Appendix C

REVENUE BUDGET 2016-17
AND CAPITAL PROGRAMME 2016-19
(including Treasury Management Strategy and Prudential Indicators)

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Revenue Budget 2016-17 and Capital Programme 2016-2019 (including Treasury Management Strategy and Prudential Indicators)

Contents

A. Background to the 2016-17 Budget

1. The key elements of the budget are explained in the Cabinet report. This appendix and annexes provide supporting information in terms of the budget process and detailed supporting figures. They also include explanations of the Council's grant and business rates settlement and the national context of the budget.

2. The key dates for the budget setting process are provided below:

November 2015 – December 2015	Budget Consultation
25th November 2015	Comprehensive Spending Review 2015 and Autumn Statement
26th November 2015	Scrutiny Committee
17th December 2015	Provisional Local Government Finance Settlement 2016-17
26th January 2016	Cabinet to consider and recommend the budget to be considered by County Council in February
Late January/Early February 2016	Final Local Government Finance Settlement 2016-17
11th February 2016	County Council to agree the Budget and Council Tax

3. The following paragraphs set out the assumptions that were used for planning the budget in advance of receiving the Provisional Local Government Finance Settlement.

4. As a result of the deficit reduction programme, since 2011-12 the Council has made savings in excess of £170m. In order to identify the budget gap that the Council faces an assessment has been made of the expected level of funding and the impact of inflation and demand pressures over the four years from 2016-17 to 2019-20.

5. In calculating the expected level of funding the following assumptions have been made:

   a) Overall funding will reduce by 9% per annum. This is based on a 9% reduction in the total of Revenue Support Grant (RSG), Business Rates and Top Up Grant. This reduction will be applied to the Revenue Support Grant which is expected to reduce by 72% by 2019-20.

   b) The top up grant and business rates baseline will be inflated by the September 2015 RPI. This was 0.8%. No growth in business rates is forecast at this stage as this cannot be predicted with any certainty. It is assumed that RPI will be 2.5% in later years.

   c) The council tax surplus in 2015-16 of £4.6m is not repeated. This surplus is treated as one-off as it can fluctuate considerably each year.

d) Council tax will remain at the same level as 2015-16 for the next two years in line with the commitment made by the Administration. However, an increase in the taxbase of 1% per annum is forecast which will yield extra council tax of £2.7m each year.

e) The 2011-12 and 2013-14 council tax freeze grants were rolled into the RSG figure but it is not clear if they are to be made permanent beyond 2015-16. Therefore it has been assumed that they will be removed in 2016-17, resulting in a further reduction in the RSG of £10m. It is also assumed that no further council tax freeze grants will be paid from 2016-17.

f) The New Homes Bonus will continue to increase annually in line with growth in the taxbase. Each annual payment is made for 6 years, therefore the first payment made in 2011-12 will cease after 2016-17, and it is expected that the level of the New Homes Bonus will remain fairly static. However, there is no certainty that this will continue into the future.

g) The Public Health grant will be £31.3m. This figure is based on the in year cut from 2015-16 becoming permanent. It is not clear whether it will remain ring-fenced beyond 2015-16.

h) The Education Services Grant is expected to reduce from £7.3m in 2015-16 to £1.6m in 2019-20 as a result of further academies being established in Suffolk.

6. Taking into account these assumptions, **Table 1** below shows the forecast level of funding:

Table 1: Expected Level of Funding

2015-16 £'m		**2016-17 £'m**	**2017-18 £'m**	**2018-19 £'m**	**2019-20 £'m**
90.3	Revenue Support Grant	64.9	50.6	37.4	25.1
96.1	Business Rates and Top Up Grant	94.0	96.3	98.7	101.2
266.2	Council Tax	268.8	271.5	274.2	277.0
4.6	Collection Fund Surplus	-	-	-	-
3.4	New Homes Bonus	3.6	3.5	3.2	3.3
2.9	Council Tax Freeze Grant 2015-16	-	-	-	-
7.3	Education Services Grant	5.4	3.9	2.4	1.6
29.9	Public Health Grant	31.3	31.3	31.3	31.3
500.7	**Total**	**467.9**	**457.1**	**447.2**	**439.4**

7. On the spending side of the equation assumptions have been made for inflation of 2% for non-pay budgets and 1% on pay budgets. Where inflation is different from the 2% allowance this is to be contained within each directorate's spending control totals. External income budgets, except for those relating to grants and contributions, are expected to increase by 3%. This reflects the inflation uplift plus a real increase in fees and charges to the extent that the rules around certain charges allow that level of increase.

8. As a result of the last 3 year actuarial valuation of the Local Government Pension Scheme in 2013 the employer contribution rate will increase from 26% to 27% in 2016-17. This will increase the cost of employer pension

contributions by £1.5m. Thereafter it is assumed that contributions will be frozen for the next three years. The next actuarial valuation will take place in 2016.

9. As a result of further investment in the Council's capital programme it is expected that the Council will need to take on new borrowing in 2016-17 and therefore additional funding will be needed to finance the revenue costs associated with this. The timing of this is dependent on progress in delivering the current programme and the level of reserves and balances held by the Council on behalf of other organisations.

10. The implementation of the single state pension scheme from 2016 will increase the cost of national insurance contributions by about £2.5m per annum from 2016-17. This is due to the rebate for pension schemes contracted out of the state scheme being removed.

11. The cost of new demand in adult care services has been estimated at £5.2m per annum. This cost is largely associated with the increasing complexity of care needs and the frailty of customers.

12. As part of the Summer Budget, the Chancellor announced a new 'National Living Wage' for all workers aged over 25 will be introduced from April 2016. The wage will start at £7.20 and will rise to 60% of median earnings by 2020, which would be £9, according to the Office of Budget Responsibility (OBR) forecasts. It is assumed that the potential impact of this on the Council's budget, particularly in adult care, will be included in the local government grant for 2016-17. Other pressures through change in legislation and policy are also assumed to be funded.

13. **Table 2** below summarises the position discussed above and sets out the level of savings being targeted over the two years 2016-18, which total £73m

Table 2: Forecast Budget Gap 2016-20

	2016-17 £'m	**2017-18 £'m**	**2018-19 £'m**	**2019-20 £'m**
Previous Years Budget	500.7	467.9	457.1	447.2
Less Non Recurring	-5.0			
Inflation	7.8	8.0	8.0	8.0
ACS Demand & Demography	5.2	5.2	5.2	5.2
Pensions/NI/Capital Financing	6.5			
Increase in Public Health Grant	1.3			
	516.6	**481.1**	**470.3**	**460.4**
Funding	467.9	457.1	447.2	439.4
Forecast Budget Gap	**48.7**	**24.1**	**23.1**	**21.0**

14. The provisional local government finance settlement for 2016-17 was received on 17th December. The Borough and District Councils have also provided updated council taxbase forecasts. The impact of this on the budget gap is explained in **Section B.**

B. Local Government Finance Settlement 2016-17

Overview of local government finance system 2016-2020

1. The devolution revolution announced as part of the spending review sets out a new deal for local government. It requires local authorities to make efficiency savings, but in return offers them unprecedented new levers of power to generate growth for their area. The government will allow local government to keep the rates they collect from businesses, give councils the power to cut business rates to boost growth, and give elected city-wide mayors the power to levy a business rates premium for local infrastructure projects – provided they have the support of the local business community through a majority of business members of their Local Enterprise Partnership.

2. By the end of Parliament local government will retain 100% of business revenues to fund local services. A system of top ups and tariffs which redistributes revenues between local authorities will be retained. The Uniform Business Rate will be abolished and any local area will be able to cut business rates to encourage new jobs and generate wealth.

3. As part of the reforms, the Revenue Support Grant will be phased out and additional responsibilities devolved to local authorities, empowering them to drive local economic growth and support their local community.

Provisional settlement for 2016-17

4. The provisional Local Government Finance Settlement sets out provisional grant allocations for 2016-17, as well as 2017-18, 2018-19 and 2019-20.

5. As part of the move to more self-sufficient local government, these multi-year settlements can provide the funding certainty and stability to enable more proactive planning of service delivery and support strategic collaboration with local partners.

6. The four year allocations will be confirmed annually with a final determination taking into account RPI on the business rates multiplier and any transfers of functions or responsibilities to local government and other unforeseen events. The Government is also offering local authorities to sign up to four year budget agreements, including an efficiency plan, in return for grant certainty. This would provide some hedge against a downturn in the economy requiring further grant reductions but not an absolute guarantee.

7. As part of the settlement the government makes an assessment of the local authorities' core spending power which sets out indicative figures for the potential income that could be available to authorities over the next four years.

8. **Table 1** shows the Core spending power for Suffolk for the next four years and the restated 2015-16.

Table 1 – Core Spending Power

Core Spending Power	2015-16	2016-17	2017-18	2018-19	2019-20
Suffolk		445.9	441.1	454.5	470.4
Settlement Funding Assessment		162.2	141.0	129.1	118.1
Estimated Council Tax		273.8	283.0	292.9	303.3
Potential 2% Social Care		5.4	11.3	17.6	24.6
Improved Better Care Fund		0.0	0.9	11.0	20.3
Provisional New Homes Bonus		4.0	4.0	2.5	2.4
Rural Services Delivery Grant		0.5	0.9	1.3	1.7
	460.5	445.9	441.1	454.5	470.4
% change		-3.2%	-1.1%	3.0%	3.5%

9. Council Tax has been estimated by applying the average annual growth in council tax base between 2013-14 and 2015-16 throughout the period to 2019-20 and assuming that local authorities increase their Band D council tax in line with the OBR's forecast for CPI each year. This is an annual average of 1.75%.

10. For this settlement Government have acknowledged the pressures experienced by councils which provide adult social care and children's services and have allocated 2016-17 Revenue Support Grant (RSG) in such a way that ensures the same reduction in Core Funding for each service tier (upper, lower, fire and GLA other services). Core funding has therefore been split between tiers and the relevant cut applied to each tier.

11. Core funding takes into account the main resources available to Councils. This comprises council tax income (including any freeze grant) and the Settlement Funding Assessment (business rates baseline, top up grant (as applicable) and RSG).

12. The overall reduction to the Settlement Funding Assessment compared to 2015-16 is 10.7%. The reductions for upper tier authorities range from 10.3% - 21.6%.

13. Overall RSG has been cut by 24.45% compared to 2015-16. However the reductions for upper tier authorities range from 21.6% to 43.4%. On an adjusted basis reflecting 'rolled in' grants this becomes 26.1% to 47.3%.

14. In 2016-17, £1.275m has been top-sliced from the amount available to local authorities through the settlement funding assessment (i.e. RSG) for New Homes Bonus allocations.

15. The business rates safety net ensures no authority's income from business rates falls below 7.5% of their individual baseline funding level for the year. In previous years this has been funded by a levy on local authorities and a top slice from RSG. In 2016-17 an additional £50m will be held back from central funding to fund this safety net.

16. In the past government has recognised the additional costs for rural councils through a transfer of funding into the settlement. In 2016-17, £20m will be held back from RSG and paid as an un-ring fenced section 31 grant to

upper tier authorities based on the super-sparsity indicator, which the Government considers remains the best available proxy for rurality.

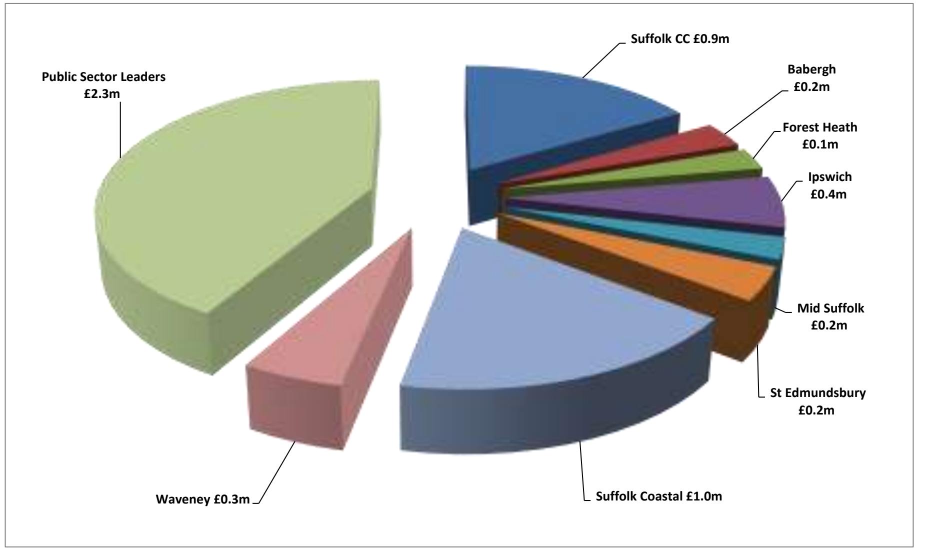
Business Rates

17. The business rates baseline and top up grant are fixed until 2020 and are indexed annually. Business rates have increased by 0.8% (the September 2015 RPI figure). Local authorities will continue to be compensated for the 2% cap implemented in 2014-15 and 2015-16 through the settlement funding adjustment, which will be paid as a Section 31 compensation grant. These amounts are yet to be announced.

18. The Local Government Finance Act allowed local authorities to form pools for the purposes of business rates retention. The aim being to offer local authorities the opportunity to retain more of the rates generated in their local areas and allow them to use that additional revenue more effectively to drive future economic growth, which in turn should increase future business rates yield.

19. The Suffolk Business Rates Pool for 2016-17 includes all seven district and borough council's and the county council.

20. The pie chart below shows the income benefit from the 2014-15 pool. It is expected that Suffolk County Council will receive £0.317m from the Pool in 2015-16.



Transfers of funding into the 2016-17 settlement

21. All funding for the implementation of the Care Act 2014 is now included in the local government finance settlement. The 2015-16 RSG allocation has been notionally adjusted to reflect this change.

22. The Council Tax Freeze Grant for 2015-16 has been rolled into the Revenue Support Grant for 2016-17 along with funding for Lead Local Flood Authorities for their responsibilities to managing flood risk.

23. The Rural Services Delivery Grant, previously within RSG has now become a separate grant.

<u>Council Tax Increases and Capping</u>

24. The council tax freeze grant for 2015-16 was the last year of compensation to authorities for not increasing general council tax. The limit on council tax increases remains, any increase of 2% or above requires the majority support from a local referendum.

25. The Government is giving authorities with social care responsibilities the flexibility to raise council tax in their area by up to 2% above the referendum threshold for each year between 2016-17 and 2019-20, to fund adult social care services. An additional £1.5bn funding is being provided to local authorities to spend on adult social care by 2019-20, to be included in an improved Better Care Fund. This will come from taking £800m from the New Homes Bonus and redistributing it to social care authorities plus a further £700m of 'new' money. This together with the social care precept increases each year will provide an extra £3.5bn for Adult Social Care over this Parliament.

Settlement for Suffolk

26. The Council's Provisional Finance Settlement for 2016-17 is £162.2m compared to an adjusted 2015-16 of £190.5m. The adjusted cash decrease is £28.3m (-14.9%), compared to a -13.2% decrease in 2015-16.

27. **Tables 2 and 3** show the forecast and provisional settlement for the next 4 years. Public Health allocations will be announced early in 2016 and the Education Service Grant forecast from 2017-18 is based on assumed academy transfers.

Table 2 – Expected Level of Funding 2016-17 and 2017-18

	Forecast 2016-17 £'m	Provisional Settlement 2016-17 £'m	Forecast 2017-18 £'m	Provisional Settlement 2017-18 £'m
Revenue Support Grant	64.9	68.2	50.6	45.2
Business Rates and Top Up Grant	94.0	94.0	96.3	95.8
New Homes Bonus	3.6	4.0	3.5	4.0
Council Tax Freeze Grant 2015-16	-			
Education Services Grant (ESG)	5.4	5.9	3.9	3.9
Care Act Funding	4.6	0.0	4.6	0.0
Rural Services Delivery Grant	0.0	0.5	0.0	0.9
Public Health	31.3	32.3	31.3	32.3
Total Funding	**203.7**	**204.9**	**190.2**	**182.1**

Table 3 – Expected Level of Funding 2018-19 and 2019-20

	Forecast 2018-19 £'m	Provisional Settlement 2018-19 £'m	Forecast 2019-20 £'m	Provisional Settlement 2019-20 £'m
Revenue Support Grant	37.4	30.5	25.1	16.3
Business Rates and Top Up Grant	98.7	98.7	101.2	101.8
New Homes Bonus	3.2	2.5	3.3	2.4
Education Services Grant	2.4	2.4	1.6	1.6
Care Act Funding	4.6	0.0	4.6	0.0
Rural Services Delivery Grant	0.0	1.3	0.0	1.7
Public Health	31.3	32.3	31.3	32.3
Total Funding	**177.6**	**167.7**	**167.1**	**156.1**

28. **Table 4** provides a breakdown of the impact of the revised funding and how this relates to the required savings for 2016-17.

Table 4: Budget Gap and its Financing 2016-17

		£'000	£'000
Cost Pressures:			
	Inflation	7,799	
	ACS Demand	5,190	
	Additional Social Care Costs	5,415	
	Increase in employers pension contribution rate	1,500	
	Change to national insurance contribution rate	2,500	
	Capital Financing	2,500	24,904
Changes to contingency:			
	Remove collection fund surplus 2015-16	-4,645	
	Remove New Homes Bonus Top Up 2015-16	-307	-4,952
Loss of Grant:			
	Council Tax Freeze Grant (rolled into RSG)	2,949	
	Care Act Grant (rolled into RSG)	4,367	
	Flood Defence Grant (rolled into RSG)	149	
	Rural Service Delivery Grant (was in RSG, now separate)	-536	
	Revenue Support Grant	22,042	
	Education Services Grant	1,445	30,416
Total Funding Gap			**50,368**
Offset by:			
	Growth in Business Rates		-2,057
	Council tax increase - taxbase		4,961
	Increase in Collection Fund Surplus		2,244
	Additional New Homes Bonus		583
	Social Care Precept		5,415
Savings Required in 2016-17			**39,223**

Ring-Fenced Grants

29. The Dedicated Schools Grant (DSG) - As in previous years the DSG is comprised of three elements; a schools block, a high needs block and an early years block. The Education Funding Agency (EFA) funds the schools block on a Schools Block Unit Funding (SBUF) basis i.e. a per pupil allocation.

30. Additional top up funding of £1.2m has been added to the high needs block in Suffolk; this is part of the national additional high needs top up funding of £92.5m.

31. The early years block includes funding for the free 15 hours entitlement for 3 and 4 year olds, participation funding for 2 year olds from the most disadvantaged backgrounds and the early years pupil premium; the rates per child remain at their 2015-16 levels.

32. The additional funding added to Suffolk's total allocation in 2015-16 of £9.5m, due to being a low funded Local Authority has remained in the DSG allocation for 2016-17.

33. The minimum funding guarantee, which acts as a funding safety net for schools, remains at -1.5%, meaning that no school will lose more than 1.5% of its per pupil funding compared with 2015-16, although schools that have falling rolls could lose more in cash terms.

34. Pupil Premium – This grant is passed directly to schools, with £1,320 for primary-aged pupils, £935 for secondary-aged pupils, £1,900 for all looked after children, adopted children and children with guardians and £300 for service children.

35. The DfE plan to publish a consultation during 2016 on a new national funding formula for schools, high needs and early years, with implementation from 2017.

36. Public Health Grant – This grant is ring-fenced until 2017-18, to fund the responsibilities which transferred from the NHS.

Non-Ringfenced Grants

37. Education Services Grant – This grant is intended to simplify the process of reducing funding for local authorities as schools convert to academies and is to cover the costs of meeting Local Authority functions relating to education. It is allocated based on pupil numbers so the provisional allocation is subject to change based on in year academy conversions.

38. New Homes Bonus - This grant is equivalent to the national average for the council tax band of each new home built and empty property brought back into use in the local authority area. The Government announced that the funding will remain indefinitely but with some changes which are currently being consulted upon, including redistributing £800m of the total to Adult Social Care. Changes are proposed from 2017-18.

39. Rural Services Delivery Grant – this grant recognises the additional costs of delivering services in sparsely populated areas. The grant will be paid as a section 31 grant to the upper tier authorities based on the super sparsity indicator.

40. Settlement funding adjustment – This will be paid in 2016-17 to compensate local authorities for the loss in income resulting from the capping of the small business rates multiplier at 2% in 2015-16. The amount of this grant has not yet been announced and therefore has not been included in the 2016-17 budget at this stage.

41. A full list of grants for Suffolk (including the grants summarised above) is shown in **Annex F**.

C. Capital Programme for 2016-19 and Minimum Revenue Provision Policy

1. **Appendix C, Annex E** shows the proposed capital programme for 2016-19 and how it will be financed. This excludes any slippage on schemes currently being delivered during the 2015-16 financial year.

2. The Council has received capital grant settlements for most of the services as shown in **Table 1** and the programme for 2016-19 is based on these allocations. However, the DfE has not announced all the education capital allocations so a programme has been put in place based on expected grant funding. The spending plans will change when the actual level of grant is announced. The paragraphs below give some more details about the schemes included.

3. The capital financing strategy going forward will continue to limit new borrowing only to those schemes which are either invest to save schemes or where the borrowing is paid for from other resources or where it is absolutely essential to the delivery of the Administration's key priorities, for example new school places and the Schools Organisation Review.

Table 1: Capital Settlement 2016-19

	Grant Approvals 2016-17 £m	Grant Approvals 2017-18 £m	Grant Approvals 2018-19 £m
Ring-Fenced Grants:			
Schools Devolved Formula Grant	1.63	1.63	1.63
DCMS Broadband Grant	7.10	5.60	0.00
	8.73	**7.23**	**1.63**
Non Ring-Fenced Grants:			
Schools Maintenance	9.71	9.00	8.00
Schools Basic Need	2.31	2.00	2.00
Integrated Transport	3.25	3.25	3.25
Highways Capital Maintenance	20.00	19.39	17.55
Highways Incentive Fund Capital Maintenance	1.21	1.82	3.65
Suffolk Transformation & Collaboration	2.27	2.27	0.00
	38.74	**37.73**	**34.45**
Total Government Support	**47.47**	**44.96**	**36.08**

Adult & Community Services (ACS)

4. The ACS capital programme is usually funded from a government grant within the scope of the Better Care Fund. However it has been announced that this is being ended and that the increases indicated in the Comprehensive Spending Review (CSR) for Disabled Facilities Grants should be sufficient. However these are specific allocations and are paid to District/Borough Councils. More details are awaited. The programme is predominantly for equipment used in the re-ablement of

customers and community capacity initiatives. In addition, in July 2015 the Cabinet approved the construction of a Suffolk Heritage Centre in partnership with University Campus Suffolk. The Council will contribute £5m but the majority of the funding is from external sources, including the Heritage Lottery Fund. If the external funding is not secured then the scheme will not go ahead and alternatives will have to be considered to secure archival space.

Children and Young People (CYP)

5. The three-year CYP capital programme is based on a number of key assumptions. Funding for 2016-17 onwards is estimated and the programme is subject to change once allocations are announced by the Department for Education. A small contingency is held against changes in grant funding. Provision of new school places remains a key commitment for the council. The programme includes construction of four new primary schools in Ipswich, Stowmarket, Lowestoft, and Sudbury, extensions to ten existing schools, and funding for the new Bury High School (Sybil Andrews Academy).

6. The programme also includes £4.5m for specialist autism provision in Ipswich, specialist educational social and behavioural difficulty provision in Lowestoft, and an increase in the size of the Warren School in Lowestoft. This is to increase county provision, reduce out of county costs and to better meet the needs of children and young people in Suffolk.

Public Health & Protection

7. The Public Protection programme provides resources for the Fire Service for the ongoing replacement of vehicles, equipment and communications equipment. There is also a £4.5m budget for transformation and collaboration in which the Fire Service, Police and Ambulance Services will co-locate in seven locations with resultant shared use efficiencies.

Highways

8. The Highways programme includes block funding for integrated transport that is expected to remain constant from 2016-17. The council secured local growth funding from the New Anglia Local Enterprise Partnership in 2015-16 and additional funding is anticipated in 2016-17 but is yet to be confirmed. The integrated transport funding will be used to part fund the schemes that have received local growth funding, including Bury St Edmunds eastern relief road and the Beccles relief road. It will also be used to deliver transport infrastructure improvements to support economic growth across Suffolk.

9. Central government has confirmed the funding formula basis for distributing the highways capital maintenance block between authorities. The needs based element of the amount allocated to the Council reduces from £20m in 2016-17 to £17.6m in 2018-19. As set out in the report to the Cabinet on the adoption of highway infrastructure asset management policy and strategy on 10th November, central government has placed increased emphasis on authorities demonstrating delivery of efficiency and effective asset management in deciding the allocations as the next funding period progresses.

10. An 'Incentive Fund' element of the highways capital maintenance block allocation appears for the first time in 2016-17 at a value of £1.21m which increases to £1.82m in 2017-18 and then plateaus at £3.65m for 2018-19 and the next two financial years. This ultimately means the combined capital maintenance allocation equates to £21.21m throughout the six year period of 2015-16 to 2020-21, provided that the Council is able to assure central government it has made the desired progress in asset management. To underpin this embedded approach to stronger highways infrastructure asset management there will be additional highways investment of £10m in a two-year programme of preventative maintenance.

11. Up to £450k of revenue funding has been allocated to take forward preparatory work on the A12 Four Villages Bypass Scheme (renamed Suffolk Energy Gateway) so that, if capital funding can be secured, this scheme could be delivered in advance of the proposed construction of a new nuclear power station at Sizewell. Suffolk Coastal District Council has also committed £50k to the project. However, a further £2m of revenue funding may be required to complete a full business case if this is not forthcoming from government (which is not common practice).

Waste & Environment

12. The programme includes £2.5m for the Council's contribution to the Lowestoft Flood Project. This involves the construction of flood defences and a tidal barrier in Lowestoft and is expected to cost £20-£25m in total. Alongside other contributions this will be funded from £10m provided by New Anglia Local Enterprise Partnership (NALEP) growth funding.

Property

13. The Property programme includes structural maintenance on existing Council properties and investment in Energy and Carbon Reduction schemes part funded by recycling repayments from earlier invest to save schemes.

Broadband & IT

14. There will be continued investment in the Suffolk Better Broadband programme. The programme includes £29m for the Broadband Superfast Extension Programme. The Council will be contributing £9m towards this, with £5m

coming from NALEP and £15m from the Department for Culture, Media and Sport (DCMS). The extension programme will provide 98% of premises in Suffolk with access to superfast broadband speeds.

15. The IT programme includes an ongoing investment to ensure that the council has in place the technology that is required to implement the IT strategy, support the transformation programmes and directorates in achieving their savings targets and delivering services. This includes enabling the core network infrastructure to consume services from the cloud and promote a more mobile workforce.

Capital Prudential Indicators and Minimum Revenue Provision Policy

16. The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (CIPFA Prudential Code) when determining how much money it can afford to borrow.

17. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. The Prudential Code sets out the following indicators that must be set and monitored each year:

    a) Estimates of Capital Expenditure
    b) Estimates of Capital Financing Requirement
    c) Estimates of the ratio of financing costs to the net revenue stream
    d) Estimates of the incremental impact of capital investment decisions on council tax.

Estimates of Capital Expenditure

18. **Table 2** shows the Council's planned capital expenditure and how it will be financed. This includes expected slippage of £56.913m from 2015-16 and the proposed capital programme for 2016-19 in Appendix C, Annex E.

Table 2: Capital Expenditure and Financing

	2015-16 Revised £m	2016-17 Estimate £m	2017-18 Estimate £m	2018-19 Estimate £m
Adult & Community Services	5.751	5.034	14.640	2.500
Children & Young People	37.020	75.369	45.649	40.586
Public Health & Protection	2.362	7.293	4.570	2.300
Highways	49.953	39.060	30.462	24.450
Waste & Environment	5.434	15.471	1.500	-
Property	15.614	3.750	3.050	3.050
Broadband & IT	16.204	10.200	14.300	9.400
Total Expenditure	**132.338**	**156.177**	**114.171**	**82.286**
Capital Receipts	17.059	8.622	1.840	1.000
Government Grants	55.685	48.700	44.960	36.080
External Contributions	9.796	12.322	32.985	22.950
Revenue and Reserves	11.566	8.078	6.300	12.000
Borrowing	38.232	78.455	28.086	10.256
Total Financing	**132.338**	**156.177**	**114.171**	**82.286**

Capital Financing Requirement

19. **Table 3** shows the Capital Financing Requirement (CFR) which measures the Council's underlying need to borrow for capital purposes. The CFR is forecast to rise by £89m by 2019 due to planned capital expenditure financed by borrowing.

Table 3: Capital Financing Requirement

	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m
Capital Financing Requirement	**678**	**748**	**767**	**767**

Ratio of Capital Financing Costs to Net Revenue Stream

20. The net revenue stream is defined as income from taxation and non-specific grant income**. Table 4** shows the ratio of Capital Financing Costs to net revenue stream, which is an indicator of affordability. This highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. The increase in this ratio over the next three years is a combination of a reduction in funding and increases in borrowing costs.

Table 4: Ratio of Financing Costs to Net Revenue Stream

	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
Ratio of financing costs to net revenue stream	5.88%	6.48%	7.81%	8.93%

Incremental Impact of Capital Investment Decisions

21. **Table 5** shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the previously approved programme (2016-17) and the revenue budget requirement arising from the capital programme proposed for 2016-19. This shows the cumulative impact of the proposed changes, so the 2018-19 estimate in **Table 5** shows the increased cost of the capital expenditure financed by borrowing for the three years 2016-17 to 2018-19.

Table 5: Incremental Impact of Capital Investment Decisions

	2016-17 Estimate £	2017-18 Estimate £	2018-19 Estimate £
Increase in annual Band D Council Tax	0.69	3.06	6.97

Annual Minimum Revenue Provision Statement

22. Where the Council finances capital expenditure by borrowing, it must put aside resources to repay debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP).

23. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's (CLG) guidance on Minimum Revenue Provision most recently issued in 2012. The aim of the guidance is to ensure that debt is repaid over a period that is in line with that over which the capital expenditure provides benefits.

24. For 2015-16, the Cabinet has proposed the following revision to its policy in relation to calculating the Minimum Revenue Provision, and this policy will also apply in 2016-17:

   a) For capital expenditure incurred before 1 April 2008, the MRP policy will be to provide an annual sum calculated on an annuity basis over 50 years using the average interest rate on outstanding Council loans at 31st March 2015, which was 3.852%.

   b) For capital expenditure incurred between 1 April 2008 and 31 March 2015, the MRP policy will be to provide an annual sum calculated on an annuity basis over their average useful life (calculated as 40 years) using the average interest rate on outstanding Council loans at 31st March 2015, which was 3.852%.

c) For expenditure since 31st March 2015, the MRP policy will be to repay borrowing within the expected life of the asset being financed. This is in accordance with the “Asset Life” method in the guidance. The repayment profile will follow an annuity repayment method, which is one of the options set out in the guidance.

25. For new borrowing, an average asset life for each project will normally be used. There will not be separate MRP schedules for the components of any assets. A standard schedule of asset lives will generally be used, however, advice from appropriate advisers may also be taken into account.

26. MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except where an asset is not yet operational, in which case MRP will commence the year after the asset becomes operational.

27. For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

28. The Council may make additional voluntary debt repayment provision from revenue or capital resources. Any additional repayments will be authorised by the Director of Resource Management.

29. Where loans are made to third parties for capital purposes, the loan would be treated as capital expenditure. The capital receipt received each year for the annual loan repayment will be set aside in order to re-pay the principal borrowed over the life of the loan. MRP will only be accounted for if an accounting provision has been made for non-repayment of the loan, or there is a high degree of uncertainty regarding the repayment.

30. **Table 6** shows the Estimate Capital Financing Requirement and MRP for 2016-17. The change in MRP policy provides a re-profiling of the Council’s repayment of debt with savings being made in the earlier years and a higher charge in the later years. For 2016-17 a saving of £7m has been identified from the capital financing budget.

31. The revised policy allows for all debt incurred before 1 April 2008 to be repaid over the expected life of the asset being financed rather than a reducing balancing method which never allows for the debt to be repaid in total.

Table 6: Estimate Capital Financing Requirement and MRP

	Revised CFR 31.3.16 £m	2016-17 Estimated MRP £m	Estimated CFR 31.3.17 £m
Capital expenditure before 01.04.08	351.2	2.5	348.7
Capital expenditure after 01.04.08 to 31.03.15	187.3	2.1	185.2
Finance leases and Private Finance Initiative	101.6	2.9	98.7
Capital expenditure after 01.04.15	38.2	0.7	116.0
Total	**678.3**	**8.3**	**748.5**

D. Treasury Management Strategy Statement and Prudential Indicators

Introduction and external context

1. The CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code requires local authorities to determine a treasury management strategy statement and set prudential indicators on an annual basis. The Department for Communities and Local Government (CLG) also requires an investment strategy to be included in the treasury management strategy statement.

2. Prudential indicators relating to the capital programme are shown in Section C. Those relating to the treasury management strategy are included in this section.

3. The treasury management strategy takes into account the impact of the Council's revenue budget and capital programme on the balance sheet position, the current and projected treasury position, the investment strategy and treasury prudential indicators and the outlook for interest rates.

4. Treasury risks present themselves in many forms, from failure to optimise performance by not taking advantage of opportunities, to managing exposure to changing economic circumstances. The Council seeks to manage its risks with regard to credit and counterparty risk, liquidity risk, interest rate risk, refinancing risk, legal and regulatory risk, fraud, error and corruption and contingency management and market risk.

5. The risk appetite of the Council is low, with security and liquidity of investments taking precedence over the rate of return. For borrowing, the Council manages the portfolio of debt to minimise refinancing risk.

Credit Outlook

6. The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

7. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council and the investment strategy outlined below will be expanded to include more secure investments to mitigate this risk.

Interest Rate Forecast

8. The Council's treasury management advisor (Arlingclose) forecasts the first 0.25% rise in UK Bank Rate to be in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that there is a potential for the interest rate not to rise as high or as soon as is currently forecast.

Local Context

9. The Council had £323m of borrowing and £55m of investments at 31 March 2015. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below:

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £m	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m
CFR	647.3	678.3	748.5	766.7	766.5
Less: Other debt liabilities	104.3	101.6	98.7	95.3	91.9
Borrowing CFR	**543.0**	**576.7**	**649.8**	**671.3**	**674.5**
Less : External borrowing	323.1	322.0	296.0	265.1	264.1
Internal borrowing	**219.9**	**254.7**	**353.7**	**406.2**	**410.4**
Less: Usable reserves	-214.1	-188.9	-151.5	-128.7	-115.3
Less : Working capital	-60.8	-65.4	-68.3	-61.6	-60.0
Investments/ (New borrowing)	**55.0**	**-0.4**	**-133.9**	**-215.9**	**-235.1**

10. The Council has an increasing Capital Financing Requirement (CFR) due to repayments of minimum revenue provision being outweighed by the financing of capital spend through borrowing. Planned reductions in the usable reserves held by the Council leads to a reduction in the internal borrowing available and therefore the Council is expected to be required to borrow up to £235m over the forecast period, including refinancing of existing loans maturing in the period.

Advisors and Treasury management staff

11. Arlingclose provides advice on investment, debt and capital finance issues. The Council considers this advice alongside information from other sources such as banks, media and other local authorities before making decisions.

12. The needs of the Council's treasury management staff for training are assessed every three months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Borrowing Strategy

13. External debt is based on the Council's gross external borrowing plus its other long term liabilities (comprising PFI and other liabilities that are not borrowing but form part of the Council's debt). **Table 2** shows the estimates of external debt compared to the CFR, Operational Boundary and Authorised Limits.

Table 2: External Debt

	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m
Capital Financing Requirement	**678**	**748**	**767**	**767**
Debt:				
Borrowing	322	430	481	499
PFI Liabilities	102	99	95	92
Total Debt	**424**	**529**	**576**	**591**
Operational Boundary	**600**	**600**	**600**	**600**
Authorised Limit	**678**	**748**	**767**	**767**

14. Borrowing is forecast to rise over the three years by £177m which is more than the increase in CFR. This is due to the forecast reduction in internal reserves over the period which are used by the Council in lieu of external borrowing.

15. The Operational Boundary is based on the Council's estimate of the most likely scenario for external debt and takes account of short term fluctuations in managing the Council's cash flow. The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The Authorised Limit has been based on the Council's estimated CFR.

16. The Council's gross external borrowing at the end of November 2015 was £323 million (£324m in November 2014). The balance sheet forecast in **Table 1** shows that the Council expects to borrow £133.9m in 2016-17. The forecast borrowing does not take into account potential refinancing of the Waste PFI contract which would result in savings for the Council, but also increase the external borrowing undertaken.

17. The Council's main objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

18. Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is more cost effective in the short-term to either use internal resources, or to borrow short-term instead.

19. By using internal resources, the Council is able to reduce net borrowing costs despite forgoing investment income. It also removes some of the need to lend, therefore reducing the credit risk associated with lending. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

20. The Council does not place any specific restrictions on approved sources of long-term and short-term borrowing. The use of sources of finance other than by way of

temporary borrowing or overdraft will be subject to prior approval by the Director of Resource Management.

21. The Council has previously raised all of its long-term borrowing from the Public Works Loan Board (PWLB) and from Commercial Banks in the form of Lender Option Borrower Option Loans (LOBO) but it continues to investigate other sources of financing, such as local authority loans and bank loans that may be available at more favourable rates.

22. The Council holds £175m of LOBO (Lender Option Borrower Option) loans where the lender has the option to propose a change in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional costs. £70m of these LOBOs have options during 2016-17, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. If the Council wishes to break the options early, Arlingclose has indicated that the break costs (excluding repayment of the actual loan) are likely to fall between £2.3m and £14.4m per loan, with a total anticipated cost for breaking all LOBO loans of £119.6m. The Council does not anticipate taking any further borrowing through LOBO loans.

23. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

24. The Council held £115m of invested funds at 30 November 2015 (£79m November 2014), representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £47m and £172m. Lower levels are expected to be maintained in 2016-17 as revenues for the Council are expected to fall for the year. However, the Council is anticipating holding additional third party cash for the New Anglia Local Enterprise Partnership which may delay the Council's need to borrow during 2016-17.

25. The Council may invest its surplus funds in any of the Investment Instruments shown in **Table 3** below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved Investment Instruments 2016-17

Country Credit Rating	Banks secured Rating (Minimum Rating) Max. Amount & Duration	Banks Unsecured Rating (Minimum Rating) Max. Amount & Duration	Government	Corporates Rating (Minimum Rating) Max. Amount & Duration	Registered Providers Rating (Minimum Rating) Max. Amount & Duration
UK	A £40m 2 years	A £10m 2 years	£200M 50 years	AA £10m per issuer 5 years	A £10m per issuer 5 years
Foreign Counterparties (Min. AAA Country rating)	AA- £50m 2 years	AA- £15m 2 years	£200m 50 years	AA £10m per issuer 5 years	N/A
UK Local Authorities	N/A	N/A	£20m per authority 5 years	N/A	N/A
Multilateral Development Banks (AAA)	N/A	N/A	£200m £25m per issue 50 years	N/A	N/A
BBB Deposit Account (Lloyds only)	N/A	£25m	N/A	N/A	N/A
Pooled Funds AAA	£25m (or 1% of fund whichever is lower) · Money Market Funds · Government Funds · Cash Plus Funds · Property Funds				

This table must be read in conjunction with the notes below.

26. **Credit Rating**: Investment decisions are made by reference to the lowest published long-term rating from Fitch, Moody's or Standard and Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

27. **Banks Secured**: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

28. **Banks Unsecured**: Accounts, deposits, certificates of deposit. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Council's current bank.

29. **Government**: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

30. **Corporates**: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans

to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

31. **Registered Providers**: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain a high likelihood of receiving government support if needed.

32. **Pooled Funds**: Shares in diversified investment vehicles consisting in any of the above investment types, plus equity shares and property. These funds have the advantage of providing diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods. Property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

33. Credit ratings are obtained and monitored by the Council's treasury advisors, Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria, then:

    a) No new investments will be made;

    b) Any existing investments that can be recalled or sold at no cost will be; and

    c) Consideration will be given to the early repayment of all other existing investments with the affected counterparty, depending on the severity of the downgrade.

34. Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria, then only overnight investments will be made with that organisation until the outcome of the review is announced.

35. The Council understands that credit ratings are not perfect predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet credit rating criteria.

36. Specified investments are sterling currency investments with relatively high security and high liquidity with a typical maturity up to a year. Such investments include deposits with UK government, other local authorities and those held with bodies deemed to be of a high credit quality.

37. The Council defines high credit quality organisations and securities as those having a credit rating of A or higher that are domiciled in the UK or a foreign country with a sovereign rating of AAA or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of AAA or higher. The Council also recognises Lloyds Bank as a high credit quality organisation even though it does not meet these criteria, as it is the Council's clearing bank.

38. Non-specified investments are any investment not meeting the definition of a specified investment. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and will be limited to £90m in total. This is a change in policy from 2015-16 where no investments were made for greater than 364 days.

39. The Council uses cash flow forecasting to determine the maximum period for which funds may be prudently committed. The forecast is compiled on a prudent basis, with receipts underestimated and payments overestimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Investment of Money Borrowed in Advance of Need

40. The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. The maximum period between borrowing and expenditure is to be up to two years, although the Council is not required to link particular loans with particular items of expenditure.

Policy on the Use of Financial Derivatives

41. The Council has previously made use of LOBO loans which have embedded financial derivatives. The Council will not make use of standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds, may be used, and the risks that they present will be managed in line with the overall treasury management strategy.

Other Treasury Management Indicators

42. The Council measures and manages its exposures to treasury management risks using the Operational Boundary and Authorised Limits for borrowing (**Table 2**) and the following indicators:

43. **Interest Rate Exposures** – this indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed will be:

Table 4: Limits on interest rate exposures

	2016-17 £m	2017-18 £m	2018-19 £m
Upper limit on fixed interest rate exposure	600	600	600
Upper limit on variable interest rate exposure	148	167	167

44. The limit on fixed interest rate exposure is based on the operational boundary. The variable rate is based on the difference between the CFR and operational boundary.

45. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the year are classed as variable rate.

46. **Maturity Structure of Borrowing** – this indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Table 5: Maturity structure of borrowing

	Upper	Lower
Under 12 months	40%	0%
Over 12 months and within 24 months	40%	0%
Over 24 months and within 5 years	50%	0%
Over 5 years and within 10 years	70%	25%
10 years and above	100%	

47. The Council will maintain a minimum of 25% of its debt with a maturity date of at least 5 years. The maturity structure of the Council's loans has been analysed according to the earliest date at which the lender can exercise the option to vary the interest rate.

48. **Principal Sums invested for Periods longer than 364 days** – The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be a total of £90m, of which £70m maximum could be invested for up to 2 years and £50m maximum invested for 3 years.

Recommendations for Treasury Management Strategy

49. The overall treasury management strategy is to manage cash, investments and borrowing on a daily basis with

regard to the current estimate position at the end of the year and the next three years. For 2016-17 the strategy will be to invest cash balances during the year in short to medium term investments with a borrowing position anticipated by the end of the year to finance the capital programme. The capital programme is reported to cabinet on a quarterly basis and the treasury management strategy will take into account any amendments to the capital programme as well as any anticipated changes to reserves and third party cash which may also impact on the requirement for borrowing during the year.

50. Borrowing necessary for short term cash flow will be undertaken by short-term loans. Borrowing for the capital programme will also be undertaken by short-term loans unless interest rates or maturity constraints indicate that long-term borrowing is more suitable, in which case any loans will be approved by the Director of Resource Management and will adhere to the maturity constraints as shown in **Table 5**.

51. The investment strategy for 2016-17 will be to make short to medium term specified investments (cash flow permitting) within the approved instruments shown in **Table 3**. The aim of the investment strategy is to ensure the security and liquidity of the investment before seeking the highest rate of return, or yield, hence why secured investments have been included for 2016-17.

E. Acknowledgements

1. It has been another tough year keeping budgets on track, developing transformation programmes and planning for further significant budget reductions. I am grateful for the help, support and co-operation from the finance team, directorate colleagues and fellow councillors in producing another balanced budget and upholding firm financial management in these challenging financial times for local government. My heartfelt thanks go to all who have been involved, for their professionalism and dedication throughout the whole budget setting process.

Cllr Richard Smith MVO
Cabinet Member for Finance