.01)
East Bergholt	160,000.00	1,277.87	125.21	180,000.00	1,376.14	130.80	5.59
Edwardstone	7,013.00	168.14	41.71	7,440.00	169.88	43.80	2.09
Elmsett	10,700.00	362.58	29.51	11,000.00	383.68	28.67	(0.84)
Freston	3,125.00	52.78	59.21	3,350.00	54.33	61.66	2.45
Glemsford	124,239.00	1,312.74	94.64	127,273.00	1,308.93	97.23	2.59
Great Cornard	306,148.00	2,906.84	105.32	331,410.00	2,916.89	113.62	8.30
Great Waldingfield	60,900.00	654.99	92.98	60,900.00	652.40	93.35	0.37
Great Wenham	-	58.45	-	-	59.25	-	-
Groton	5,295.00	136.52	38.79	5,840.00	136.88	42.67	3.88
Hadleigh	463,401.00	3,187.16	145.40	492,124.00	3,223.45	152.67	7.27
Harkstead	4,975.00	132.40	37.58	5,137.00	124.53	41.25	3.67
Hartest	15,220.00	253.74	59.98	15,600.00	247.63	63.00	3.02
Higham	-	84.19	-	-	82.22	-	-
Hintlesham	7,451.65	293.30	25.41	8,890.95	301.76	29.46	4.05
Hitcham	9,535.00	327.08	29.15	10,012.00	329.95	30.34	1.19
Holbrook	37,500.00	731.48	51.27	39,000.00	725.74	53.74	2.47
Holton St Mary	7,398.00	109.17	67.77	8,091.00	109.49	73.90	6.13
Kersey	15,677.00	207.75	75.46	16,230.00	199.79	81.24	5.78
Kettlebaston	3,100.00	39.85	77.79	3,300.00	40.76	80.96	3.17
Lavenham	122,332.00	980.27	124.79	134,565.00	976.66	137.78	12.99
Lawshall	10,108.00	412.14	24.53	10,782.00	417.68	25.81	1.28
Layham	13,800.00	254.35	54.26	15,500.00	247.18	62.71	8.45
Leavenheath	22,029.00	598.72	36.79	23,056.00	596.80	38.63	1.84
Lindsey	6,127.00	96.09	63.76	6,514.00	95.17	68.45	4.69

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

Parish	2025/26 Parish Precept	Tax Base	Council Tax Band D	2026/27 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Little Cornard	9,494.00	147.76	64.25	9,850.00	149.03	66.09	1.84
Little Waldingfield	9,312.00	162.31	57.37	9,312.00	161.09	57.81	0.44
Little Wenham	-	19.83	-	-	19.83	-	-
Long Melford	186,950.00	1,729.17	108.12	192,870.00	1,759.92	109.59	1.47
Milden	1,600.00	64.71	24.73	1,600.00	67.78	23.61	(1.12)
Monks Eleigh	22,300.00	266.77	83.59	23,036.00	275.61	83.58	(0.01)
Nayland with Wissington	50,000.00	570.02	87.72	51,260.00	561.93	91.22	3.50
Nedging with Naughton	8,520.00	203.56	41.85	9,585.00	207.72	46.14	4.29
Newton	26,479.94	265.67	99.67	30,381.54	268.52	113.14	13.47
Pinewood	181,450.00	1,415.37	128.20	186,700.00	1,411.57	132.26	4.06
Polstead	26,308.00	408.39	64.42	27,100.00	404.93	66.93	2.51
Preston St Mary	7,327.80	119.20	61.47	7,327.80	121.84	60.14	(1.33)
Raydon	18,709.00	262.66	71.23	19,220.00	261.96	73.37	2.14
Semer	4,000.00	70.82	56.48	4,500.00	68.96	65.26	8.78
Shelley	-	35.09	-	-	32.71	-	-
Shimpling	13,790.00	206.11	66.91	15,205.00	203.78	74.61	7.70
Shotley	74,300.00	840.48	88.40	78,000.00	855.56	91.17	2.77
Somerton	1,000.00	39.09	25.58	1,000.00	38.62	25.89	0.31
Sproughton	77,760.00	824.99	94.26	82,979.00	871.64	95.20	0.94
Stanstead	11,898.00	169.65	70.13	13,252.00	167.12	79.30	9.17
Stoke by Nayland	14,500.00	317.67	45.64	15,000.00	315.97	47.47	1.83
Stratford St Mary	18,100.00	335.79	53.90	20,100.00	337.91	59.48	5.58
Stutton	11,710.00	403.48	29.02	12,472.00	402.51	30.99	1.97
Sudbury	858,400.00	4,615.34	185.99	909,400.00	4,656.67	195.29	9.30
Tattlingstone	17,005.80	253.21	67.16	18,040.52	249.32	72.36	5.20
Thorpe Morieux	6,375.00	128.90	49.46	6,934.00	128.64	53.90	4.44
Wattisham	2,120.00	49.13	43.15	2,142.00	47.27	45.31	2.16
Whatfield	4,000.00	144.31	27.72	4,500.00	140.56	32.01	4.29
Wherstead	7,723.00	176.88	43.66	7,838.00	176.00	44.53	0.87
Woolverstone	3,200.00	127.83	25.03	3,500.00	136.46	25.65	0.62
<b>Total</b>	<b>3,705,194.87</b>	<b>36,878.79</b>		<b>3,938,153.01</b>	<b>37,197.15</b>		
<b>Weighted Average</b>			<b>100.47</b>			<b>105.87</b>	<b>5.40</b>

# APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

## Precepts and Council Tax Band D for Parishes

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Babergh District Council	133.01	155.18	177.35	199.52	243.86	288.20	332.53	399.04
Suffolk County Council	1,154.46	1,346.87	1,539.28	1,731.69	2,116.51	2,501.33	2,886.15	3,463.38
Police and Crime Commissioner	202.98	236.81	270.64	304.47	372.13	439.79	507.45	608.94
<b>Aggregate of Council Tax Requirements</b>	<b>1,490.45</b>	<b>1,738.86</b>	<b>1,987.27</b>	<b>2,235.68</b>	<b>2,732.50</b>	<b>3,229.32</b>	<b>3,726.13</b>	<b>4,471.36</b>

Parish	Total Amount of Council Tax for 2026/27							
	6/9 ths	7/9 ths	8/9 ths		11/9 ths	13/9 ths	15/9 ths	18/9 ths
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
Acton	1,545.91	1,803.57	2,061.22	2,318.87	2,834.17	3,349.48	3,864.78	4,637.74
Aldham	1,503.67	1,754.28	2,004.89	2,255.50	2,756.72	3,257.94	3,759.17	4,511.00
Alpheton	1,550.93	1,809.42	2,067.91	2,326.40	2,843.38	3,360.36	3,877.33	4,652.80
Erwarton	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
Assington	1,516.43	1,769.16	2,021.90	2,274.64	2,780.12	3,285.59	3,791.07	4,549.28
Belstead	1,533.22	1,788.76	2,044.29	2,299.83	2,810.90	3,321.98	3,833.05	4,599.66
Bentley	1,521.28	1,774.83	2,028.37	2,281.92	2,789.01	3,296.11	3,803.20	4,563.84
Bildeston	1,555.99	1,815.33	2,074.66	2,333.99	2,852.65	3,371.32	3,889.98	4,667.98
Boxford	1,577.93	1,840.91	2,103.90	2,366.89	2,892.87	3,418.84	3,944.82	4,733.78
Boxted	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
Brantham	1,545.47	1,803.04	2,060.62	2,318.20	2,833.36	3,348.51	3,863.67	4,636.40
Brent Eleigh	1,516.10	1,768.78	2,021.47	2,274.15	2,779.52	3,284.88	3,790.25	4,548.30
Brettenham	1,521.11	1,774.63	2,028.15	2,281.67	2,788.71	3,295.75	3,802.78	4,563.34
Bures St Mary	1,547.48	1,805.39	2,063.31	2,321.22	2,837.05	3,352.87	3,868.70	4,642.44
Burstall	1,558.83	1,818.64	2,078.44	2,338.25	2,857.86	3,377.47	3,897.08	4,676.50
Capel St Mary	1,548.93	1,807.09	2,065.24	2,323.40	2,839.71	3,356.02	3,872.33	4,646.80
Chattisham	1,510.09	1,761.78	2,013.46	2,265.14	2,768.50	3,271.87	3,775.23	4,530.28
Chelmondiston	1,546.04	1,803.71	2,061.39	2,319.06	2,834.41	3,349.75	3,865.10	4,638.12
Chelsworth	1,501.87	1,752.18	2,002.49	2,252.80	2,753.42	3,254.04	3,754.67	4,505.60
Chilton	1,546.70	1,804.48	2,062.27	2,320.05	2,835.62	3,351.18	3,866.75	4,640.10
Cockfield	1,573.57	1,835.83	2,098.09	2,360.35	2,884.87	3,409.39	3,933.92	4,720.70
Copdock & Washbrook	1,546.49	1,804.23	2,061.98	2,319.73	2,835.23	3,350.72	3,866.22	4,639.46
East Bergholt	1,577.65	1,840.60	2,103.54	2,366.48	2,892.36	3,418.25	3,944.13	4,732.96
Edwardstone	1,519.65	1,772.93	2,026.20	2,279.48	2,786.03	3,292.58	3,799.13	4,558.96
Elmsett	1,509.57	1,761.16	2,012.76	2,264.35	2,767.54	3,270.73	3,773.92	4,528.70
Freston	1,531.56	1,786.82	2,042.08	2,297.34	2,807.86	3,318.38	3,828.90	4,594.68
Glensford	1,555.27	1,814.49	2,073.70	2,332.91	2,851.33	3,369.76	3,888.18	4,665.82
Great Cornard	1,566.20	1,827.23	2,088.27	2,349.30	2,871.37	3,393.43	3,915.50	4,698.60
Great Waldingfield	1,552.69	1,811.47	2,070.25	2,329.03	2,846.59	3,364.15	3,881.72	4,658.06
Great Wenham	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
Groton	1,518.90	1,772.05	2,025.20	2,278.35	2,784.65	3,290.95	3,797.25	4,556.70
Hadleigh	1,592.23	1,857.61	2,122.98	2,388.35	2,919.09	3,449.84	3,980.58	4,776.70
Harkstead	1,517.95	1,770.95	2,023.94	2,276.93	2,782.91	3,288.90	3,794.88	4,553.86
Hartest	1,532.45	1,787.86	2,043.27	2,298.68	2,809.50	3,320.32	3,831.13	4,597.36
Higham	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
Hintlesham	1,510.09	1,761.78	2,013.46	2,265.14	2,768.50	3,271.87	3,775.23	4,530.28
Hitcham	1,510.68	1,762.46	2,014.24	2,266.02	2,769.58	3,273.14	3,776.70	4,532.04
Holbrook	1,526.28	1,780.66	2,035.04	2,289.42	2,798.18	3,306.94	3,815.70	4,578.84
Holton St Mary	1,539.72	1,796.34	2,052.96	2,309.58	2,822.82	3,336.06	3,849.30	4,619.16
Kersey	1,544.61	1,802.05	2,059.48	2,316.92	2,831.79	3,346.66	3,861.53	4,633.84

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
<b>Babergh District Council</b>	133.01	155.18	177.35	199.52	243.86	288.20	332.53	399.04
<b>Suffolk County Council</b>	1,154.46	1,346.87	1,539.28	1,731.69	2,116.51	2,501.33	2,886.15	3,463.38
<b>Police and Crime Commissioner</b>	202.98	236.81	270.64	304.47	372.13	439.79	507.45	608.94
<b>Aggregate of Council Tax Requirements</b>	<b>1,490.45</b>	<b>1,738.86</b>	<b>1,987.27</b>	<b>2,235.68</b>	<b>2,732.50</b>	<b>3,229.32</b>	<b>3,726.13</b>	<b>4,471.36</b>

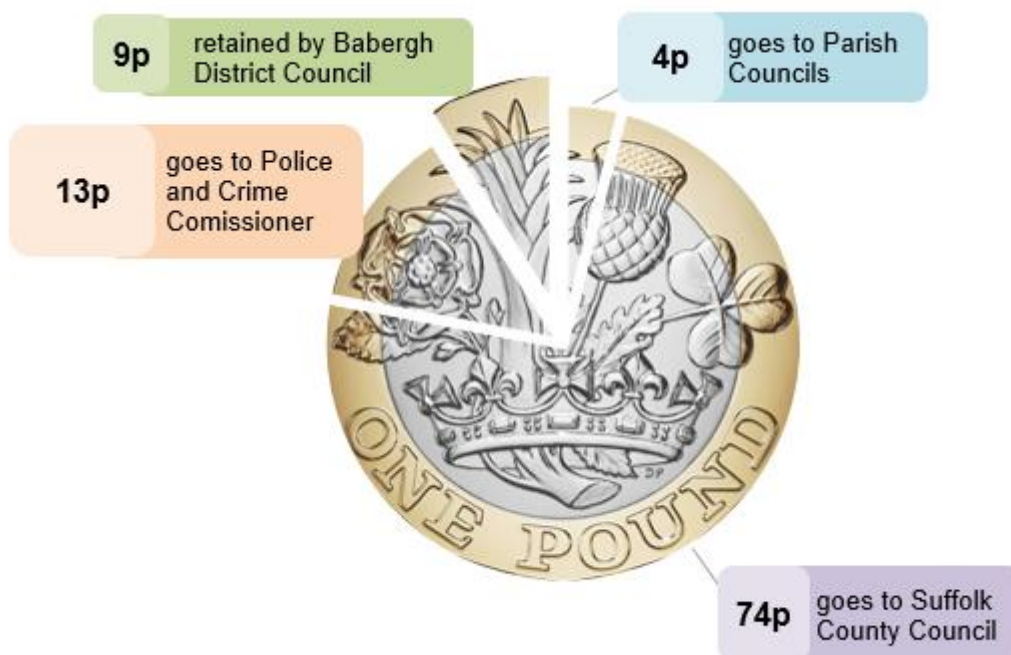
Parish	Total Amount of Council Tax for 2026/27							
	6/9 ths	7/9 ths	8/9 ths		11/9 ths	13/9 ths	15/9 ths	18/9 ths
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£	£	£	£	£	£	£	£
<b>Kettlebaston</b>	1,544.43	1,801.83	2,059.24	2,316.64	2,831.45	3,346.26	3,861.07	4,633.28
<b>Lavenham</b>	1,582.31	1,846.02	2,109.74	2,373.46	2,900.90	3,428.33	3,955.77	4,746.92
<b>Lawshall</b>	1,507.66	1,758.94	2,010.21	2,261.49	2,764.04	3,266.60	3,769.15	4,522.98
<b>Layham</b>	1,532.26	1,787.64	2,043.01	2,298.39	2,809.14	3,319.90	3,830.65	4,596.78
<b>Leavenheath</b>	1,516.21	1,768.91	2,021.61	2,274.31	2,779.71	3,285.11	3,790.52	4,548.62
<b>Lindsey</b>	1,536.09	1,792.10	2,048.12	2,304.13	2,816.16	3,328.19	3,840.22	4,608.26
<b>Little Cornard</b>	1,534.51	1,790.27	2,046.02	2,301.77	2,813.27	3,324.78	3,836.28	4,603.54
<b>Little Waldingfield</b>	1,528.99	1,783.83	2,038.66	2,293.49	2,803.15	3,312.82	3,822.48	4,586.98
<b>Little Wenham</b>	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
<b>Long Melford</b>	1,563.51	1,824.10	2,084.68	2,345.27	2,866.44	3,387.61	3,908.78	4,690.54
<b>Milden</b>	1,506.19	1,757.23	2,008.26	2,259.29	2,761.35	3,263.42	3,765.48	4,518.58
<b>Monks Eleigh</b>	1,546.17	1,803.87	2,061.56	2,319.26	2,834.65	3,350.04	3,865.43	4,638.52
<b>Nayland with Wissington</b>	1,551.27	1,809.81	2,068.36	2,326.90	2,843.99	3,361.08	3,878.17	4,653.80
<b>Nedging with Naughton</b>	1,521.21	1,774.75	2,028.28	2,281.82	2,788.89	3,295.96	3,803.03	4,563.64
<b>Newton</b>	1,565.88	1,826.86	2,087.84	2,348.82	2,870.78	3,392.74	3,914.70	4,697.64
<b>Pinewood</b>	1,578.63	1,841.73	2,104.84	2,367.94	2,894.15	3,420.36	3,946.57	4,735.88
<b>Polstead</b>	1,535.07	1,790.92	2,046.76	2,302.61	2,814.30	3,325.99	3,837.68	4,605.22
<b>Preston St Mary</b>	1,530.55	1,785.64	2,040.73	2,295.82	2,806.00	3,316.18	3,826.37	4,591.64
<b>Raydon</b>	1,539.37	1,795.93	2,052.49	2,309.05	2,822.17	3,335.29	3,848.42	4,618.10
<b>Semer</b>	1,533.96	1,789.62	2,045.28	2,300.94	2,812.26	3,323.58	3,834.90	4,601.88
<b>Shelley</b>	1,490.45	1,738.86	1,987.27	2,235.68	2,732.50	3,229.32	3,726.13	4,471.36
<b>Shimpling</b>	1,540.19	1,796.89	2,053.59	2,310.29	2,823.69	3,337.09	3,850.48	4,620.58
<b>Shotley</b>	1,551.23	1,809.77	2,068.31	2,326.85	2,843.93	3,361.01	3,878.08	4,653.70
<b>Somerton</b>	1,507.71	1,759.00	2,010.28	2,261.57	2,764.14	3,266.71	3,769.28	4,523.14
<b>Sproughton</b>	1,553.92	1,812.91	2,071.89	2,330.88	2,848.85	3,366.83	3,884.80	4,661.76
<b>Stanstead</b>	1,543.32	1,800.54	2,057.76	2,314.98	2,829.42	3,343.86	3,858.30	4,629.96
<b>Stoke by Nayland</b>	1,522.10	1,775.78	2,029.47	2,283.15	2,790.52	3,297.88	3,805.25	4,566.30
<b>Stratford St Mary</b>	1,530.11	1,785.12	2,040.14	2,295.16	2,805.20	3,315.23	3,825.27	4,590.32
<b>Stutton</b>	1,511.11	1,762.97	2,014.82	2,266.67	2,770.37	3,274.08	3,777.78	4,533.34
<b>Sudbury</b>	1,620.65	1,890.75	2,160.86	2,430.97	2,971.19	3,511.40	4,051.62	4,861.94
<b>Tattlingstone</b>	1,538.69	1,795.14	2,051.59	2,308.04	2,820.94	3,333.84	3,846.73	4,616.08
<b>Thorpe Morieux</b>	1,526.39	1,780.78	2,035.18	2,289.58	2,798.38	3,307.17	3,815.97	4,579.16
<b>Wattisham</b>	1,520.66	1,774.10	2,027.55	2,280.99	2,787.88	3,294.76	3,801.65	4,561.98
<b>Whatfield</b>	1,511.79	1,763.76	2,015.72	2,267.69	2,771.62	3,275.55	3,779.48	4,535.38
<b>Wherstead</b>	1,520.14	1,773.50	2,026.85	2,280.21	2,786.92	3,293.64	3,800.35	4,560.42
<b>Woolverstone</b>	1,507.55	1,758.81	2,010.07	2,261.33	2,763.85	3,266.37	3,768.88	4,522.66

## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

### Budget, Funding and Council Tax Requirements

- 1) The precept requirements of Parish / Town Councils must be aggregated with the requirement of this authority to arrive at an average Council Tax figure for the district / parish purposes. This figure however is totally hypothetical and will not be paid by any taxpayer (other than by coincidence).
- 2) The County and the Police and Crime Commissioner's precept requirements are added to this.
- 3) The legally required calculation is set out below:
  - a. The General Fund Budget requirement for the District Council purposes in 2026/27 will be £199.52, based on a 2.99% increase to Council Tax for a Band D property.
  - b. The County Council precept requirement will be £1,731.69 for a Band D property in 2026/27, an increase of £82.26 (4.99%).
  - c. The Police and Crime Commissioner's precept requirement will be £304.47, an increase of £14.94 (5.2%).
  - d. The Parish / Town Councils average band D council tax figure will be £105.87, an increase of £5.40 (5.4%).
- 4) Each £1 of council tax collected by the District Council is distributed as per the chart below.

#### Chart: Where the council tax collected goes



## APPENDIX G: COUNCIL TAX RESOLUTION AND PARISH SCHEDULES

- 5) Babergh is a billing authority and collects council tax and non-domestic rates on behalf of the other precepting authorities i.e. Suffolk County Council, Suffolk Police and Crime Commissioner and Parish / Town Councils. The dates that monies collected are paid over to the County Council, and the Police and Crime Commissioner (“precept dates”) need to be formally agreed under Regulation 5(i) of the Local Authorities (Funds) (England) Regulations 1992.
- 6) Established practice is for payments to be made in 12 equal instalments on the 15th of each month or the next banking day if the 15th falls on a weekend or bank holiday. Accordingly, the precept dates applicable for 2026/27 are expected to be as follows:

15 April 2026	15 May 2026	15 June 2026	15 July 2026
17 August 2026	15 September 2026	15 October 2026	16 November 2026
15 December 2026	15 January 2027	15 February 2027	15 March 2027

## APPENDIX H GLOSSARY OF TERMS

<b>Autumn Statement</b>	A statement made by the Chancellor of the Exchequer in which she updates the House of Commons on the state of the economy and announces tax and spending decisions.
<b>Balanced Budget</b>	A budget where forecast income is equal to forecast expenditure. The Council has to legally set a balanced budget under the provisions of the Local Government Finance Act 1992 (LGFA 1992).
<b>Base Budget</b>	The budget from the previous year is sometimes taken forward to create the initial budget for the next year before inflation and other adjustments such as budget pressures and savings are added/deducted. This is called Incremental Budgeting. Other budgets, such as the financing charges budgets, however, are reviewed afresh each year (known as Zero Based Budgeting).
<b>Billing Authority</b>	The tier of local authority who is responsible for the billing and collection of Council Tax and Business Rates in its local area - this Council is a billing authority.
<b>Budget</b>	The Council's aims and policies set out in financial terms, against which performance is measured. Both capital and revenue budgets are prepared each financial year as part of the annual Council Tax setting process. The budget, once approved, is an instrument of delegation which is used to authorise, monitor and control expenditure (and income). Legally every Council must set a budget by the 11 <sup>th</sup> of March preceding the new financial year.
<b>Budget Gap</b>	Where the estimated expenditure is higher than the estimated income in a budget, there is said to be a "budget gap" or "budget deficit".
<b>Budget Surplus</b>	Where the forecast estimated income is higher than estimated expenditure.
<b>Business Rates</b>	Also known as National Non-Domestic Rates - they are taxes to help pay for local services. They're charged on most non-domestic properties including shops, pubs, offices and factories. Business Rates are set nationally by government.
<b>Business Rates Baseline Funding Level</b>	The amount of Business Rates income the Government believes a local authority needs to deliver local services
<b>Business Rates Levy</b>	A proportional charge applied to local authorities that experience significant business rates growth, specifically when their collected rates exceed their spending baseline.
<b>Business Rates Reset</b>	This is the mechanism by which the Government will redistribute Business Rates growth retained by some councils back into the Business Rates system so that it can top-up resources for councils that have higher needs and less ability to raise income. This likely to have a significant impact on the Business Rates income retained by this Council. The Business Rates Reset will be introduced in 2026/27. At the moment we do not know the full details and whether there will be transition arrangements to limit the impact falling on councils in one financial year.
<b>Business Rates Multiplier</b>	The annual amount established by central government used in the calculation of the Business Rates bill. This amount is multiplied by the businesses rateable value to derive the size of the Business Rates bill for the year.

## APPENDIX H GLOSSARY OF TERMS

<b>Business Rates Pool</b>	An agreement between neighbouring councils to combine their Business Rates activities in a pool. This is designed to maximise the ability for councils to retain more Business Rates locally rather than it going to central government to redistribute to other councils. This Council is part of the Suffolk Business Rates Pool.
<b>Business Rates Tariff</b>	A local authority must pay a levy (tariff) if its individual Business Rates forecast is greater than its baseline funding level. Conversely a local authority will receive a Business Rates Top-Up if its baseline funding level is lower than its Business Rates forecast income. District Councils such as this Council are normally Tariff Authorities and County Councils such as Suffolk County Council are Top-Up Authorities.
<b>Capital Expenditure</b>	Expenditure on assets that have a lasting value such as the acquisition of a fixed asset (e.g. land, buildings, vehicles), or expenditure which adds to and not merely maintains the value of an existing fixed asset. This can also include indirect capital expenditure in the form of grants or loans to other persons or bodies.
<b>Capital Financing</b>	Capital expenditure is financed by borrowing (principally from the PWLB), Government grants, external contributions, reserves, direct revenue funding, and capital receipts. The revenue budget bears the cost of direct revenue funding (called Revenue Contributions to Capital Outlay (RCCO)) together with interest charges and the provision (MRP costs) for repayments of any borrowing undertaken.
<b>Capital Programme</b>	This provides details on the planned expenditure on capital projects over the medium-term planning horizon, and the resources available to fund those schemes. This Council has a programme that comprises a capital budget, which consists of projects that have authorisation to proceed, and a pipeline of future projects in a capital ambition programme which require Cabinet to approve a Business Case before the expenditure is authorised.
<b>Capital Receipts</b>	Sums of money obtained from the sale of assets such as land and property. These receipts can normally only be used to fund items of a capital nature. However, councils can use the Government's capitalisation directive to fund transformation and redundancy costs, which are revenue budget costs, from capital receipts.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy - the accountancy body primarily concerned with public services which sets out many standards and requirements for local authority accounting and treasury and financial management.
<b>Community Infrastructure Levy (CIL)</b>	A planning charge based on legislation that came into force in April 2010. A CIL allows the Council to raise contributions from new developments to help pay for infrastructure that is needed to support planning growth. Where a CIL charging schedule is in place, it largely replaces Section 106 obligations in delivering strategic infrastructure.
<b>Collection Fund</b>	A separate, statutory, account maintained by Billing Authorities

## APPENDIX H GLOSSARY OF TERMS

	including this Council into which Council Tax and Business Rates receipts are paid, and from which Precepting Authorities are paid.
<b>Core Spending Power</b>	This is the term the Government use to say how much money Councils have to run their services. It's a headline figure used by the Government to represent the key revenue resources available to local authorities, including an estimate of potential Council Tax and Business Rates income.
<b>Council Tax</b>	a local tax on domestic properties set by local authorities and based on the value of the property within eight bands, A to H. The Council Tax value of each band is expressed as a proportion of band D.
<b>Council Tax Base</b>	The number of properties in a local authority area from which it is estimated Council Tax will be collected, expressed as the number of equivalent Band D properties using pre-set ratios. The tax base can increase by building new homes.
<b>Council Tax Requirement</b>	The amount of funding required to be raised from Council Tax to meet the expenditure plans of the authority after taking into account all other funding sources such as Business Rates income.
<b>Council Tax Reduction Scheme</b>	The scheme provides a discount on Council Tax for those on low incomes. If Council Tax payers are eligible for support their council tax bills are reduced.
<b>Council Tax Surplus or Deficit</b>	A surplus/deficit arising from either more or less council tax being collected than expected. This would be because of variations in collection rate or to the estimated increase in the number of properties. The variations arise within the Collection Fund and are applied to future years' budgets.
<b>Council Tax Threshold</b>	The increase in Council Tax permitted by central government before a local referendum is needed to agree an increase above this level.
<b>Disabled Facilities Grant (DFG)</b>	A central government grant that contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes.
<b>Earmarked Reserves</b>	These are amounts of money which have been set aside for a specific purpose to meet future spending plans or contingencies.
<b>Expected Credit Loss (ECL)</b>	This is the loss on loans should the borrower default, including lending made to the Council's subsidiary companies. Calculated by multiplying the probability of occurring with the net loss and with the exposure to the loss.
<b>External Borrowing</b>	External borrowing is the process of going to an external financial institution to obtain money. The council would generally borrow from the Public Works Loans Board (PWLB) due to its favourable rates for public sector bodies, but other institutions also offer loan finance to councils.
<b>Fair Funding Review</b>	A review proposed by central government to consider how to fairly allocate local authority funding to individual councils according to need and resources.
<b>Fees and Charges</b>	Income raised by charging users of services directly for services used e.g. car parking income, planning income. Some of the

## APPENDIX H GLOSSARY OF TERMS

	fees, including certain planning fees, are currently set by central government.
<b>General Fund (GF)</b>	The council's main revenue and capital accounts which includes income and expenditure on the provision of all the council's services except the provision of social housing which is in a separate statutory account (the Housing Revenue Account).
<b>General Fund Balance</b>	The amount the Council has available to fund unforeseen events.
<b>Housing Revenue Account (HRA)</b>	The HRA is a ring-fenced account that must be kept separate from the General Fund. It relates to the Council's function as a social landlord and is ring-fenced to avoid cross subsidy between Council Taxpayers and rents from tenants.
<b>Internal Borrowing</b>	Internal borrowing is the temporary use of the council's cash holdings to fund capital expenditure. Whilst this must be repaid it does not represent a formal debt in the same way as external borrowing.
<b>Item 8</b>	These are statutory recharges between the General Fund and the HRA in respect of interest charges on internal borrowing by the HRA from the General Fund, and interest receipt on internal lending by the HRA to the General Fund.
<b>Local Government Finance Settlement</b>	The annual announcement by Government of the amount of grant funding to be provided for the forthcoming year. The provisional settlement is usually announced in December, with a final settlement confirmed in February.
<b>Medium Term Financial Plan (MTFP)</b>	This sets out the forecast of the Council's financial position over a five-year planning horizon.
<b>Minimum Revenue Provision (MRP)</b>	<p>Where councils finance their capital expenditure by debt, they must put aside resources to repay that debt in later years. This is known as MRP and the Local Government Act 2003 requires the councils to have regard to the Ministry of Housing, Communities &amp; Local Government's guidance on Minimum Revenue Provision which was updated in April 2024 to include MRP on capital loans lent to by councils to third parties, such as subsidiary companies. MRP is charged.</p> <p>This Council's policy is that MRP will be determined by charging the expenditure financed by borrowing over the expected useful life of the asset on an annuity basis using an interest rate equivalent to the average PWLB annuity rate for the year of expenditure. MRP charges start in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.</p>
<b>Ministry of Housing, Communities and Local Government</b>	A government department whose work includes investing in local areas to drive growth and create jobs, delivering homes, supporting community and faith groups, and overseeing local government, planning and building safety.
<b>New Homes Bonus (NHB)</b>	A central government grant and was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The amount of grant given is based on the number of new homes built in the council's area. Government

## APPENDIX H GLOSSARY OF TERMS

	have stated that this grant will finish in 2025/26 as a source of finance.
<b>Office of Budget Responsibility (OBR)</b>	A non-departmental public body funded by the UK Treasury, that the UK government established to provide independent economic forecasts and independent analysis of the public finances.
<b>Pooled Investments</b>	These are investments in a portfolio, made up of monies from many individual investors, which is managed by an external provider.
<b>Precept</b>	The levy made by the precepting authorities, i.e. the county council, parish councils, fire and police, on billing authorities, requiring the latter to collect income from local taxpayers on their behalf.
<b>Prudential Code</b>	This is a code of practice agreed between Government and CIPFA that regulates local council capital spending and financing. The Code allows local authorities to set their own borrowing limits based upon the consideration of affordability, sustainability and prudence.
<b>Prudential borrowing</b>	Is a regime for council borrowing that allows local authorities to borrow without recourse to central government. Councils must demonstrate that they can afford to service the debt from their own resources by means of a set of financial ratios (as prescribed by the CIPFA Prudential Code).
<b>Public Works Loans Board (PWLB)</b>	A statutory body operating within the United Kingdom Debt Management Office, which is an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
<b>Revenue Expenditure</b>	Comprises the day-to-day costs associated with running the Council's services and financing the Council's outstanding debt. The costs include staff salaries, contract expenditure, and general running expenses (heat, light and utilities).
<b>Revenue Contribution to Capital Outlay (RCCO)</b>	This is where the cost of financing capital expenditure is charged to the revenue budget.
<b>Revenue support grant (RSG)</b>	General grant that is paid to local authorities by the government to support their expenditure.
<b>Rural Services Delivery Grant (RSDG)</b>	This is Government grant introduced to recognise the additional cost of delivering services in rural areas. Rural Services Delivery Grant has been abolished by the new government for 2025/26 onwards.
<b>Section 151 (S151) Officer</b>	The responsible financial officer. Every council, by law will designate an individual officer as having legal responsibility over providing effective financial management and advice across the Council. The post holder must be a qualified member of one of the main accountancy bodies in the UK. This is currently the Director of Finance & Procurement.
<b>Section 25 Statement</b>	The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and Council Tax requirements, the Council's Section 151 officer must report to it on the robustness of the estimates made for the purposes of the calculations; and the adequacy of the proposed financial

## APPENDIX H GLOSSARY OF TERMS

	reserves. The Council must have due regard to the report when making decisions on the budget and Council Tax.
<b>Section 31 Grants</b>	The government fully reimburses billing authorities for their loss of Business Rates income under the rates retention scheme when government decides to award Business Rates relief, using a grant under section 31 of the Local Government Act 2003.
<b>Section 106</b>	Sums of money received from developers. Subject to each S106 agreement, these sums can be used for either revenue or capital purposes but are predominantly capital purposes.
<b>Total Net Cost of Services</b>	Comprises that part of the revenue budget that is funded from retained Business Rates, Council Tax, and any government general grant.
<b>Treasury Management</b>	The management of the local authority's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities: and the pursuit of the optimum performance consistent with those risks.
<b>Treasury Management Code</b>	This Code of Practice, published by CIPFA, regulates the management of borrowing, investments, & banking. It requires the council to agree and monitor several indicators and Treasury Management Practices. An annual Treasury Management Strategy needs to be approved by Council alongside the budget.

# APPENDIX I BUDGET BOOK 2026/27

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Directorate and Service Area	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
<b>Climate &amp; Nature Recovery</b>	157	-	20	1	-	-	178	-	-	-	-	-	178
Climate & Nature Recovery	157	-	20	1	-	-	178	-	-	-	-	-	178
<b>Corporate Services</b>	1,825	-	1,145	12	525	-	3,507	-	(138)	(7)	(145)	-	3,362
Communications & Engagement	190	-	34	1	-	-	224	-	-	-	-	-	224
Customer Operations	638	-	7	1	-	-	646	-	-	-	-	-	646
Governance and Civic Office	56	-	533	9	-	-	598	-	-	-	-	-	598
ICT & Programme Management	341	-	185	0	525	-	1,051	-	-	-	-	-	1,051
Internal Audit	76	-	30	0	-	-	105	-	-	-	-	-	105
Shared Legal Services	313	-	296	-	-	-	609	-	(138)	(7)	(145)	-	464
Strategic Policy, Performance, Insight & Risk	213	-	60	0	-	-	273	-	-	-	-	-	273
<b>Electoral Services and Land Charges</b>	220	-	97	-	-	-	317	-	(103)	(25)	(128)	15	204
Electoral Services and Land Charges	220	-	97	-	-	-	317	-	(103)	(25)	(128)	15	204
<b>Finance &amp; Procurement</b>	907	29	502	51	1,216	12,403	15,108	(12,533)	-	(118)	(12,651)	-	2,457
Finance	763	29	502	51	1,216	12,403	14,964	(12,533)	-	(118)	(12,651)	-	2,313
Procurement	144	-	-	-	-	-	144	-	-	-	-	-	144
<b>Housing</b>	1,400	857	658	28	-	-	2,943	(936)	(2)	(1,052)	(1,990)	9	963
Building Services	-	215	82	-	-	-	297	-	-	(395)	(395)	-	(98)
Housing Solutions	1,400	642	576	28	-	-	2,646	(936)	(2)	(657)	(1,595)	9	1,061
<b>HR &amp; Organisational Development</b>	612	-	79	1	-	-	692	-	-	-	-	-	692
HR, Organisational Development	612	-	79	1	-	-	692	-	-	-	-	-	692
<b>Operations</b>	3,339	536	1,342	305	4,837	-	10,359	(1,251)	(4,481)	(420)	(6,152)	(250)	3,957
Building Control	531	3	16	18	-	-	569	(130)	(476)	-	(605)	-	(36)
Health & Safety, Emergency Planning and Business Continuity	98	-	35	1	-	-	134	-	-	-	-	-	134
Public Protection	757	-	143	20	-	-	920	-	(310)	-	(310)	-	610
Public Realm & Car Parking	1,544	514	553	192	-	-	2,803	(72)	(1,388)	-	(1,460)	(250)	1,094
Recycling, Waste & Fleet	409	19	594	73	4,837	-	5,933	(1,050)	(2,308)	(420)	(3,778)	-	2,155
<b>Place</b>	2,193	223	955	33	2,868	-	6,272	(323)	(3,669)	(17)	(4,009)	(300)	1,963
Economy and Business	153	1	42	2	-	-	198	-	-	(17)	(17)	(12)	168
Planning (incl. Dev, Heritage & Enforcement)	1,205	-	418	23	-	-	1,647	-	(946)	-	(946)	(165)	536
Strategic Planning and CIL	508	-	184	1	-	-	694	(60)	(50)	-	(110)	(59)	525
Sustainable Communities	326	223	310	7	2,868	-	3,734	(263)	(2,674)	-	(2,936)	(64)	734
<b>Property, Development &amp; Regeneration</b>	187	133	192	1	-	-	512	(61)	-	(379)	(440)	-	72
Property, Development & Regeneration	-	-	-	-	-	-	-	-	-	-	-	-	-
Regeneration & Capital Projects	41	-	-	1	-	-	42	-	-	-	-	-	42
Strategic Property	103	133	177	-	-	-	413	-	-	(379)	(379)	-	35
The Council's Companies	43	-	15	-	-	-	57	(61)	-	-	(61)	-	(4)
<b>Senior Leadership Team</b>	713	-	28	2	-	-	743	-	-	-	-	-	743
Senior Leadership Team	713	-	28	2	-	-	743	-	-	-	-	-	743
<b>Total</b>	<b>11,553</b>	<b>1,778</b>	<b>5,017</b>	<b>434</b>	<b>9,446</b>	<b>12,403</b>	<b>40,632</b>	<b>(15,104)</b>	<b>(8,393)</b>	<b>(2,017)</b>	<b>(25,514)</b>	<b>(526)</b>	<b>14,591</b>



## APPENDIX I BUDGET BOOK 2026/27

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Corporate Services	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
Strategic Policy, Performance, Insight & Risk	213	-	60	0	-	-	273	-	-	-	-	-	273
<b>Total</b>	<b>1,825</b>	<b>-</b>	<b>1,145</b>	<b>12</b>	<b>525</b>	<b>-</b>	<b>3,507</b>	<b>-</b>	<b>(138)</b>	<b>(7)</b>	<b>(145)</b>	<b>-</b>	<b>3,362</b>

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Electoral Services and Land Charges	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
Elections	-	-	25	-	-	-	25	-	-	(25)	(25)	15	15
Electoral Registration	126	-	52	-	-	-	178	-	(1)	-	(1)	-	177
Land Charges	94	-	20	-	-	-	115	-	(102)	-	(102)	-	13
<b>Total</b>	<b>220</b>	<b>-</b>	<b>97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>-</b>	<b>(103)</b>	<b>(25)</b>	<b>(128)</b>	<b>15</b>	<b>204</b>

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Finance & Procurement	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
<b>Finance</b>	<b>763</b>	<b>29</b>	<b>502</b>	<b>51</b>	<b>1,216</b>	<b>12,403</b>	<b>14,964</b>	<b>(12,533)</b>	<b>-</b>	<b>(118)</b>	<b>(12,651)</b>	<b>-</b>	<b>2,313</b>
Bank Charges	-	-	49	-	-	-	49	-	-	-	-	-	49
Council Tax	-	-	3	-	-	-	3	-	-	-	-	-	3
Council Tax Collection	-	-	2	-	-	-	2	-	-	(108)	(108)	-	(106)
External Audit	-	-	177	-	-	-	177	-	-	-	-	-	177
Financial Resources	651	-	215	0	-	-	867	-	-	-	-	-	867
Insurance	112	29	27	51	-	-	219	-	-	-	-	-	219
NNDR Collection	-	-	-	-	-	-	-	(134)	-	(10)	(144)	-	(144)
Rent Allowances	-	-	-	-	-	6,525	6,525	(6,618)	-	-	(6,618)	-	(94)
Rent Rebates to HRA Dwellings	-	-	-	-	-	5,878	5,878	(5,780)	-	-	(5,780)	-	98
Shared Revenues Partnership (SRP)	-	-	-	-	1,216	-	1,216	-	-	-	-	-	1,216
Treasury Management	-	-	29	-	-	-	29	-	-	-	-	-	29

## APPENDIX I BUDGET BOOK 2026/27

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Finance & Procurement	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
Procurement	144	-	-	-	-	-	144	-	-	-	-	-	144
Procurement	144	-	-	-	-	-	144	-	-	-	-	-	144
<b>Total</b>	<b>907</b>	<b>29</b>	<b>502</b>	<b>51</b>	<b>1,216</b>	<b>12,403</b>	<b>15,108</b>	<b>(12,533)</b>	<b>-</b>	<b>(118)</b>	<b>(12,651)</b>	<b>-</b>	<b>2,457</b>

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
HR, Organisational Development	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
HR	512	-	79	1	-	-	592	-	-	-	-	-	592
Organisational Development	100	-	-	-	-	-	100	-	-	-	-	-	100
<b>Total</b>	<b>612</b>	<b>-</b>	<b>79</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>692</b>

	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	
Housing	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	Net Expenditure (£'000)
Building Services	-	215	82	-	-	-	297	-	-	(395)	(395)	-	(98)
PV Panels	-	215	82	-	-	-	297	-	-	(395)	(395)	-	(98)
<b>Housing Solutions</b>	<b>1,400</b>	<b>642</b>	<b>626</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>2,696</b>	<b>(969)</b>	<b>(2)</b>	<b>(657)</b>	<b>(1,628)</b>	<b>9</b>	<b>1,078</b>
CB Lettings	67	-	-	-	-	-	67	-	-	-	-	-	67
Community Housing Fund	-	-	1	-	-	-	1	-	-	-	-	(1)	-
Domestic Abuse Funding	46	-	2	2	-	-	50	-	-	(15)	(15)	-	34
Guaranteed Rent Scheme	106	550	15	3	-	-	674	(76)	-	(575)	(651)	-	23
HMO Licence	-	-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Homeless Prevention Fund	545	-	103	10	-	-	658	(240)	-	-	(240)	-	418
Homelessness Private Sector	-	45	383	1	-	-	429	(350)	-	(30)	(380)	-	49
Homes for Ukraine	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Standards	159	-	2	3	-	-	165	-	-	-	-	-	165

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Housing	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
Independent Living Service	-	-	5	-	-	-	5	-	-	-	-	-	5
Old School House	-	23	3	-	-	-	26	-	-	(36)	(36)	10	-
Other Temporary Accommodation	166	12	10	5	-	-	193	-	-	-	-	-	193
Rent Deposit Scheme	27	12	-	1	-	-	40	(40)	-	-	(40)	-	-
Renters Right Act	-	-	40	-	-	-	40	(40)	-	-	(40)	-	-
Rough Sleepers Intervention Yr3	170	-	-	2	-	-	173	(173)	-	-	(173)	-	-
Strategic Housing	112	-	13	-	-	-	126	-	(1)	-	(1)	-	125
<b>Total</b>	<b>1,400</b>	<b>857</b>	<b>658</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>2,943</b>	<b>(936)</b>	<b>(2)</b>	<b>(1,052)</b>	<b>(1,990)</b>	<b>9</b>	<b>963</b>

Operations	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
<b>Building Control</b>	<b>531</b>	<b>3</b>	<b>16</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>569</b>	<b>(130)</b>	<b>(476)</b>	<b>-</b>	<b>(605)</b>	<b>-</b>	<b>(36)</b>
Building Control Commercial Income	-	-	2	-	-	-	2	-	(6)	-	(6)	-	(5)
Building Regs Chargeable Services	362	-	9	12	-	-	383	-	(447)	-	(447)	-	(64)
Building Regs Non-Chargeable Services	79	-	-	3	-	-	81	-	-	-	-	-	81
Building Regs Other Activities	52	-	1	2	-	-	55	(130)	-	-	(130)	-	(75)
Building Regulations Chargeable Services	6	-	-	-	-	-	6	-	-	-	-	-	6
Building Regulations Non-Chargeable Services	1	-	-	-	-	-	1	-	-	-	-	-	1
Dangerous Structures	-	3	-	-	-	-	3	-	(3)	-	(3)	-	-
Street Naming & Numbering	31	-	5	1	-	-	38	-	(20)	-	(20)	-	18
<b>Health &amp; Safety, Emergency Planning and Business Continuity</b>	<b>98</b>	<b>-</b>	<b>35</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>
Health & Safety	98	-	35	1	-	-	134	-	-	-	-	-	134
<b>Public Protection</b>	<b>757</b>	<b>-</b>	<b>143</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>920</b>	<b>-</b>	<b>(310)</b>	<b>-</b>	<b>(310)</b>	<b>-</b>	<b>610</b>

# APPENDIX I BUDGET BOOK 2026/27

Operations	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
Civil Protection & Emergency Planning	-	-	30	-	-	-	30	-	-	-	-	-	30
Environmental Protection	330	-	47	8	-	-	386	-	(15)	-	(15)	-	371
Food & Safety (General)	318	-	15	9	-	-	342	-	(16)	-	(16)	-	326
Food and Safety (General)	-	-	-	-	-	-	-	-	(8)	-	(8)	-	(8)
Health & Safety	(3)	-	-	-	-	-	(3)	-	-	-	-	-	(3)
Licensing	111	-	52	2	-	-	165	-	(271)	-	(271)	-	(105)
<b>Public Realm &amp; Car Parking</b>	<b>1,544</b>	<b>514</b>	<b>553</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>2,803</b>	<b>(72)</b>	<b>(1,388)</b>	<b>-</b>	<b>(1,460)</b>	<b>(250)</b>	<b>1,094</b>
Biodiversity Task Force	59	55	-	3	-	-	116	-	-	-	-	-	116
Car Parks	71	356	205	-	-	-	632	-	(1,152)	-	(1,152)	-	(519)
Civil Parking Enforcement	-	-	93	-	-	-	93	-	(67)	-	(67)	-	25
Electric Vehicle (EV) Charge Points	-	26	9	-	-	-	35	-	(43)	-	(43)	9	-
Footpaths	19	-	-	0	-	-	19	-	-	-	-	-	19
Open Spaces	840	20	166	102	-	-	1,128	(61)	(24)	-	(85)	(251)	792
Play Facilities	29	-	-	-	-	-	29	-	-	-	-	-	29
Public Conveniences	-	57	48	-	-	-	105	-	-	-	-	-	105
Service Improvements - Environment & Projects	39	-	-	-	-	-	39	-	-	-	-	-	39
Street & Major Road Cleansing	489	-	33	87	-	-	608	(11)	(101)	-	(113)	(7)	488
<b>Recycling, Waste &amp; Fleet</b>	<b>409</b>	<b>19</b>	<b>594</b>	<b>73</b>	<b>4,837</b>	<b>-</b>	<b>5,933</b>	<b>(1,050)</b>	<b>(2,308)</b>	<b>(420)</b>	<b>(3,778)</b>	<b>-</b>	<b>2,155</b>
Bring Sites	20	-	54	-	-	-	75	-	-	(106)	(106)	-	(32)
Domestic Waste	256	-	-	-	2,449	-	2,705	(1,050)	(116)	-	(1,166)	-	1,540
Food Waste	-	-	-	-	1,520	-	1,520	-	-	-	-	-	1,520
Garden Waste	102	-	212	-	663	-	978	-	(1,431)	(313)	(1,744)	-	(766)
Joint Waste Contract	-	19	40	73	-	-	132	-	-	-	-	-	132
Recycling Centre	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Waste	31	-	288	-	204	-	523	-	(762)	-	(762)	-	(239)
<b>Total</b>	<b>3,339</b>	<b>536</b>	<b>1,342</b>	<b>305</b>	<b>4,837</b>	<b>-</b>	<b>10,359</b>	<b>(1,251)</b>	<b>(4,481)</b>	<b>(420)</b>	<b>(6,152)</b>	<b>(250)</b>	<b>3,957</b>

## APPENDIX I BUDGET BOOK 2026/27

Place	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
<b>Economy and Business</b>	153	1	42	2	-	-	198	-	-	(17)	(17)	(12)	168
Economy & Business	134	-	10	1	-	-	146	-	-	-	-	(12)	133
Hadleigh Market	-	1	14	-	-	-	15	-	-	(12)	(12)	-	3
Shared Prosperity Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Town Centres	19	-	-	-	-	-	19	-	-	-	-	-	19
Visitor Economy	-	-	18	-	-	-	18	-	-	(5)	(5)	-	13
<b>Planning (incl. Dev, Heritage &amp; Enforcement)</b>	1,205	-	418	23	-	-	1,647	-	(946)	-	(946)	(165)	536
Business Improvement (Communities & Growth)	42	-	-	-	-	-	42	-	-	-	-	-	42
Development Management	888	-	188	14	-	-	1,090	-	(851)	-	(851)	(22)	216
Development Management - Appeals	-	-	216	-	-	-	216	-	-	-	-	(128)	88
Heritage	106	-	-	5	-	-	111	-	(15)	-	(15)	(15)	81
Planning Enforcement	169	-	0	5	-	-	174	-	-	-	-	-	174
Planning Performance Agreement	-	-	15	-	-	-	15	-	(35)	-	(35)	-	(20)
Pre Application Charging	-	-	-	-	-	-	-	-	(45)	-	(45)	-	(45)
<b>Strategic Planning and CIL</b>	508	-	184	1	-	-	694	(60)	(50)	-	(110)	(59)	525
Community Infrastructure Levy (CIL)	140	-	-	1	-	-	141	-	(50)	-	(50)	-	91
Development Policy & Local Plans	296	-	126	1	-	-	422	-	-	-	-	(10)	412
Neighbourhood Plan Designations	49	-	58	-	-	-	107	(60)	-	-	(60)	(49)	(2)
S106 Monitoring	23	-	-	-	-	-	23	-	-	-	-	-	23
Strategic Planning General	-	-	1	-	-	-	1	-	-	-	-	-	1
<b>Sustainable Communities</b>	326	223	310	7	2,868	-	3,734	(263)	(2,674)	-	(2,936)	(64)	734

## APPENDIX I BUDGET BOOK 2026/27

Place	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
Community Achievement Awards	-	-	1	-	-	-	1	-	-	-	-	-	1
Community Development	284	-	-	7	-	-	291	-	-	-	-	-	291
Community Safety-CCTV	-	1	51	-	-	-	52	(19)	-	-	(19)	-	32
Community Safety-General	-	-	24	-	-	-	24	-	-	-	-	-	24
Grants & Contributions	-	-	134	-	-	-	134	-	-	-	-	-	134
Hadleigh Pool	-	86	-	-	-	-	86	(80)	-	-	(80)	-	6
Healthy Behaviours Partnership	42	-	-	-	-	-	42	(43)	-	-	(43)	-	(1)
Kingfisher Leisure Centre	-	131	-	-	1,923	-	2,054	(120)	(1,762)	-	(1,882)	-	173
Hadleigh Pool and Leisure Centre	-	-	-	-	945	-	945	-	(912)	-	(912)	-	33
Locality Awards	-	-	64	-	-	-	64	-	-	-	-	(64)	-
Mobile CCTV	-	5	-	-	-	-	5	-	-	-	-	-	5
Policy & Strategy H & W	-	-	31	-	-	-	31	-	-	-	-	-	31
Women's Cycle Tour	-	-	5	-	-	-	5	-	-	-	-	-	5
<b>Total</b>	<b>2,193</b>	<b>223</b>	<b>955</b>	<b>33</b>	<b>2,868</b>	<b>-</b>	<b>6,272</b>	<b>(323)</b>	<b>(3,669)</b>	<b>(17)</b>	<b>(4,009)</b>	<b>(300)</b>	<b>1,963</b>

Property, Development & Regeneration	Expenditure 2026/27							Income 2026/27				Reserves 2026/27	Net Expenditure (£'000)
	Employees (£'000)	Premises (£'000)	Supplies & Services (£'000)	Transport (£'000)	Contracts (£'000)	Transfer Payments (£'000)	Total Expenditure (£'000)	Grants and Contributions (£'000)	Sales, Fees & Charges (£'000)	Other Income (£'000)	Total Income (£'000)	Transfer to/(from) Reserves (£'000)	
Regeneration & Capital Projects	41	-	-	1	-	-	42	-	-	-	-	-	42
Regeneration	41	-	-	1	-	-	42	-	-	-	-	-	42
Strategic Property	103	133	177	-	-	-	413	-	-	(379)	(379)	-	35
Asset Utilisation	103	25	30	-	-	-	158	-	-	(5)	(5)	-	153
Borehamgate Shopping Centre	-	15	40	-	-	-	55	-	-	(250)	(250)	-	(195)
Chilton Depot	-	48	-	-	-	-	48	-	-	-	-	-	48
Creeping Rd Depot	-	37	6	-	-	-	43	-	-	-	-	-	43



## APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)

Details	
<b>Service or policy title</b>	Babergh General Fund budget 2026-27
<b>Lead officer</b> ( <i>responsible for the policy or service/function</i> )	Melissa Evans, Director – Finance and Procurement, Section 151 Officer
<b>Officers carrying out the EQIA</b> ( <i>it is recommended that an officer responsible for the policy or service/function is involved in completion</i> )	Melissa Evans, Director – Finance and Procurement, Section 151 Officer David Feveyer-Ward, Head of Service – Finance
<b>Is this new or a revision?</b> ( <i>If revision state when previous EQIA undertaken</i> )	New
<b>Is this the first time this policy or function has been assessed?</b>	No
<b>Date of completing this EQIA</b>	28 <sup>th</sup> November 2025

Description
<p><b>What exactly is proposed?</b> (<i>Describe the service/policy and the changes that are being planned</i>)</p> <p>That the General Fund revenue and capital budget for 2026/27 and MTFP set out in the report be endorsed for recommendation to Council on 24th February 2026.</p>
<p><b>Why?</b> (<i>Give reasons why these changes are being introduced</i>)</p> <p>A balanced budget is required to be set each year to ensure the Council remains financially viable.</p>
<p><b>What will the effect of the changes be?</b> (<i>Describe which people, communities, localities etc. will be affected by the changes</i>)</p> <p>The decisions set out in the General Fund budget will determine how services are provided by the Council. It will determine which services have investment and which services have cost savings made to them. This could change the service experienced by our residents, businesses and wider communities, but also how our workforce deliver these services.</p>
<p><b>How will it be implemented?</b> (<i>Describe the decision making process, timescales, process for implementation</i>)</p> <p>The budget will be agreed by Cabinets before Full Council in February 2026. This will set the budgetary position for 1<sup>st</sup> April 2026 to 31<sup>st</sup> March 2027, decisions on spending, savings and use of reserves.</p>
<p><b>When is it due to start?</b> (<i>Planned start of new/revised policy/service</i>)</p> <p>1<sup>st</sup> April 2026</p>
<p><b>Any other relevant details</b></p>

Data about the population
<p><b>What is the demographic profile or make up of the community you are serving?</b> (<i>A brief overview of quantitative data used and qualitative research undertaken, including customer surveys and focus groups, plus links to reports, local or national data that you have used, suggested sources of information can be found at the end of this document</i>)</p> <p>An overview of Babergh is given in <a href="#">Babergh State of the District 2025</a></p>

## APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)

The population at 2021 was 87,901, with a predicted population of 97,033 at June 2024 (ONS). The age profile at mid-2021 and mid-2024 was:

Age band	Mid-2011	Mid-2024	Absolute change (2011 to 2024)	% change (2011 to 2024)
0-15	15,925 (18%)	15,434 (16%)	-491	-3.1%
16-24	8,011 (9%)	7,947 (8%)	-64	-0.8%
25-34	7,894 (9%)	9,918 (10%)	+2,024	+25.6%
35-49	18,355 (21%)	16,173 (17%)	-2,182	-11.9%
50-64	18,712 (21%)	21,238 (22%)	+2,526	+13.5%
65-79	13,718 (16%)	18,616 (19%)	+4,898	+35.7%
80 and over	5,286 (6%)	7,707 (8%)	+2,421	+45.8%
<b>Total</b>	<b>87,901</b>	<b>97,033</b>	<b>+9,132</b>	<b>+10.4%</b>

Office for National Statistics (ONS): mid-year population estimates (mid-2024)

This demonstrates the age profile is increasing in the older age groups.

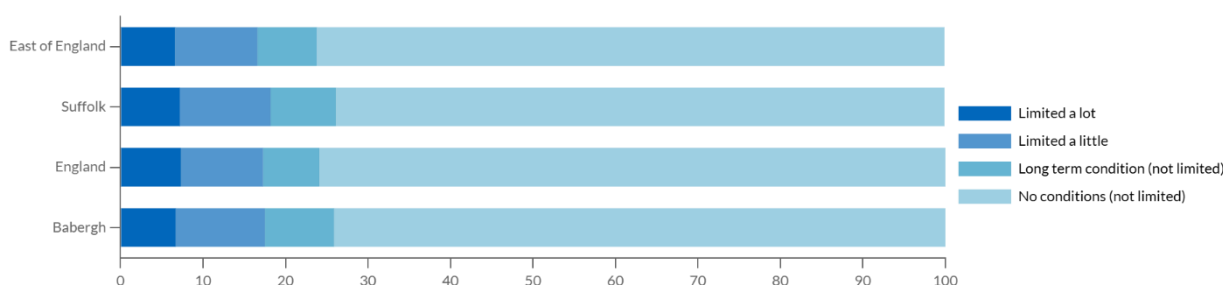
Based on the Index of Multiple Deprivation (IMD) 2025, No part of Babergh is ranked among the most deprived fifth of places in England, but the district has the lowest proportion of areas in the least deprived quintile. Over 40% of areas in Babergh are ranked in the second least deprived quintile of deprivation by the 2025 IMD, with just over half in the least deprived two-fifths of neighbourhoods in England. Three areas of Babergh fall within the 10% most deprived areas in England, which area Hadleigh South, Sproughton and Pinewood and Capel St Mary.

The district is predominantly rural in nature, with 68.3% of its population classed as living in a rural area, based on an analysis of Census 2021 data.<sup>11</sup> Almost half (47.2%) live more than 30 minutes away (by road travel) from a 'major town or city', defined as a built-up area with a population of 75,000 or *more*.

**What is the profile or make up of your service users by protected characteristics?**  
(Where this data is available. If it is not currently available state any plans to collect this in future)

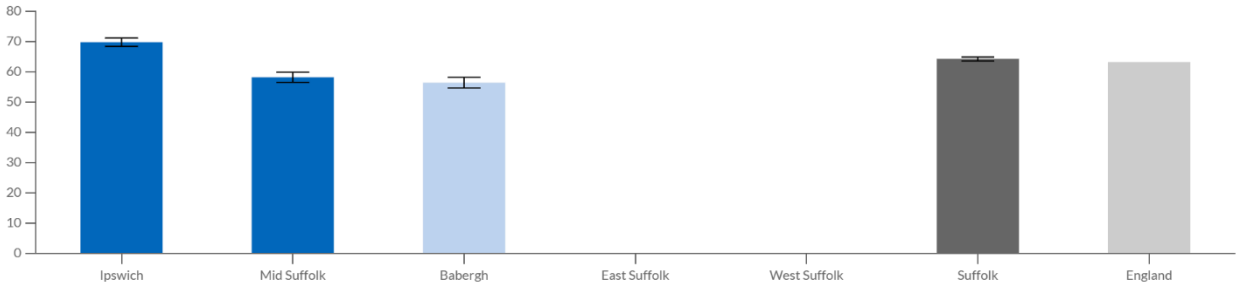
Data from the Suffolk Observatory ([Suffolk Observatory – Equality Impact Assessment](#)) is provided below on groups with different protected characteristics in Babergh. More detailed information on precise figures are available from the Suffolk Observatory here: [Suffolk - EIA - District - v3 | Babergh | Report Builder for ArcGIS](#).

### Disability

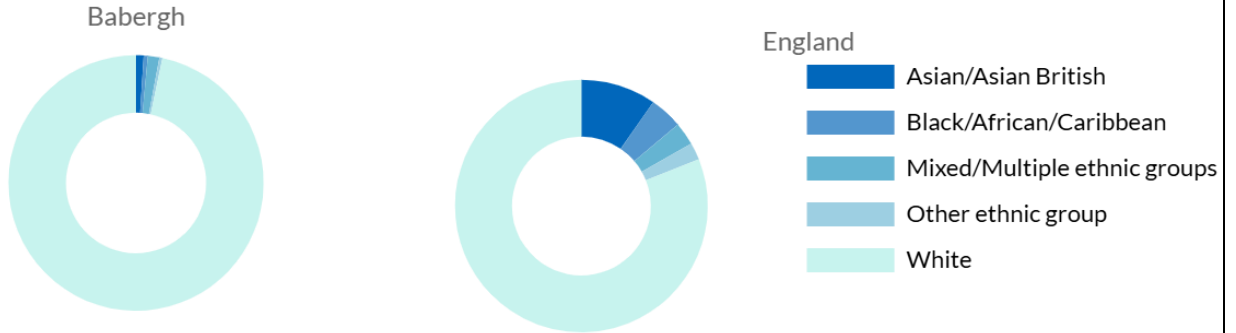


# APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)

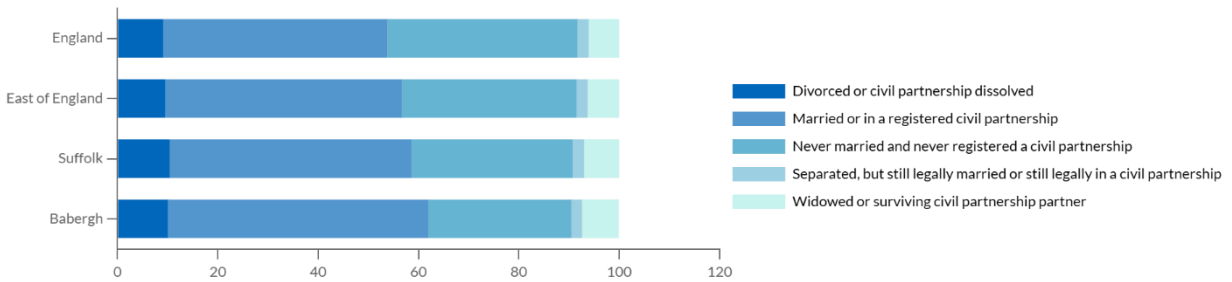
## Pregnancy and maternity



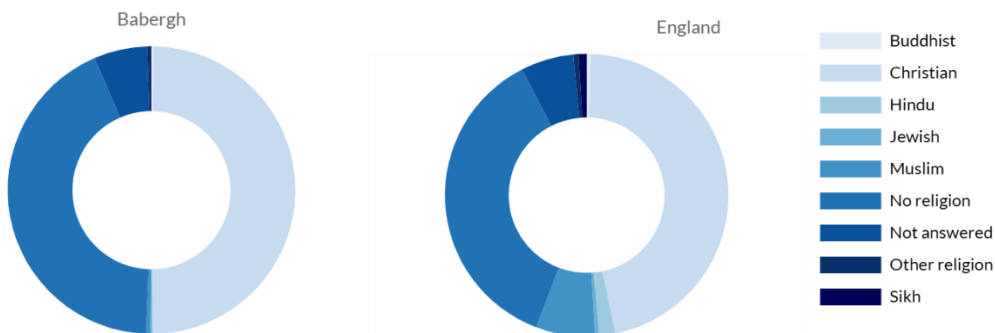
## Race/ethnicity



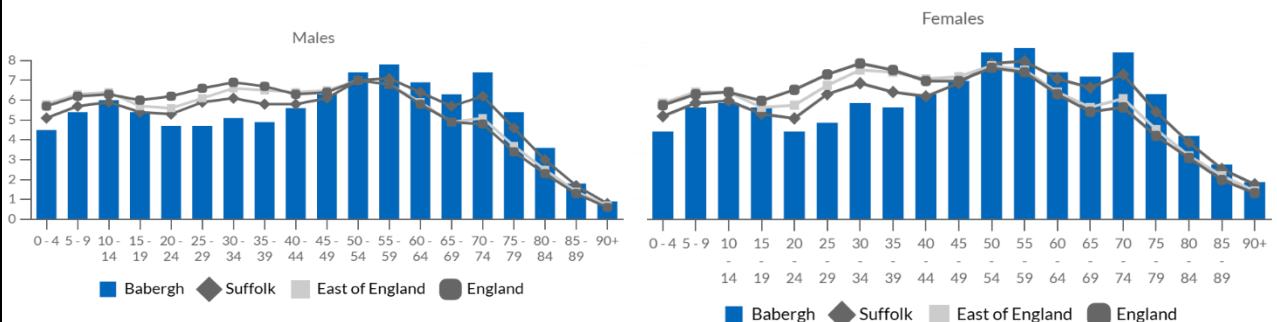
## Marriage and civil partnership



## Religion/belief



## Sex



## APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)

Data is not collected at a district level for Gender Reassignment or Sexual Orientation.

### Workforce Equality and Diversity Data

Data on the Council's workforce can be found in our [Equality and Diversity Workforce Report 24-25](#). This identifies the data we hold on the protected characteristics of our staff.

### Other relevant information

The General Fund budget report for 2026-27 will set the budget for this following financial year. A decision will be made to invest and divest in different budgets, which makes a decision that could have an impact on groups with different protected characteristics. Some decisions will be subject to a further decision making process through Cabinet, Council or at an officer level, at which time a further Equality Impact Assessment would take place. This is reflected in the assessments made below.

Changes to the budget have been categorised as follows:

- Employee
- Premises Expenses
- Supplies & Services
- Contracts
- Grants and contributions
- Sales, Fees and Charges

### Implications for communities and workforce

**What is the impact on people with a protected characteristic\*, rural communities, Armed Forces, neurodivergent individuals or those facing socio-economic disadvantage, and what evidence do you have? (If you do not believe there is any impact describe why not) (\*Protected characteristics that have been considered are: Disability, Age, (Sex (Gender), Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Sexual Orientation, Religion and Belief)**

**Detail whether there is a positive or negative impact, and the appropriate mitigation.**

Assessing the impact on the above groups, including those with protected characteristics, is an iterative process. This assessment considers the potential equality impact from the proposed budget changes set out in the Council's General Fund for 26-27. The assessment is based on data available at the time of the Equality Impact Assessments (EIAs). Equality impact however is not a single step process of assessment, but a continuous process. Further assessment would be required as decision to implement the budget changes progress.

### **Employees: Staffing changes**

The loss of staff resource could reduce the service level experienced by the above groups, for example less ability to directly contact a member of staff for support in accessing a particular service. There are no wholesale losses of any services proposed in the budget reductions, meaning that an existing service level will still be provided. To ensure equal access of all groups in accessing services and their experience of services. This will continue to be considered through the development of policies and procedures that consider any impacts any mitigate appropriately through their own EQIA.

The loss of staff resource could also have an impact on staff working within the council who have protected characteristics or the above groups. This could either be changes to individual

## **APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)**

roles, teams, or a cumulative impact if multiple services were experiencing staffing reductions simultaneously. All future work objectives for teams are carefully planned through service planning and regular reviews between staff and their line managers to ensure workloads will be managed within the resource and capacity of the team. Any reasonable adjustments for individuals would also be considered in individual conversations with staff and their line manager. All formal restructures would also be required to follow the council's internal policies, and be subject to an individual equality impact assessment for impact on individuals both within our communities and workforce who have protected characteristics.

Positive or negative impact? Both

What could be done to mitigate any adverse impact or further promote positive impact? As detailed above.

### **Premises expenses**

Investment being made in premises including maintenance of photovoltaic arrays installed on the council's property/land. As only maintenance of existing premises there is a neutral impact on any groups listed above including groups with protected characteristics, although continued provision of such arrays could potentially have a positive impact on the above groups, although there is no evidence to substantiate this.

Positive or negative impact? Neutral

What could be done to mitigate any adverse impact or further promote positive impact? N/A

### **Supplies and services**

Changes in funding to services could impact on how customers access services or the level of service they are provided with. There is the potential for longer waiting times for customers to access services in some areas. This could lead to issues with compliance with regulators or not meeting statutory and essential duties such as safeguarding.

Service changes are usually subject to EQIA at time of decision, for example changes to introduce Better Recycling that the council will bring into place in June 2026. EQIAs have already been undertaken at each stage for this work, identifying potential impacts and mitigation measures where possible.

Positive or negative impact? Negative

What could be done to mitigate any adverse impact or further promote positive impact?

Changes to service design will help mitigate the potential impacts. This will include refreshed service planning and objective setting for services, digital transformation opportunities, working more effectively with partners and monitoring to ensure statutory duties and responsibilities around safeguarding are met.

Mitigation identified in EQIAs undertaken for Better Recycling, including Household Waste and Recycling Collections Policy.

### **Contracts**

Additional funding is being provided for the contract with Shared Revenues Partnership to meet caseload demand. This has no impact on service delivery. The impact on groups with protected would be determined by the service provision, which is not subject to decision in this budget report.

## **APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)**

Changes in contracts around waste management could impact on how customers access services or the level of service they are provided with. Changes include Better Recycling being implemented June 2026 onward. Equality Impact Assessments have been undertaken at each stage as decisions have been made on Better Recycling, identifying potential impacts and mitigation measures where possible.

Positive or negative impact? Positive and negative

What could be done to mitigate any adverse impact or further promote positive impact?  
Mitigation identified in EQIAs undertaken for Better Recycling, including Household Waste and Recycling Collections Policy.

### **Grants and contributions**

Pressure around shared prosperity and healthy behaviours

These were grant programmes that had a limited time span, all projects have all been delivered and grant monies spent.

Increase in Government grants for temporary accommodation, rough sleeping and building regulations funding would all deliver services for our residents and businesses. The impact of any increased funding on groups with protected characteristics would be determined by the service provision, which is not subject to decision in this budget report. Reduction in grants from Government are not a decision that the Council is making, it is a decision by central Government. The impacts of funding being removed however would be considered at a service level, with refreshed service planning and objective setting for each team ensuring that the best possible outcomes can be delivered with the resources that are available.

Changes to grants and contributions around waste management could impact on how customers access services or the level of service they are provided with. Changes include Better Recycling being implemented June 2026 onward. Equality Impact Assessments have been undertaken at each stage as decisions have been made on Better Recycling, identifying potential impacts and mitigation measures where possible.

Positive or negative impact? Negative

What could be done to mitigate any adverse impact or further promote positive impact?  
Mitigation identified in EQIAs undertaken for Better Recycling, including Household Waste and Recycling Collections Policy

### **Sales, fees and charges**

Subject to a separate paper to Cabinets. EQIA Screening negative, as increase in charges were only in line with inflation, and there was no evidence there would be a disproportionate impact (positively or negatively) on the above groups.

Positive or negative impact? Neither

What could be done to mitigate any adverse impact or further promote positive impact?

No further mitigation required.

## APPENDIX J FULL EQUALITY IMPACT ASSESSMENT (EIA)

<b>Monitoring Impact</b>	
Assessing the impact on equality is an ongoing process that does not end once a policy or service had been agreed or implemented.	
How frequently will the policy or service be reviewed?	The delivering of services around the Council is regularly reviewed through different feedback mechanisms. These include engagement with groups that represent those with protected characteristics customer surveys, resident surveys, feedback panels. And the delivery of services is dynamic and change throughout the financial year. All decisions on service delivery changes would be subject to Equality Impact Assessment.
Who will be involved?	Heads of Service/budget holders delivering services
Will there need to be an action plan completed for any amendments?	Not identified at present
What further evidence or consultation will be needed to check that the policy or service is working well?	Through different feedback mechanisms or customer surveys, resident surveys, feedback panels and stakeholder forums.

<b>Completion</b>	
Authors signature	David Feveyear-Ward Melissa Evans
Date of completion	28 <sup>th</sup> November 2025