Appendix C

REVENUE BUDGET 2017-18
AND CAPITAL PROGRAMME 2017-20
(including Treasury Management Strategy and Prudential Indicators)

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Revenue Budget 2017-18 and Capital Programme 2017-2020 (including Treasury Management Strategy and Prudential Indicators)

Contents

A. Background to the 2017-18 Budget and Local Government Finance Settlement

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 2016 – December 2016	Budget Consultation
23rd November 2016	Autumn Statement
30th November 2016	Scrutiny Committee
15th December 2016	Provisional Local Government Finance Settlement
24th January 2017	Cabinet to consider and recommend the budget to be considered by County Council in February
Mid January – Early February	Final Local Government Finance Settlement
9th February 2017	County Council to agree the Budget and Council Tax

3. By the end of this Parliament local government will retain 100% of business rates 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. Additional responsibilities will be devolved to local authorities, empowering them to drive local economic growth and support their local community.

<u>Forecast Budget Gap 2017-20</u>

4. As part of the Pre-Cabinet Decision the 2017-18 Revenue and Capital Budget were presented to Scrutiny Committee, with a forecast budget gap to 2020, along with detail of the assumptions about levels of funding and financial pressures that had been incorporated into this forecast. The papers for the scrutiny committee can be found here:

   http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271181e458f4

5. Since the Scrutiny meeting the Council has received updated taxbase figures from the District and Borough Councils and the Provisional Local Government Finance Settlement. As a result, the budget gap to 2020 has been updated and is now based on the following expected level of funding.

Table 1: Expected Level of Funding 2017-20

2016-17 £'m		2017-18 £'m	2018-19 £'m	2019-20 £'m
68.2	Revenue Support Grant	45.2	30.5	16.3
2.2	Rural Services Delivery Grant	1.7	1.3	1.7
1.9	Transitional Grant	2.0		
94.0	Business Rates and Top Up Grant	97.9	101.0	104.5
271.1	Council Tax	275.2	283.8	292.8
6.5	Collection Fund Surplus	4.1		
5.4	Social Care Precept	13.9	22.8	23.0
3.9	New Homes Bonus	3.0	2.1	2.0
5.9	Education Services Grant	1.4		
0.0	Improved Better Care Fund	0.9	11.0	20.3
31.6	Public Health Grant	30.8	30.8	30.8
0.0	Adult Social Care Support Grant	3.3		
1.6	Funding from Contingency Reserve			
492.4	**Total**	**479.4**	**483.3**	**491.5**

6. The Council has accepted a four-year grant allocation which provides some certainty about the level of Revenue Support Grant, Rural Services Delivery Grant and Transitional Grant for the period to 2020. As part of the move to more self-sufficient local government, the Revenue Support Grant will be phased out but 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.

7. The four-year allocations will be confirmed annually with a final determination taking into account Consumer Price Index (CPI) increase on the business rates multiplier and any transfers of functions or responsibilities to local government, along with other unforeseen events.

8. The Revenue Support Grant (RSG) has not changed since the four-year figures were announced for 2016-17. The reductions for upper-tier authorities range from 30.7% to 68.4% for 2017-18. The reduction for this Council is 33.8%.

9. The Rural Services Delivery Grant, as announced in February 2016, is an un-ringfenced Section 31 grant paid to authorities until 2019-20.

10. The Transitional Relief Grant is provided to smooth the transition during the reduction of the RSG and is only provided in 2016-17 and 2017-18.

11. The level of business rates and top-up grant is based on the assumptions made by central government in the 2017-18 local government finance settlement for every year up to 2020. In addition, the forecast includes the existing Section 31 grant of £2m which compensates for the impact of the cap on rates for small businesses.

12. The council tax collection fund surplus is treated as one-off as it can fluctuate considerably each year. The current estimate of the surplus for 2017-18 is £4.1m.

13. The basic limit on council tax increases remains. Any increase of 2% or above requires majority support from a local referendum. Council tax will remain at the same level as 2016-17 in line with the manifesto commitment made by the Administration. From 2018-19 it is assumed that council tax will be increased by 1.99% per annum. This is in line with the assumptions made by central government when calculating the local government finance settlement.

14. The figures provided by the Districts and Boroughs show an increase in the overall council taxbase of 1.5% in 2017-18. A further increase of 1% per annum is assumed for 2018-19 and 2019-20.

15. The level of New Homes Bonus is based on the figures provided in the 2017-18 provisional local government finance settlement for every year up to 2020. The government has reformed the New Homes Bonus and this has reduced the grant to Local Authorities nationally by £241m. The funding has been redistributed to authorities as a new Adult Social Care Support grant. This is for 2017-18 only and amounts to £3.3m for Suffolk.

16. The changes to the New Homes Bonus are:

a) Reducing the amount of time the bonus is paid from six years to five years in 2017-18. This is followed by a further reduction to 4 years from 2018-19 onwards.

b) The introduction of a 0.4% baseline meaning authorities will need to achieve growth of greater than 0.4% before they receive any NHB funding. This threshold might change in future years.

c) The introduction of measures to withhold payments in 2017-18 for authorities that have not submitted their local plan are not being introduced but this will be revisited in future years. The government intends to withhold payments for residential development that has been allowed on appeal from 2018-19.

17. The Government announced in the 2015 Spending Review that the general funding rate element of the Education Services Grant will cease with effect from September 2017 to achieve savings of £600m by 2019-20. This is used to fund duties that local authorities deliver for maintained schools. The Council will receive a transitional grant of £1.4m for the period April to August. The retained funding rate element of the Education Services Grant, equivalent to £1.5m for Suffolk in 2017-18 will be part of the Dedicated Schools Grant.

18. The Public Health Grant will reduce from £31.6m to £30.8m and remains ring-fenced in 2017-18. Further reductions beyond 2018 have not been announced but it is expected that this will be funded from retained business rates beyond 2020. As this grant is ring-fenced the Public Health service will need to identify savings to meet the reduced level of grant.

19. On the spending side of the equation assumptions have been made for inflation of 2% for non-pay budgets and 1%

on pay budgets. External income budgets, except for those relating to grants and contributions, are expected to increase by 3% and care charges by 2%. 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.

20. The Government has given authorities with social care responsibilities the flexibility to raise council tax in their area by up to 6% over three years (2017-18 to 2019-20) to fund adult social care services. This flexibility is being offered in recognition of the impact of the National Living Wage and demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets. In the 2017-18 Provisional Settlement it was announced that authorities now have the ability to be flexible about how they raise council tax by 6% over the next three years for social care e.g.

    a) Raise 3% over 2 years and zero in the final year

    b) Remain equal at 2% in each of the three years

    c) Raise 2%, then 3% then 1%

21. It is assumed in the budget gap calculation that a 3% increase will be implemented in 2017-18 and 2018-19 and there will not be an increase in 2019-20. The social care precept is shown separately on the face of the council tax bill.

22. Additional funding of £1.5bn for adult social care was announced in December 2015 with the provisional local government finance settlement and is being provided to local authorities through an Improved Better Care Fund. This will come from taking £800m nationally from the New Homes Bonus and redistributing it to social care authorities plus a further £700m of 'new' money. The Council is expecting to receive £0.9m in 2017-18 increasing to £20.3m in 2019-20. It is assumed at this stage that this funding will not come via the Clinical Commissioning Groups or have new responsibilities attached to it so it can be used to fund existing and future pressures in adult social care. The £3.3m one-off Adult Social Care Support Grant will also be added to the Adult & Community Services budget for 2017-18.

23. In addition to the Social Care Precept, Improved Better Care Fund and Adult Social Care Support Grant, it is estimated that ACS need a further £2.0m to fund demand and demography pressures in adult care in 2017-18.

24. Since April 2015 the Council has seen a significant increase in the number of Children in Care and with Special Guardianship Orders. In addition, the average age of these children has increased and the cost of placements for these older children is higher and placements are of longer duration. It is estimated that an additional £5m is required in the CYP budget in 2017-18 to fund this increase in demand and cost.

25. First announced in the 2015 Summer Budget, the Apprenticeship Levy will be introduced in April 2017 and will be payable by employers with pay bills in excess of £3m per

year. The Levy will be charged at a rate of 0.5% of an employer's total pay bill with each employer receiving an allowance of £15,000 to offset against their Levy payment. The cost to the Council, excluding maintained schools, is estimated at £0.9m per annum.

26. In 2016-17 all funding for the implementation of the Care Act 2014 was included in the Revenue Support Grant. Within the grant settlement it is estimated that if the second phase of the Care Act implementation goes ahead in 2020 it will cost the council an additional £2.1m.

27. **Table 2** summarises the position discussed above and sets out the level of savings required over the three years to 2020, which total £70.9m.

Table 2: Forecast Budget Gap 2017-20

	2017-18 £'m	2018-19 £'m	2019-20 £'m
Previous Year's Budget	492.4	479.4	483.3
Inflation	7.9	7.9	7.9
ACS Demand & Demography	2.0		
CYP Demand & Demography	5.0		
Additional Social Care Cost to match precept	8.5	8.9	0.2
Additional Social Care Cost to match Support Grant	3.3	-3.3	
Improved Better Care Fund	0.9	10.1	9.3
Apprenticeship Levy	0.9		
Council Tax/Business Rates Risk Premium	2.0		
Reduction in Public Health Grant	-0.8		
Transfer of Retained Education Services Grant to Dedicated Schools Grant	-1.5		
Change in Employer Pension Contribution Rate - SCC and Divested Organisations	-1.4		
Care Act			2.1
Sub-Total	**519.2**	**503.0**	**502.8**
Less:			
Funding	479.4	483.3	491.5
Forecast Budget Gap	**39.8**	**19.7**	**11.4**

Core Spending Power

28. As part of the Local Government Finance Settlement the government makes an assessment of local authorities' core spending power which sets out indicative figures for the potential income that could be available to authorities over the next three years. Core funding takes into account the main resources available to Councils. It comprises of

council tax income and the Settlement Funding Assessment (business rates baseline, top-up grant and Revenue Support Grant).

29. **Table 3** shows the Core spending power for Suffolk for the four years from 2016-17.

	2016-17	2017-18	2018-19	2019-20
Suffolk County Council	**£m**	**£m**	**£m**	**£m**
Settlement Funding Assessment	162.2	141.1	129.5	118.8
Estimated Council Tax	271.1	281.1	291.5	302.3
Potential 2% Social Care Precept	5.4	11.2	17.6	24.5
Improved Better Care Fund	0.0	0.9	11.0	20.3
Adult Social Care Support Grant	0.0	3.3	0.0	0.0
Provisional New Homes Bonus	3.9	3.0	2.1	2.0
Rural Services Delivery Grant	2.2	1.7	1.3	1.7
Transitional Grant	1.9	2.0	0.0	0.0
	446.8	**444.3**	**453.0**	**469.7**
Percentage Change		**-0.6%**	**2.0%**	**3.7%**

30. The Government figures indicate a reduction of 0.6% in the Core Spending Power in 2017-18, with an increase of 5% over the whole spending review period. The reduction to the Settlement Funding Assessment in 2017-18 compared to 2016-17 is 13%. The reductions for upper tier authorities range from 11.1% to 23.0%.

31. The Government figures assume that local authorities increase their Band D council tax in line with the referendum principle of 1.99% each year. The Council Tax estimate is also based on applying the average annual growth in council tax base between 2013-14 and 2016-17 throughout the period to 2019-20. Together this results in an annual increase of 4%.

32. The potential Social Care Precept implies that all authorities will raise Band D by 2% per annum.

<u>Business Rates</u>

33. The government provided their response to the 'Business Rates Revaluation 2017' consultation on the 23rd November 2016, which confirmed that the small business rates multiplier will fall from 48.4p to 46.6p from April 2017 and that a 4.5% appeals provision has been factored into the multiplier.

34. As a result of the revaluation an authorities' top-up or tariff has been adjusted accordingly so that the total amount of rates received remains the same over the period, as previously announced. 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. The existing Section 31 grant included in the business rates figure is £2m.

35. To enable aspects of the new Business Rates Retention System to be tested before its implementation from 2020 there will be five areas piloting the changes. These are Greater Manchester, Liverpool City Region, Cornwall Council, West of England Combined Authority and West Midlands Combined Authority. The pilots will not impact on

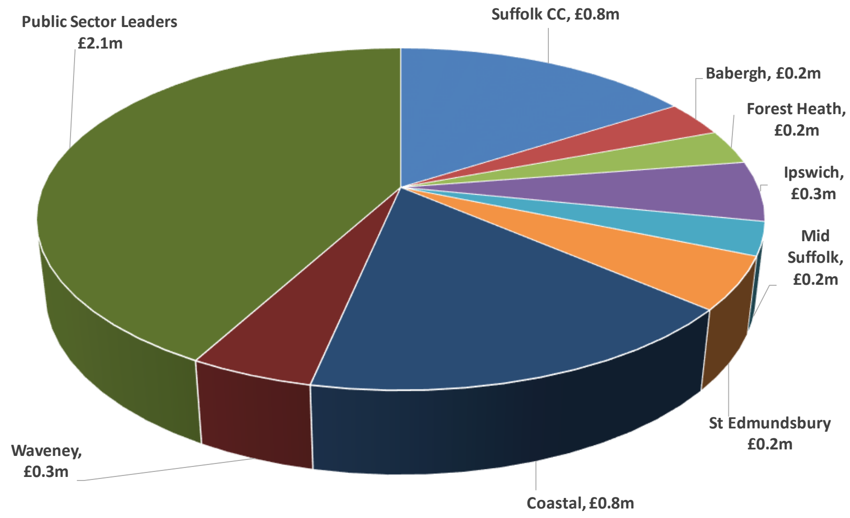
non-pilot authorities. It is regrettable that no pilots will take place in a two-tier area of local government.

36. The business rate safety net remains and ensures no authority's income from business rates falls below 7.5% of their individual baseline funding level for the year. The safety net is funded from the tariff payments made by some authorities.

37. 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.

38. The Suffolk Business Rates Pool for 2017-18 includes all seven district and borough council's and the county council.

    The pie chart aside shows the expected income benefit from the 2016-17 pool. It is expected that Suffolk County Council will receive £0.8m from the Pool in 2016-17.



Schools Funding

39. The majority of funding for schools is allocated through the ring-fenced Dedicated Schools Grant and the Pupil Premium Grant.

40. 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. In 2016-17, the Education Funding Agency (EFA) undertook an exercise with local authorities to 're-baseline' the blocks of the DSG for each local authority to reflect the amounts local authorities put in their respective DSG blocks. These new

baselines have been used in the calculation of the allocations for the schools block and high needs block in 2017-18.

41. An early years national funding formula (EYNFF) has been consulted upon and implementation will commence with effect from April 2017.

42. The Education Services Grant, comprised of a retained funding rate and a general funding rate, was previously paid to authorities as a non-ring-fenced grant. From 2017-18, the Education Services Grant retained funding rate of £1.5m is included as part of DSG funding. However the Education Services Grant general funding rate will cease in September 2017 (as announced in the Spending Review) but a transitional grant of £1.4m will be paid to authorities for the period April to August.

43. In addition, the DfE are currently consulting on a national funding formula for both schools and high-needs. If the proposals are implemented, the national funding formula for schools and high-needs will be effective from 2018-19 but, as with early years, there will be a transition period until a full national funding formula for schools and high-needs is in place.

44. A full list of grants for Suffolk is shown in **Annex F**.

B. Capital Programme for 2017-20 and Minimum Revenue Provision Policy

1. **Appendix C, Annex E** shows the proposed capital programme for 2017-20 and how it will be financed.
2. The Council has received capital grant settlements for most of the services as shown in **Table 1** and the programme for 2017-20 is based on these allocations. However, the Department for Education (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 more details about the schemes included.
3. The capital financing strategy will continue in future 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.

Table 1: Capital Settlement 2017-20

	Grant Approvals 2017-18 £m	Grant Approvals 2018-19 £m	Grant Approvals 2019-20 £m
Ring-Fenced Grants:			
Dept for transport - Suffolk Energy Gateway	1.00		
Schools Devolved Formula Grant	1.31	1.18	1.06
DCMS Broadband Grant	10.38	0.00	0.00
	12.69	**1.18**	**1.06**
Non Ring-Fenced Grants:			
Schools Maintenance	7.61	6.85	6.16
Schools Basic Need	2.30	11.86	8.00
Integrated Transport	3.26	3.25	3.25
Highways Capital Maintenance	19.39	17.55	17.55
Highways Incentive Fund Capital Maintenance	1.82	3.65	3.65
Pot Hole Action Fund	1.76	1.38	1.39
Suffolk Transformation & Collaboration	0.00	2.27	0.00
	36.14	**46.81**	**40.00**
Total Government Support	**48.83**	**47.99**	**41.06**

Broadband & IT

4. There will be continued investment in the Suffolk Better Broadband programme. The remaining programme totals £20.9m for the Broadband Superfast Extension. The Council will be contributing £10.5m of funding for this and £10.4m will come from the Department for Culture, Media and Sport (DCMS). The extension programme will aim to provide 98%

of premises in Suffolk with access to superfast broadband speeds. The government target is to provide 100% coverage by 2020.

5. The IT programme includes an on-going 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.

Adult & Community Services (ACS)

6. In July 2015 the Cabinet approved The Hold Heritage Centre project, which is a partnership between the Council and the University of Suffolk (UCS). This is a three-year project at a cost of £20.3m supported by a £10.8m grant from the Heritage Lottery Fund, £4.7m from borrowing, £0.3m from capital receipts and the remaining from external sources.

7. The remaining ACS capital programme for 2017-20 will be funded from the government Disabled Facilities Grant with the grant allocation yet to be announced. The funding will be predominantly for equipment used in the re-ablement of customers and community capacity initiatives.

Children and Young People (CYP)

8. The three-year CYP capital programme is based on a number of key assumptions. Funding for 2017-20 is estimated and the programme is subject to change once allocations are announced by the Department for Education. Provision of a school place for each child remains a key statutory duty for the Council. A small contingency is held against changes in grant funding or the need to respond quickly to demand for school places.

9. Government policy is that new schools will be now Free Schools. Those that are part of the national programme have to be approved by the government before funding is granted. It is currently assumed that four new primary schools in Newmarket, Felixstowe, Lakenheath and Haverhill will not be funded by the national programme, so costs will be the responsibility of SCC and are included in the capital programme. However, if the new schools proposed do manage to secure funding as part of the national programme then they will not need to be funded by the council and will be removed from the capital programme.

10. The capital programme also includes extensions and improvements to twenty-two schools.

11. The programme also includes £6.1m for Special Educational Needs provision at Riverwalk and The Bridge in Ipswich and Carlton Colville at 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.

Highways

12. The Highways programme includes block funding for integrated transport that is expected to remain constant from 2017-18. The Beccles relief road and the Bury St Edmunds sustainable transport scheme have £3.1m of other contributions including £2.0m Local Growth funding to be received in 2017-18 from New Anglia Local Enterprise Partnership (New Anglia LEP). However, if the schemes are in excess of these allocations the integrated transport grant will be used to support these schemes. The remaining integrated transport funding will be used to deliver transport infrastructure improvements to support economic growth across Suffolk.

13. Additional growth funding of £3.6m has been secured in 2017-18 from the New Anglia LEP for work on two projects, the Ipswich Radial Corridor and the Bury St Edmunds sustainable transport scheme.

14. 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 £19.4m in 2017-18 to £17.6m in 2018-19 and 2019-20. An 'Incentive Fund' element of the highways capital maintenance block allocation was introduced in 2016-17. It has grown to £1.82m in 2017-18 and then increases to £3.65m for 2018-19 and 2019-20. This ultimately means the combined capital maintenance allocation for the three-year programme equates to £63.6m, provided that the Council is able to assure central government it has made the desired progress in improving the condition of our Highways and recording our highways assets. The maintenance allocation has been spilt across the elements of the highways structure with a small element being held to implement an intelligent transport system to record the highway asset and meet the requirements of the funding.

15. There has also been a new grant introduced to fund pothole repairs. This equates to £4.53m over the three years and will be split between carriageways and drainage.

16. The highways programme also includes £7.0m of borrowing for the wet dock crossings in Ipswich and Lowestoft. This funding is to cover the initial design and planning.

Property

17. 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.

18. There is also £5.5m for the Mildenhall Hub which is a campus of public services co-located to achieve savings and efficiency through joint-working. This will be funded from borrowing and capital receipts from buildings sold when Council offices in Mildenhall and surrounding areas are vacated and the staff re-located to the Mildenhall Hub.

19. At the December Cabinet meeting a £6m investment in Barley Homes (Group) Ltd was approved. Barley Homes is

a company jointly owned by Suffolk County Council, Forest Heath District Council and St Edmundsbury Borough Council, limited by shares for the purpose of developing housing for sale, private and affordable rent and shared ownership. The investment represents Suffolk County Council's 50% holding and the funding required to deliver the Company's approved five-year business plan to deliver initially 96 properties.

Public Health & Protection

20. The Public Health and Protection programme provides resources for the Fire Service for the on-going replacement of vehicles, equipment and communications. In addition, there is £3.9m to increase blue-light collaboration across Suffolk through shared control and estates. This is mainly funded from a government grant.

Waste & Environment

21. The programme includes £1.5m 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 circa £25m in total. Alongside other contributions this will be funded by £10m provided by New Anglia LEP growth funding.

22. There is £4.0m set aside for the improvement of the existing household waste sites. The priority for the use of the funds will be the West Suffolk Operational Hub at Bury St Edmunds and the East Suffolk transfer station at Ransomes Europark in Ipswich.

Capital Prudential Indicators and Minimum Revenue Provision Policy

23. 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.

24. 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

25. Table 2 shows the Council's planned capital expenditure and how it will be financed. The figure for 2017-18 includes the estimated slippage of £68.3m from the 2016-17 programme and the proposed capital programme for 2017-20 in Appendix C, Annex E.

Table 2: Capital Expenditure and Financing

	2016-17 Revised £m	2017-18 Estimate £m	2018-19 Estimate £m	2019-20 Estimate £m
Adult & Community Services	8.500	17.240	5.740	-
Children & Young People	38.900	55.600	23.720	18.450
Public Health & Protection	3.400	7.730	5.090	1.030
Highways	62.500	39.223	28.844	25.844
Waste & Environment	7.900	15.400	2.000	2.000
Property	4.800	9.700	9.000	4.800
Broadband & IT	11.400	21.130	9.500	2.300
Total Expenditure	**137.400**	**166.023**	**83.894**	**54.424**
Capital Receipts	5.400	10.190	2.110	1.000
Government Grants	51.600	58.633	47.994	41.064
External Contributions	1.700	26.420	7.080	3.230
Revenue and Reserves	9.800	12.130	11.710	2.830
Borrowing	68.900	58.650	15.000	6.300
Total Financing	**137.400**	**166.023**	**83.894**	**54.424**

Capital Financing Requirement

26. **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 £56m by 2020 due to planned capital expenditure financed by borrowing.

Table 3: Capital Financing Requirement

	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m	31.3.20 Estimate £m
Capital Financing Requirement	**716**	**767**	**774**	**772**

Ratio of Capital Financing Costs to Net Revenue Stream

27. 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

	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Ratio of financing costs to net revenue stream	4.49%	4.64%	5.24%	5.52%

Incremental Impact of Capital Investment Decisions

28. **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 (2017-18) and the revenue budget requirement arising from the capital programme proposed for 2017-20. This shows the cumulative impact of the proposed changes, so the 2019-20 estimate in Table 5 shows the increased cost of the capital expenditure financed by borrowing for the three years 2017-18 to 2019-20. In this case, the amount of borrowing estimated in the capital programme for 2017-18 is less than what was estimated in the 2016-17 budget so a negative impact has been generated.

Table 5: Incremental Impact of Capital Investment Decisions

	2017-18 Estimate £	2018-19 Estimate £	2019-20 Estimate £
Increase in annual Band D Council Tax	-0.31	-0.93	-1.23

Annual Minimum Revenue Provision Statement

29. 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).

30. 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.

31. For 2017-18 the revised policy for calculating the Minimum Revenue Provision is detailed below. 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 on the balance outstanding at 31 March 2008 over 50 years using the average interest rate on outstanding Council loans at 31st March 2015, which was 3.852%.

    b. For expenditure since 1st April 2008 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. **Table 6** shows the Estimated Capital Financing Requirement and MRP for 2017-18. The revised policy allows for savings from overpayments of debt incurred before 1 April 2008 to be spread over the next 20 years.

Table 6: Estimated Capital Financing Requirement and MRP

	Revised CFR 31.3.17 £m	**2017-18 Estimated MRP £m**	**2017-18 New borrowing £m**	**Estimated CFR 31.3.18 £m**
Capital expenditure before 01.04.08	351.2	0.2	-	351.0
Capital expenditure after 01.04.08 to 31.03.15	185.2	2.3	-	182.9
Finance leases and Private Finance Initiative	63.2	2.8	-	60.4
Capital expenditure after 01.04.15	116.2	1.8	58.7	173.1
Total	**715.8**	**7.1**	**58.7**	**767.4**

C. 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 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 B. 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, 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. Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

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 European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council returns from cash deposits even so continue to fall.

Interest Rate Forecast

8. The Council's treasury adviser, Arlingclose, forecasts the UK Bank Rate to remain at 0.25% during 2017-18**.** The Bank of England has, however, highlighted that excessive levels of inflation will not be tolerated for sustained

periods. Given this view and the current inflation outlook, further falls in the Bank Rate look less likely. A negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession.

9. Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50 (Brexit). Long-term economic fundamentals remain weak, and the quantitative easing (QE) stimulus provided by central banks globally has only delayed the fallout from the build-up of public and private sector debt. The Bank of England has defended QE as a monetary policy tool, and further QE in support of the UK economy in 2017-18 remains a distinct possibility, to keep long-term interest rates low.

Local Context

10. The Council had £322m of borrowing and £65m of investments at 31 March 2016. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1**:

Table 1: Balance Sheet Summary and Forecast

	31.3.16 Actual £m	31.3.17 Actual £m	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Estimate £m
CFR	650.1	715.7	767.3	774.2	771.8
Less: Other debt liabilities	- 101.6	- 63.2	- 60.4	- 57.6	- 54.6
Borrowing CFR	**548.5**	**652.5**	**706.8**	**716.5**	**717.2**
Less : External borrowing	- 322.0	- 296.0	- 265.1	- 264.5	- 263.5
Internal borrowing	**226.5**	**356.5**	**441.8**	**452.0**	**453.6**
Less: Usable reserves	- 223.3	- 194.4	- 169.0	- 155.8	- 144.8
Less : Working capital	- 68.5	- 86.4	- 76.4	- 79.2	- 82.2
Investments/ (New borrowing)	**65.4**	**-75.7**	**-196.4**	**-217.0**	**-226.6**

The investments/ new borrowing are split as follows:

Borrowing	-	-85.7	-196.4	-217.0	-226.6
Investments	65.4	10.0	-	-	-

11. 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 £227m over the forecast period, including refinancing of existing loans maturing in the period.

Advisors and Treasury management staff

12. 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.

13. 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

14. External debt is based on the Council's gross external borrowing plus its other long term liabilities (comprising of 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

	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m	31.3.20 Estimate £m
Capital Financing Requirement	**716**	**767**	**774**	**772**
Debt:				
Borrowing	382	461	481	490
PFI Liabilities	63	60	58	55
Total Debt	**445**	**522**	**539**	**544**
Operational Boundary	**650**	**650**	**650**	**650**
Authorised Limit	**716**	**767**	**774**	**772**

15. Borrowing is forecast to rise over the three years by £108m 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, and the refinancing of existing borrowing.

16. 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.

17. The Council's gross external borrowing at the end of November 2016 was £392.5 million (£323m in November 2015). The balance sheet forecast in **Table 1** shows that the Council expects to borrow £85.7m by the end of 2016-17.

18. 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.

19. 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.

20. 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 invest, therefore reducing the credit risk associated with investing. The benefits of short term borrowing and 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.

21. 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.

22. 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.

23. The Council currently holds £130m 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 cost. In June 2016, Barclays converted all of its LOBO's with the Council into fixed rate market loans at the same value and rate. This was completed by deed poll and is non-reversible. £60m of the remaining LOBOs have options during 2017-18, 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. The Council does not anticipate taking any further borrowing through LOBO loans.

24. 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

25. The Council held £65m of invested funds at 30 November 2016 (£115m November 2015), 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 £21m and £65m, lower than last year's balances due to the Council being in a net borrowing position. Very low investment levels are expected to be maintained in 2017-18 as revenues for the Council are expected to fall and cash held on behalf of third party's (e.g. New Anglia Local Enterprise Partnership) is reduced.

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

27. These tables must be read in conjunction with the notes below them.

Table 3: Approved Investment Instruments 2017-18

<table>
<tr><th>Country Credit Rating</th><th>Banks secured
Rating (Minimum Rating)
Max. Amount & Duration
See Table 3a</th><th>Banks Unsecured
Rating (Minimum Rating)
Max. Amount & Duration</th><th>Government</th><th>Corporates
Rating (Minimum Rating)
Max. Amount & Duration</th><th>Registered Providers
Rating (Minimum Rating)
Max. Amount & Duration</th></tr>
<tr><td rowspan="2">UK
(Min. BBB rating)</td><td>A
£200m
2 years</td><td>A
£10m
13 months</td><td>£200m
50 years
Gilts, UK Index Linked Bonds, Treasury Bills, Bonds and deposits with DMO</td><td>AA
£10m per issuer
5 years</td><td>A
£10m per issuer
5 years</td></tr>
<tr><td>BBB+
£50m
6 months</td><td>£25m Deposit Account (Lloyds only)</td><td colspan="3">N/A</td></tr>
<tr><td rowspan="2">Foreign Counterparties (Min. AAA Country rating)</td><td>AA-
£200m
4 years</td><td>AA-
£15m
13 months</td><td>£200m
50 years</td><td>AA
£10m per issuer
5 years</td><td>N/A</td></tr>
<tr><td>BBB+
£50m
6 months</td><td colspan="4">N/A</td></tr>
<tr><td>UK Local Authorities (Min. BBB if applicable)</td><td>N/A</td><td>N/A</td><td>£20m per authority
5 years</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Multilateral Development Banks (AAA)</td><td>N/A</td><td>N/A</td><td>£200m
£25m per issue
50 years</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Pooled Funds
(No rating)</td><td colspan="5">£25m (or 1% of fund whichever is lower)
· Money Market Funds
· Government Funds
· Cash Plus Funds
· Property Funds</td></tr>
</table>

Table 3a: Approved Collateral Instruments Taken Against Repurchase Agreements through secured bank deposits

Issuing Country	Collateral: Max. Amount, Duration and Type
UK	£200m 50 years Gilts, UK Index Linked Bonds, Treasury Bills, Bonds and CREST Gilt DBV
G7 Government Debt (Canada,France,Germany,Italy,Japan, UK & USA)	£200m 50 years Gilts, UK Index Linked Bonds, Treasury Bills and Bonds
Multilateral Development Banks (AAA)	£200m 50 years Bonds £25m per issue

28. **Credit Rating**: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & 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. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

29. **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. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

30. **Banks Unsecured**: Accounts, deposits and certificates of deposit with banks and building societies. 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.

31. **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.

32. **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.

33. **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 the likelihood of receiving government support if needed.

34. **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. Bond, equity and 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.

35. **Risk Assessment and Credit Ratings**: 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.

36. 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.

37. **Other Information on the Security of Investments**: 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.

38. **Specified Investments**: Specified investments are sterling currency investments with relatively high security and high liquidity with a typical maturity up to a year. The CLG Guidance defines specified investments as Foreign Countries, Registered Providers, Unsecured investments with Building Societies, loans to unrated corporates and money market funds.

39. **Non-specified investments**: These are any investment not meeting the definition of a specified investment. The Authority does not intend to make any investments denominated in foreign currencies. 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, expenditure defined as capital expenditure by legislation i.e. company shares, and investments with bodies and schemes not meeting the definition on high credit quality. The total limit for non-specified investments will be limited to £90m in total.

40. 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

41. 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

42. The Council has previously made use of LOBO loans which have embedded financial derivatives. The Council will not make use of stand-alone 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

43. 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:

44. **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

	2017-18 £m	2018-19 £m	2019-20 £m
Upper limit on fixed interest rate exposure	650	650	650
Upper limit on variable interest rate exposure	250	250	250

45. 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, with allowance for debt maturing within 12 months.

46. 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.

47. **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

<table>
<tr><th></th><th>Upper</th><th>Lower</th></tr>
<tr><td>Under 12 months</td><td>50%</td><td>0%</td></tr>
<tr><td>Over 12 months and within 24 months</td><td>60%</td><td>0%</td></tr>
<tr><td>Over 24 months and within 5 years</td><td>75%</td><td>0%</td></tr>
<tr><td>Over 5 years and within 10 years</td><td>85%</td><td rowspan="2">25%</td></tr>
<tr><td>10 years and above</td><td>100%</td></tr>
</table>

48. The Council will maintain a minimum of 25% of its debt with a maturity date of at least five 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.

49. **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

50. 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 2017-18 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.

51. 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**.

52. The investment strategy for 2017-18 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.

D. Acknowledgements

1. It has been another tough year trying to keep budgets on track, implementing transformation programmes and planning for further significant budget reductions. I am grateful for the help, support and co-operation I have received from the finance team, directorate colleagues and fellow councillors in producing another balanced budget (albeit this year with a £8.5m contribution from reserves) and upholding firm financial management in these challenging times for local government. My sincere thanks go to all who have been involved, for their professionalism and dedication throughout the whole budget setting process.

2. This is the last budget to be overseen by Geoff Dobson, who has decided to retire on 31 May 2017. Proper tribute will be paid to him on another occasion, but I wish to place firmly on record my huge admiration and thanks for his professionalism, sheer ability and, not least, his engaging sense of humour! I will miss him and the whole County Council will be the poorer without his sure hand “guiding our endeavours”. Thank you Geoff and warmest best wishes for a long, active and contented retirement.

Cllr Richard Smith MVO
Cabinet Member for Finance and Heritage