

Date of issue: Friday, 26 January 2018

MEETING	OVERVIEW & SCRUTINY COMMITTEE (Councillors Chohan (Chair), Chahal (Vice-Chair), Chaudhry, N Holledge, Parmar, Rana, A Sandhu, R Sandhu and Sarfraz)
DATE AND TIME:	THURSDAY, 1ST FEBRUARY, 2018 AT 6.30 PM
VENUE:	VENUS SUITE 2, ST MARTINS PLACE, 51 BATH ROAD, SLOUGH, BERKSHIRE, SL1 3UF
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 01753 787503

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Item 5, 6 and 7 were not available for publication with the rest of the agenda.

PART 1

<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
5.	Revenue Budget 2018-19	1 - 62	All
6.	Treasury Management Strategy 2018-19	63 - 90	All
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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 1st February 2018

CONTACT OFFICER: Neil Wilcox; Director Finance & Resources, Section 151 Officer
(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

REVENUE BUDGET 2018/19**1 Purpose of Report**

To provide the Committee with an opportunity to scrutinise the Revenue Budget for 2018/19, and the decisions required for the Council to achieve a balanced budget for the year ahead.

The paper demonstrates the levels of Council Tax proposed at 4.5% (including the government's 3% precept for Adult Social Care), the Government grant assumptions and estimations required for the next financial year's budget. The Cabinet will consider this report on 5th February 2018 and will be asked to recommend to Council:

To approve the Council Tax for the year ahead, and the associated Council Tax notices and resolutions required as per various Local Government Finance Acts as detailed in Appendix F.

To note the increase in Housing Rent Account rents and service charges (as detailed in Appendix I and set out in paragraph 2 below and approved by Council in January 2018).

To approve the increases in Fees and Charges as detailed in Appendix E.

To approve the use of new capital receipts under the freedoms of the Flexible Capital Receipts regulations. These receipts to be used as outlined in Appendix K.

To agree to participate in the 2018/19 Berkshire Business Rate Pilot.

2 Recommendation(s)/Proposed Action

The Committee is requested to scrutinise and comment on the Revenue Budget 2018/19, prior to Cabinet considering and recommending the budget to Council on 22nd February 2018:

Council Tax Resolution – In relation to the Council Tax for 2018/19

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2019 is as specified below and that the Council Tax be levied accordingly.

- (b) That it be noted that at its meeting on 18 December 2017 Cabinet calculated the following Tax Base amounts for the financial year 2018/19 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:
- (i) 41,723.4 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2018/19; and
 - (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2018/19:

a)	Parish of Britwell	849.3
b)	Parish of Colnbrook with Poyle	1,885.9
c)	Parish of Wexham	1,310.2
- (c) That the following amounts be now calculated for the year 2018/19 in accordance with sections 31A to 36 of the Act:
- (i) £388,340,008 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);
 - (ii) £332,544,974 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);
 - (iii) £55,795,034 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
 - (iv) £1,337.26 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.
 - (v) That for the year 2018/19 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £224,168 representing the total of Parish Precepts for that year.
 - (vi) £1,331.89 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
 - (vii) Valuation Bands

Band	Slough Area	Parish of Britwell	Parish of Colnbrook with Poyle	Parish of Wexham Court
	£	£	£	£
A	887.93	44.06	32.93	24.48
B	1,035.91	51.41	38.42	28.56
C	1,183.90	58.75	43.91	32.64
D	1,331.89	66.10	49.40	36.72
E	1,627.87	80.79	60.38	44.89
F	1,923.84	95.47	71.36	53.05
G	2,219.82	110.16	82.33	61.21
H	2,663.78	132.19	98.80	73.45

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (viii) Calculate that the Council Tax requirement for the Council's own purposes for 2018/19 (excluding Parish precepts) is £55,570,866.
- (ix) That it be noted that for the year 2018/19 the Thames Valley Police Authority precept has been increased by 7.05%. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley
	£
A	121.52
B	141.77
C	162.03
D	182.28
E	222.79
F	263.29
G	303.80
H	364.57

These precepts have not been formally proposed or agreed by the Thames Valley Police and may be revised when agreed.

- (x) That it be noted that for the year 2018/19 the Royal Berkshire Fire Authority has been increased by 2.99% as the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority £
A	42.91
B	50.06
C	57.21
D	64.36
E	78.66
F	92.96
G	107.27
H	128.73

These precepts have not been formally proposed or agreed by the Royal Berkshire Fire Authority and may be revised when agreed.

- (xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council for 2018/19 including the precepting authorities will be as follows:

Band	Slough £	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £	Royal Berkshire Fire Authority £	TOTAL £
A	887.93	121.52	42.91	1,052.36
B	1,035.91	141.77	50.06	1,227.74
C	1,183.90	162.03	57.21	1,403.14
D	1,331.89	182.28	64.36	1,578.53
E	1,627.87	222.79	78.66	1,929.32
F	1,923.84	263.29	92.96	2,280.09
G	2,219.82	303.80	107.27	2,630.89
H	2,663.78	364.57	128.73	3,157.08

- (xii) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xiii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.
- (xiv) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-

Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

- (xv) That in the event that there are any changes to the provisional precept of the Fire Authority, arising from their precept setting meeting being held on 28 February, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2018/19, Statutory Resolution and council tax levels.

Fees and Charges –

- (e) That the Council resolves to increase Fees and charges as outlined in Appendix E for 2018/19.

Use of Flexible Capital Receipts –

- (f) That the Council resolves to approve the proposed use of new capital receipts under the freedoms of the Flexible Capital Receipts regulations and that they are to be used to fund revenue spend as outlined in Appendix K.

Pay Policy –

- (g) The Slough Borough Council Pay Policy Statement update 2018/19 will be going to Employment and Appeals Committee on 25th January 2018 and will be included in this report once agreed.

Business Rate Pilot –

- (h) That the Council agrees to participate in the 2018/19 Berkshire Business Rates Pilot Scheme.

Local Government Finance Settlement 2018/19 -

- (i) It must be noted that the government has not yet announced the final Local Government Finance Settlement 2018/19 and the results will not be known until after this report is published. Consequently, it is agreed that if there is any substantial changes in the amount of funding received by the Council at the final settlement, the Section 151 Officer will be authorised to use the Council's reserves to balance the overall budget for 2018/19 in consultation with the Cabinet member for Corporate Finance and Housing.

(j) Appendices Attached

- | | | |
|-----|---|-------------------|
| 'A' | - | Savings proposals |
| 'B' | - | Growth |
| 'C' | - | Reserves position |
| 'D' | - | Collection Fund |
| 'E' | - | Fees & Charges |

- 'F' - Council Tax Resolution
- 'G' - Section 151 officer statement
- 'H' - Specific Grants
- 'I' - HRA Rents and Service Charges
- 'J' - Equality Impact Assessments (to follow)
- 'K' - Flexible use of Capital Receipts Strategy
- 'L' - Pay Policy Statement

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

3b **Five Year Plan Outcomes**

The report helps achieve the Five Year Plan outcomes by contributing to the Council's financial planning and ensuring the five outcomes are adequately resourced.

4 **Other Implications**

(a) Financial

Detailed within the report

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
<i>To approve the Council Tax for the year ahead, and the associated Council Tax notices and resolutions required as per various Local Government</i>	Budget requirements not met. Council Tax collection targets not met Business Rate targets not met as Businesses leave the	Monthly budget monitoring and quarterly reporting. Monthly monitoring of Arvato contract KPI's.	9	Continue robust budget monitoring – regular reporting to Cabinet and Council

<i>Finance Acts as detailed in Appendix G</i>	borough			
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Risk	Mitigating action	Opportunities
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	A number of posts may be affected by changes proposed. If necessary these will be managed through the council's restructure, redundancy and redeployment policy and procedure.	None
Equalities Issues	Assessed for each proposed saving and included as Appendix K.	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	Risk of overspend and making further savings elsewhere	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2018/19 does not recommend any savings that will affect the council's ability to carry out its statutory functions. However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions. All the savings proposals included within this report will be closely monitored throughout the financial year and reported to Cabinet via the Monthly Financial Monitoring reports.

(d) Equalities Impact Assessment

Equalities Impact Assessments have been undertaken for all savings proposals and are included as Appendix J.

(e) Workforce

Where necessary the Council has a number of measures to minimise compulsory redundancies including;

- Developing staff skills to redeploy to alternative roles.
- Obtaining staff savings from deletion of vacant posts.
- Opportunities for Voluntary Redundancies.

The Revenue Budget is built on the assumption that there will be no significant impact on staffing.

5 Supporting Information

5.1 Summary

- 5.1.1 2018/19 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible; protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes.
- 5.1.2 There remain difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2018/19 ensures that the Council's finances are based on solid footings for the future.
- 5.1.2 This paper sets out the revenue budget for 2018/19 and the associated plans and assumptions contained within it. The Capital Strategy, which accompanies this report for approval, sets out the wider financial implications of decisions made in investing in the borough's infrastructure. The Treasury Management Strategy, also on tonight's agenda, details how the Council will undertake transactions concerning investments and borrowings and relates closely to the capital strategy as well as having an impact on the revenue budget savings proposals for 2018/19.

Table 1: Funding summary

2017-18	Funding	2018-19
£m		£m
52.479	Council Tax	55.570
30.300	Retained Business Rates	41.880
13.180	Revenue Support Grant	0.000
0.263	Education Services Grant	0.000
3.196	New Homes Bonus	2.749
1.357	Other non-ring fenced grants	1.000
0.000	SBC Share of Slough Urban Renewal (SUR)Profit	4.239
0.000	SBC previous year SUR profit	-4.758
-0.300	Collection Fund	0.000
100.475	Total Budgeted income	100.680
103.734	Prior year baseline (adj.)	100.475
2.700	Base budget changes	2.706
3.204	Growth	2.845
0.330	Revenue Impact of Capital Investment	0.250
2.918	Other adjustments	0.000
-12.411	Savings identified	-5.596
100.475	Net Expenditure	100.680

5.2 Income

5.2.1 The Council has the following main sources of income:

NNDR (Business Rates)

5.2.2 The amount of retained Business Rates is determined by the Council's best estimates of the amount it calculates it will receive in Business Rates for the year ahead and submitting these estimates to central government. For 2018/19 the six Berkshire authorities have been accepted by government to form a Business Rates pilot scheme within Berkshire. This means, for 2018/19, all Business Rate income will be retained within Berkshire; however, the six authorities will not receive Revenue Support Grant. The pilot scheme allows the Council to retain 30% of any business rate gains in the year, with a minimum gain of £1m for each Berkshire authority. 70% of the gains will be provided to the Thames Valley Berkshire LEP to provide a 'strategic fund' to specifically invest around £25m in the Slough Transit Network and Reading Mass Rapid Transit Network. Officers anticipate an additional £1.4m will be received during 2018/19 compared to what the Council would have received under the current local government funding regime.

Revenue Support Grant (RSG)

5.2.3 The Council ordinarily receives Revenue Support Grant (RSG) direct from central government. RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans.

5.2.3.1 As stated in 5.2.2 above, for 2018/19, the Council's RSG will be included in its pilot scheme business rate calculation.

5.2.3.2 The final 2018/19 local government finance settlement is expected to be laid before the House of Commons for approval in February 2018.

5.2.3.3 There is a duty on Local Authorities to set a balanced budget under the Local Government Finance Act 1992. If the final settlement is delayed the Council should set a budget within the deadline by using the best available information. If there are any substantial changes in the amount of funding received by the Council at the final settlement, the Section 151 Officer will use reserves to balance the overall budget in consultation with the Lead Member for Corporate Finance and Housing.

Council Tax

5.2.4 Another main source of Council income is derived from Council Tax receipts. The overall amount raised is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2017 multiplied by the average band D Council Tax amount. For 2018/19 the Council Tax levels across the borough currently assume a 4.5% increase for the Slough Borough Council element at £1,331.89 for a band D equivalent (3% of this increase is due to the government's Adult Social Care precept and only 1.5% for the Council to fund all other services). This leads to an assumed Council Tax income of **£55.570m** for the Council in 2018/19.

Specific Grants

5.2.5 The Council also receives income from specific Government grants and these are included in appendix I. The Council budgets for an anticipated nil net cost on these specific grants; i.e. that all expenditure will be contained within the income received from Government and that the local Taxpayer does not fund these activities.

5.2.6 Specific grant income streams are generally announced at the Local Government Finance Settlement. The total amount of non-ring-fenced Government Grants anticipated for 2018/19 is **£2.749m**. This amount relates to New Homes Bonus.

5.2.7 Significant changes were announced to New Homes Bonus, following the publication of the consultation paper a year ago. The Government is implementing its preferred option: to reduce legacy payments to 4 years in 2018-19. More unexpectedly, a "deadweight" factor will also be introduced, so that no NHB payments will be made to a local authority whose housing growth is less than 0.4%. Furthermore, from 2018-19 the Government will withhold payments from authorities not supporting housing growth (appeals, local plan).

Collection Fund

5.2.9 The final factor to take into account is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to the estimates made in January 2017 for the 2017-18 budget. At present this is anticipated to break even.

5.2.10 The total income available to the Council for the 2018/19 for its net budget is therefore **£100.680m**.

5.2.11 2018-19 Budgets for Schools, Academies and Free Schools.

5.2.12 The School funding formula factors for 2018/19 are different to those reported last year. Nationally, the Government remain committed to streamlining the Schools' budget setting process by introducing a National Funding Formula (NFF) by 2020/21. This is being phased in over two years, with 2018/19 being the first year. Local authorities have flexibility on how they approach this transition. Slough has taken a stepped approach and with the agreement of Schools' Forum has decided to adjust our local factors to 50% toward the NFF factors.

5.2.13 All pupil led factors are continuing to be protected by the Minimum Funding Guarantee (MFG) which ensures that no school loses more than 1.5% on a per pupil basis.

5.2.14 The School Forum was advised of the estimated draft budget on the 17th January 2018. New to 2018/19 is the Central Service School Block (CSSB), which forms part of the new NFF. The CSSB provides funding for Local Authorities to carry out central functions on behalf of pupils in state funded maintained schools and academies. This included the December allocation table listed below:

Description	Allocation	Comments
School Block Budget	£127.311 (net of £0.176m transfer to HNB).	The gross allocation is £127.487m
Early Years Budget	£15.304m	Provisional
High Needs Budget	£19.192m (Inclusive of £0.31m General Fund contribution	The DSG provisional allocation for High Needs is £18.822m (net of academy recoupment). The allocation is subject to change based on in- year imports and exports.
Central School Service Block	£0.801m (Inclusive of £0.176m transfer from School Block).	DSG provision is £0.625m

5.3 Expenditure

5.3.1 The Council's base budget for 2017/18 stood at £100.48m and it is against this figure that all adjustments are completed. The adjustments included:

- (1) Base budget **£2.706m** – these are movements due to inflationary pressures, pay award (assumed at 2% for 2018/19), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.
- (2) Growth **£2.845m** – these are the totals of increases across the council for 2018/19. Appendix B provides details of these.
- (3) Savings of **£5.596m**. The items above combined with the reduced overall income to the Council leave a savings target that needed to be closed. Appendix A details the proposals behind the savings. These were agreed at Cabinet in December 2017.
- (4) SBC share of Slough Urban Renewal profits generated in 2018/19 **£4.239m** offset by the one off SUR profits that were received by SBC during 2017/18 totalling **£4.758m**.

5.2.12 The savings target is driven by the increases to the base budget, i.e. the structural costs of operating an organisation the size of the Council with its current conditions, service pressures and the reduction to RSG. These overall cost rises are offset by any growth in Council Tax income and / or retained Business Rates as well as any movements from other non-ring fenced grants and the Collection Fund.

5.3.3 As can be seen from the above, the main driver for savings is the Government funding reduction to Revenue Support Grant ; although additional income from Council Tax and Business Rates can be used to offset this.

5.3 Strategy

5.4.1 The Council has been regularly monitoring the levels of savings required for the year ahead, and a report was presented to Cabinet in December detailing the levels of savings required and providing an early sight of the savings proposals themselves. Cabinet have approved for £5.53m of savings to be included in the 2018/19 Revenue Budget and these are contained within Appendix A to this report.

5.4.2 Following the multi-year settlement provided by government to Slough Borough Council, the Council agreed to provide similar financial certainty to the Slough Children's Services Trust (SCST) on the amount it will provide as part of the Trusts' Core Contract, as follows:

2018/19	2019/20
£24.811m	£25.211m

5.5 Reserves

5.5.1 The Council holds a variety of reserves, and these are detailed further in Appendix D. It is vital for the Council to hold a minimum level of reserves to ensure that if there is an overspend in the financial year due to demand pressures or emergencies, that the Council can cover this without going out to residents immediately requesting additional Council Tax; the general reserve gives the Council more time to deal with impact of overspends on the services that are delivered.

5.5.2 As per this report, the minimum level of recommended General Fund reserve has been set at 5% of the Council's net revenue budget. The current volatility and uncertainty over government funding in terms of Revenue Support Grant, Better Care Fund and New Homes Bonus as well as welfare reform costs pressures means that it is estimated an additional £2m of balances are required to cover these contingencies. This would mean a minimum level of **£7.2m** at the proposed budget figures. The current level of general reserves as at 31.3.2017 is £8.1m.

5.6 Risk Management

5.6.1 Given the level of savings for 2018/19, it is vital to ensuring the long term stability of the Council that these are delivered to enable a balanced budget, but also that the savings package as a whole is considered across the Council and that the sum of the savings do not create difficulties for other parts of the Council when delivering services for its residents.

5.6.2 During the 2018/19 financial year, as has been the case in 2017/18, there will be monthly monitoring of the savings proposals to identify which are green, i.e. on track to be delivered, amber or red (not expected to be delivered in year). This will enable the Council to adjust its future budget position for any unmet savings as well

as ensure that it can take appropriate in year steps to rectify any growing overspends that arise.

5.7 Flexible Use of Capital Receipts

5.7.1 The Council continues to make use of the flexibility offered by Central Government on the application of capital receipts to fund certain revenue-related change costs. The Strategy on the use of capital receipts under this provision is shown in Appendix K.

5.7.2 The Council intends to apply capital receipts to fund the revenue expenditure of the projects outlined in Appendix K which meet the criteria set out by DCLG.

5.8 Berkshire Business Rates Pilot

5.8.1 As noted in 5.2.2 the government has agreed to create a Berkshire Business Rates Pilot Scheme for 2018/19. Although the Council will not receive any Revenue Support Grant in 2018/19, compensatory Business Rates will be received instead. We also will not pay any levy to the government and will be able to keep an increased share of any local growth in Business Rates income. This means that there will be an increase in resources retained locally. The pilot is expected to generate an additional £1.4m of funding in 2018/19 for Slough Borough Council and this figure has been built into the funding tables shown above and below.

6 Medium Term Financial Strategy (MTFS)

6.1 The MTFS seeks to set out the background to the Council's current financial position, and estimate its future financial position, and highlight some of the key strands to deliver a balanced position over the period of the MTFS.

6.2 Given the scale of the ongoing reductions in Central Government spend, the Council has, and will increasingly need to, deliver public services in a more joined up, effective and efficient manner. Maintaining the current levels and delivery of existing services is unlikely to be an option to the Council in the future.

6.3 The Council is well prepared to meet the financial challenges of the coming years. It has a history of ensuring a balanced budget is delivered, as well as over recent years increasing general reserves to a sustainable level to meet the future financial challenges. The Council has successfully delivered a number of change projects in recent years, with a number of the Council's services being delivered by private sector partners. At the same time, the Council has maintained investment in its infrastructure through the approval of capital budgets to deliver a variety of programmes. The Capital Strategy going forward will be even more focussed on delivering revenue savings through the effective use of infrastructure investment.

6.4 As can be seen from the above the relative importance of Council Tax and retained business rates grows over the period of the MTFS from 75% to almost 100% of the Council's income; the Council is becoming, year-on-year, much less reliant on Government funding. To reflect this, the Council has made retaining existing businesses and attracting new businesses, as well as ensuring a strong supply of housing two of the key outcomes within the new 5YP.

6.5 The Medium Term Financial Strategy (MTFS)

Table 2, below, provides a summary of the Council's Medium Term Financial Strategy. The key assumptions contained within the model are also provided below.

Table 2: The MTFS financial model

2017-18	Funding	2018-19	2019/20	2020/21
£m		£m	£m	£m
52.479	Council Tax	55.570	57.249	58.977
30.300	Retained Business Rates	41.880	32.310	32.620
13.180	Revenue Support Grant	0.000	6.122	6.122
0.263	Education Services Grant	0.000	0.000	0.000
3.196	New Homes Bonus	2.749	2.808	2.556
1.357	Other non-ring fenced grants	1.000	1.000	1.000
0.000	SBC Share of Slough Urban Renewal (SUR)Profit	4.239	8.924	11.443
0.000	SBC previous year SUR profit	-4.758	-3.639	-8.924
-0.300	Collection Fund	0.000	0.000	0.000
100.475	Total Budgeted income	100.680	104.774	103.794
103.734	Prior year baseline (adj.)	100.475	100.680	104.774
2.700	Base budget changes	2.706	2.700	2.700
3.204	Growth	2.845	0.925	0.725
0.330	Revenue Impact of Capital Investment	0.250	0.750	0.730
2.918	Other adjustments	0.000	0.000	0.000
-12.411	Savings identified	-5.596	-0.281	-5.135
100.475	Net Expenditure	100.680	104.774	103.794

- Council Tax – assumed that the Taxbase (i.e. number of properties in Slough) rises by 2% per year from 2019/20. Council Tax is forecast to increase by 4.5% in 2018/19, and then modelled at an increase of 1% in future years.
- Retained Business Rates – assumed growth of 1% per year in Business rates.
- Revenue Support Grant (Government grant) – includes 2018/19 to 20/ 21 figures announced by Government in December 2015 as part of the 4-year settlement offer. These numbers have been confirmed as part of the provisional local government finance settlement in December 2017.
- New Homes Bonus – assumed to reduce as per the Government's announcement at the provisional local government finance settlement 2018/19.
- Collection Fund – the balance of surplus / deficit on retained business rates and Council Tax compared to original assumptions
- Base budget changes – increases due to non-pay and pay pressures across the Council.
- Growth – the 2018/19 items are detailed in Appendix B.
- Revenue impact of capital investment – the amount of revenue budget required to pay off any additional capital borrowing required in future financial years from the capital strategy.

- Savings– the amount of savings required for each financial year.

7 Comments of Other Committees

- 7.1 This report will be considered by the Cabinet on the 5th February 2018 and any comments from the Committee will be reported to that meeting prior to its recommendations to Council on 22nd February 2018.

8 Conclusion

- 8.1 A **4.5%** Council Tax rise will be recommended for the local taxpayer for 2018/19 (based on fully implementing the government's Adult Social Care precept of 3% and an increase of 1.5% for all other council services). The delivery of this revenue budget is based on a variety of savings measures that are geared towards minimising the impact on service users. These savings measures need to be considered in light of the risks that they represent and in line with any impact assessments that are required.
- 8.2 This report also contains a subsequent number of Council Tax resolutions for consideration to enable the Council to bill residents in appropriate time.

9 Background Papers

- '1' - Local Government Finance Settlement 2018/19
- '2' - Council Taxbase Report (December 2017 Cabinet)
- '3' - Medium Term Finance Strategy update paper to Cabinet (December 2017)

APPENDIX A - SAVINGS

Directorate	Service	18/19	Savings Item	Service Delivery
		£'000		
Regeneration	Regeneration delivery	583	Asset Management - Rental Income	there is an opportunity to increase rent for Crown Court 65k, in addition to strategic acquisitions 115k and remainder on commercial properties rents
Adult and Communities	Adult Social Care - Operations	800	Managing Demand	Delivering a range of changes as part of the reform of social care to reduce the overall demand for care and support including: <ul style="list-style-type: none"> - reassessments - continuing care assessments - reablement - direct payments
Adult and Communities	Adult Social Care - Commissioning	32	Redesign of supported employment service	Redesign and reprocurement of the service
Finance and Resources	Governance	25	Corporate Procurement	Following a review of the resource needs of the procurement team, a proposed level 5 post is now surplus to requirement and hence a decision to delete that post and commit the associated funding as savings.
Place and Development	Building Management	350	Recharging of Staff Time to Capital Projects	Over a number of years the volume of works in Capital projects increased and we are able to generate more income through recharging staff time. The proposed increase in income target will better represent the actual income is received.
Adult and Communities	Communities and Leisure	323	Leisure Services - leisure contract management savings	Following the re-letting of the leisure contract to a new provider - Everyone Active (SLM) the council has negotiated a favourable financial situation over the next 10 years of the contract. At present the savings put forward have taken into account ongoing business rates payments for buildings still to be occupied

Directorate	Service	18/19	Savings Item	Service Delivery
		£'000		
Finance and Resources	Governance	122	Legal Services	Deletion of Vacant posts offset by Monitoring Officer Post Costs
Place and Development	Environmental Services	204	Environmental Services Review	
Adult and Communities	Communities and Leisure	88	£300k cost neutral for the Curve + service efficiencies (@10%) -	
Place and Development	Neighbourhood Services	82	Review of management structure to delivery the SAFE services or other alternative delivery	
Place and Development	Neighbourhood Services	50	Income generation through the delivery of a Licensing Service for private landlords, housing associations etc	
Finance and Resources	Strategy & Performance	54	Deletion of Policy support for children's services and education	
Below the Line	Below the Line	225	Increased Treasury Management Returns	Through amendments to the TM Strategy. Deliverable so long as the capital programme remains constrained for General Fund schemes as these will quickly erode the overall Treasury Management portfolio.
Place and Development	Planning and Transport	8	At least a 35% reduction in subsidy through additional income from decretionary work, expected increase in application numbers off the back of local plan review/growth agenda and review of fees and charges.	
Place and Development	Planning and Transport	11	Reduction in subsidy through additional income from pre-application and increased planning application numbers off the back of the local plan review/growth agenda.	
Place and Development	Planning and Transport	4	Savings from reducing specialist consultancy support by training existing staff to undertake both petroleum licensing and environmental permitting.	Phased training programme and some reallocation of work within the team.
Place and Development	Building Management	10	Additional income - Maximise Use of Office Space	Embed flexible and mobile working to get better use of office space. Develop commercial approach to floor space at SMP through external lettings. Range of options being considered.
Place and Development	Building Management	5	FM Contracts Review	Review all FM Contracts to establish if savings can be made.
Adult and Communities	Regulatory Services	30	Review of management structure to delivery the SAFE services or other alternative delivery	
Finance and Resources	Finance	60	Audit fee reductions	
Place and Development	Planning and Transport	2	Re-negotiate landfill monitoring contract	

Directorate	Service	18/19	Savings Item	Service Delivery
		£'000		
Finance and Resources	Strategy & Performance	308	Restructure of Finance and Resources	
Adult and Communities	Communities and Leisure	(780)	Libraries' Contract Overpayment (one-off)	No change to service delivery
Regeneration	Regeneration delivery	700	Strategic Acquisition board	Full year effect of 2017/18 investments
Place and Development	Building Management / Planning and Transport	150	Charging Staff time to capital	
Regeneration	Regeneration delivery	200	Income Generation	
Place and Development	Planning and Transport	50	LED Lighting - HRA Contribution	
Regeneration		100	Sponsorship of Town Centre assets	
ALL		640	2017/18 Senior Management Restructure	
ALL		450	Reduction in Agency Staff	
ALL		710	Service Lead Reviews	

Total Savings 5,596

**APPENDIX B GROWTH
2018 - 2022**

		ORIGINAL				
Directorate	Service	Latest Position				Growth Bid Title
		18/19	19/20	20/21	21/22	
		£'000	£'000	£'000	£'000	
Adults and Communities	Registrars	16				Coroners Service (D338)
Adults and Communities	Public Protection	46				CCTV
Children Learning and Skills	School Places	180				Pupil Numbers - Chalvey School
Adults and Communities	Learning & Community	0	150			Library Staff Harmonisation - Harmonisation reserve used for 2017/18
Adults and Communities	Adults and Communities	700	700	700	700	Demographic growth
Adults and Communities	Adults and Communities	500	25	25	25	Care Act 2014 - additional statutory responsibilities
Children Learning and Skills	Various	50	50			Developing and implementing a model to increase employment opportunities for Slough residents, focusing on those most vulnerable
Regeneration	Emergency Planning / Business Continuity	100				Business Continuity and Responses
Finance and Resources	Strategy and Engagement	20				Corporate Subscriptions
Finance and Resources	Increase in reserves	-342				£100k Increase in general reserve and £242k used to set up specific reserve to cover increased costs of Child burials in line with an agreed policy.
Place and Development	Planning and Building Control	10				Air Quality Monitoring
Place and Development	Waste and Environment	400				Waste Treatment - Chalvey HWRC (R4413 D342 A1939)
Place and Development	Young People's Services	80				Young People's Service
Place and Development	Transport and Highways	15				Thames Regional Flood and Coastal Committee Membership
Place and Development	Transport and Highways	91				Hatfield Multi Storey Carpark
Place and Development	Housing and Environment	400				H207 Recharge Removal
Place and Development	Neighbourhood Services	21				Pest Control
Place and Development	Neighbourhood Services	50				Stray Dogs and Animal Welfare
Finance and Resources	Sources of Finance	75				Care Leavers and Council Tax (Funding for Option 1)
Adults and Communities	Adults and Communities	94				Additional costs of impact of national minimum wage - sleep ins
Adults and Communities	Parks and Open Spaces	139				Parks and Open Spaces (Funding for green gyms maintenance only)
Finance and Resources	Legal Services	100				Legal Services
Place and Development	Transport and Highways	100				Off Street Parking Security
		2,845	925	725	725	

Appendix C

2018/19 Council Reserves

As part of the Council Tax setting process it is important that the Council takes into account its level of reserves in order to cover all known risks over the future financial year. The Council's main reserves have been detailed below, along with a commentary concerning their use and size. Reserves are one-off elements of funding and would require additional funds to increase these in future years.

During the year, a review of all earmarked reserves has been undertaken to ensure that these are fit for purpose and where any excess reserve has deemed to be held this has been re-provided into other reserves or released to support the 2016/17 budget position.

General Fund

The Council's General Fund reserve is the amount set aside for the year ahead that is uncommitted and for any purpose. The s151 officer's commentary in the later appendix details the level of reserve that he believes should be set aside as a minimum. For 2018/19, the minimum level has been set at £7.2m

General Fund	Amount / £m
As at 31.3.2017	8.1
Forecast Q4 (2016/17) position (under / over (-) spend - <i>estimated</i>	0
Addition to General Fund	0
Forecast 31.3.2018 position	8.1

Collection Fund

This is the balance of the previous year's deficit or surplus carried forward on the Collection Fund. The Collection Fund is an in-year account comparing the anticipated Council Tax and Retained Business Rates receipts with the forecasts made in January the previous year. Any deficit or surplus must be recognised in the next financial year's budget setting. Appendix E provides further detail.

Specific Reserve

This fund is to use specific income for tackling Child Burials in line with an agreed policy that is currently being developed.

	Amount / £m
As at 31.3.2017	0.24
Expected Income generated	0.00
Forecast 31.3.2018 position	0.24

Unusable reserves

The Council also holds a number of unusable reserves; these include the pensions reserve, revaluation reserve and Capital Adjustment Account. These reserves are not resource backed and cannot be used for other purposes beyond ensuring the Council complies with proper accounting practice

2018/19 Fees and Charges

			2017/18	2018/19
Sports Pitches	Adult Football	Single game	£68.50	£68.50
	Child Football	Single game	£39.81	£39.81
	Adult Cricket	Single game/midweek	£77.47	£77.47
Minibus hire	Minibus hire		£72.62	£74.80
Allotments	Allotments	Average fee	£5.31	£5.31
Parks	Parks			
Development Management Pre-Application Fees	Householder Extensions desktop		£45.00	£85.00
	Householder Extensions desktop - follow up		Service not provided	£50.00
	Householder Extensions full assessment exc. Meeting		Service not provided	£145.00
	Householder Extensions full assessment exc. Meeting - follow up		Service not provided	£85.00
	Householder Extensions full assessment inc. meeting		£140.00	£175.00
	Householder Extensions full assessment inc. meeting - follow up		Not provided	£130.00
	Residential Development			
	1 dwelling		£180.00	£345.00
	1 dwelling - follow up		£55.00	£275.00
	2-4 dwellings		£180.00	£950.00
	2-4 dwellings - follow up		£55.00	£650.00
	5-8 dwellings		£180.00	£1,600.00
	5-8 dwelling - follow up		£55.00	£1,200.00
	9-14 dwellings		£1,800.00	£1,900.00
	9-14 dwellings - follow up		£500.00	£1,500.00
	15-20 dwellings		£1,800.00	£2,200.00
	15-20 dwellings - follow up		£500.00	£1,600.00
	21-30 dwellings		£1,800.00	£2,600.00
	21-30 dwellings - follow up		£500.00	£2,200.00
	31-49 dwellings		£2,200.00	£3,000.00
	31-49 dwellings - follow up		£660.00	£2,500.00
	50-149 dwellings		£3,250.00	£4,500.00
	50-149 dwellings - follow up		£980.00	£3,000.00
	150+ dwellings (plus £1,260 per additional meeting)		£4,200.00	Planning Performance Agreement – bespoke fee
	Non-Residential Development			
	Up to 100sqm		£130.00	£165.00
	Up to 100sqm - follow up		Service not provided	£115.00

101-249sqm		£130.00	£300.00
101-249sqm - follow up		Service not provided	£250.00
250-499 sqm		£200.00	£650.00
250-499sqm - follow up		£60.00	£450.00
500- 999 sqm		£600.00	£1,000.00
500-999 sqm - follow up		£180.00	£650.00
1000-2000sqm		£1,400.00	£1,500.00
1000-2000sqm - follow up		£420.00	£1,100.00
2001-5000sqm		£1,400.00	£3,000.00
2001-5000sqm - follow up		£420.00	£2,000.00
5001-9999sqm		£1,400.00	£4,500.00
5001-9999sqm - follow up		£420.00	£3,000.00
10,000+ sq.m (£980 per additional meeting)		£3,250.00	Planning Performance Agreement – bespoke fee
Other Services			
Other services - change of use of land and buildings		Service not provided	£500.00
Trees and landscaping		£100.00	£175.00
Works to TPO trees/Conservation		£100.00	£175.00
Advertisements		£100.00	£115.00
Non-material amendments		£100.00	£115.00
Approval of details / clearance of planning conditions		£100.00	£75.00 per condition
Variation of conditions		£100.00	£75.00 per condition
Extensions / Alterations to listed buildings		£100.00	£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis by external provider.
Local Community Group		£100.00	£120.00
Telecoms		£180.00	£500.00
Pre-application Advice – Minerals & Waste		Service not provided	£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis.

	Specialist Advice		Service not provided	£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis.
	Requests for confirmation of compliance with an Enforcement Notice, Breach of Condition Notice or similar Notice		Service not provided	£300.00
	Planning History Search		Service not provided	£100.00 per hour
	Planning Decision Notice		Service not provided	£15.00
	Administration fee - planning application validation			25% (to be deducted from the planning application fee for an invalid application)
	Discharge of obligations		£97.00 (based on the Planning Application Fees for conditions of planning permission)	£175.00
	Dropped kerb - is planning permission required?		Service not provided	£75.00
Social Care	AT (Assistive Technology)	Per person per week. Includes supply, installation and maintenance of all linked service devices and 24/7 monitoring and response services	£4.55	£4.70
	Home Care	Per hour	£18.18	£18.73
	Day Care		£39.90	£41.10
	Respite		Assessed charge	Assessed charge
	Respond 18 - 24		£5.45	£5.61
	Respond 25+		£7.88	£8.12
	Refreshments at day centre		£1.01	£1.04
	Meals at day centre		£0.00	£0.00
	OP Residential		£575.70	£592.97
	OP EMI		£673.60	£693.81
	LD Residential		£949.40	£978.88
	LD Respite		£1,045.35	£1,080.71
	Day Care OP and Adults	Other LA	£61.61	£63.46
	Day Care LD	Other LA	£82.82	£85.30
Libraries	Hire Charges			

Book (incl those with CD Rom)	For 3 weeks	Free	Free
Audio Books	For 3 weeks	From 75p	From 75p
Childrens Audio Books	For 3 weeks	£0.00	£0.00
E books (incl. E audio)	For 3 weeks	Free	Free
Reservations and Requests			
Adult books	If in stock	£0.50	£0.50
Childrens books	If in stock - 2 books per visit (25p eqach for more)	Free	Free
From SELMS	Adult books	£3.00	£3.00
Adult audio books, CD's etc		£0.50	Free
Childrens audio, CDs etc	If in stock - 2 per visit (25p each for more)	Free	£0.25
E books and E audio		Free	Free
Overdue Charges			
Adults Books	Per day the library is open, capped at £5	£0.15	£0.18
Adults CD's, cassettes etc	Per day the library is open, capped at £5	£0.15	£0.18
Children 0 -13	Books, CD's and Cassettes	Free	Free
Childrens DVD's - age 0-13		Free	Free
Notcice For overdues - post		£1.00	£1.20
Notice for overdues - email		Free	Free
Childrens books on adult cards	Per day the library is open, capped at £7	£0.05	£0.05
Lost and Damaged			
Books In print	Adults and Childrens	Full cost	Full cost
Books Out of print	Adults and Childrens	£15.00	£15.00
CD's	or if one disc from multiple set £12	Full cost	Full cost
Readers Cards - Adults		£2.00	£2.00
Readers Cards - Children (U15)		Free	Free
Readers Cards - Pin number			£2.00
Photocopying			
A4		£0.10	£0.20
A3		£0.20	£0.40
Colour A4		£1.00	£1.00
Colour A3		£1.50	£1.50
Computer Print Outs			
Black and white A4		£0.30	£0.30
Black and white A3		£0.50	£0.50
Colour A4		£1.00	£1.00
Colour A3		£1.50	£1.50
Information and Local Studies			
Meeting Rooms	20 hour	£20.00	£0.00
	30 hour	£30.00	£10.00

	Displaying Commercial Notices	A4/A5 size displayed for 1 month	£0.00	£0.00
		A3 size displayed for one month	£0.00	£0.00
Enforcement Agents (Bailiffs)	Fixed Fee	Passed to Enforcement Agent and letter sent	£75.00	£75.00
	Enforcement visit	Plus 7.5% of balance above £1,500	£235.00	£235.00
	Controlled Goods Agreement	Plus 7.5% of balance above £1,500	£110.00	£110.00
Weddings and Civil Partnerships	Notice	Per Person	£35.00	£35.00
	Notice	Per Person (non EU National)	£47.00	£47.00
	Superintendent Registrar (Other Venues)	Weekdays	£405.00	£425.00
		Saturdays	£468.00	£491.00
		Sundays	£686.00	£686.00
	Notice Admin fee per notice	Out of hours admin fee evenings and Saturdays	£25.00	£26.00
	Rescheduling Fee		£25.00	£26.00
	The Elizabeth Room	Mon - Thurs	£140.00	£155.00
		Fridays	£160.00	£180.00
		Saturday	£250.00	£270.00
Religious Buildings		£84.00	£84.00	
Citizenship Ceremony	Individual - midweek		£105.00	£115.00
	Individual - Saturday		£150.00	£166.00
Renewal of Marriage Vows / Baby naming ceremonies		Weekdays	£140.00	£155.00
		Saturday	£250.00	£270.00
		Sunday	£364.00	£382.00
	Approved Premises Licence	5 years	£3,242.00	£3,242.00
		Renewal	£2,366.00	£2,366.00
Burials and Cremations	Slough Cemetry			
	Purchase of a new grave Slough Res		£925.00	£950.00
	Purchase of a new grave Non Slough Res		£2,035.00	£2,035.00
	Digging fees (new graves)	Slough Res	£720.00	£720.00
	Digging fees (new graves)	Non Slough resident 8' 6"	£1,440.00	£1,440.00
	Digging fees (new graves)	Slough resident 6' 6"	£612.00	£650.00
	Digging fees (new graves)	Non-Slough resident 6' 6"	£1,224.00	£1,264.00
	Digging fees (new graves)	Slough resident 4' 6"	£636.00	£675.00
	Digging fees (new graves)	Non-Slough resident 4' 6"	£1,270.00	£1,270.00
	Casket additional fee	Slough resident	£185.00	£185.00
	Casket additional fee	Non-Slough resident	£190.00	£190.00
	Digging fees (re -opening)	Slough resident 8' 6"	£1,204.50	£1,204.50
	Digging fees (re -opening)	Non-Slough resident 8' 6"	£2,409.00	£2,409.00
	Digging fees (re -opening)	Slough resident 6' 6"	£671.00	£690.00
	Digging fees (re -opening)	Non-Slough resident 6' 6"	£1,342.00	£1,342.00
	Digging fees (re -opening)	Slough resident 4' 6"	£671.00	£690.00
	Digging fees (re -opening)	Non-Slough resident 4' 6"	£1,342.00	£1,342.00
	Weekend and bank holiday	extra fee - Slough Res	£1,158.00	£1,180.00
	Weekend and bank holiday	extra fee - Non-Slough Res	£1,842.00	£1,860.00

Public Graves (stillborn to Age 17)	Slough resident	£297.00	£297.00
Public Graves (stillborn to Age 17)	Non-Slough resident	£594.00	£594.00
Public Graves (Adult)	Slough resident	£576.00	£576.00
Public Graves (Adult)	Non-Slough resident	£1,152.00	£1,152.00
Childrens Section	Exclusive right for 50 years	£410.00	£450.00
	Slough Resident	£265.00	£300.00
	Non-Slough Resident	£590.00	£600.00
Cremated Remains Graves	Exclusive right for 50 years	£616.00	£630.00
	Slough Resident	£297.00	£300.00
	Non-Slough Resident	£594.00	£594.00
	Interment booked by F/D without attendance (£540 Non-Slough Resident)	£290.00	£335.00
Remove and Replace Memorial on grave		£165.00	£165.00
Use of chapel for burial service		£210.00	£230.00
Transfer / Assign Deed		£66.00	£66.00
Copy Deed		£44.00	£44.00
Pre 1993 search fee (manual records)		£12.00	£12.00
Permit - right to erect memorial	additional inscription / kerbset	£138.00	£140.00
Stonemasons trade name on memorial		£19.00	£19.00
Stonemasons trade name in reception		£215.00	£215.00
Chamber		£2,350.00	£2,350.00
Slough Crematorium			
Cremation Fee - resident	Includes organist, medical referee, environment fees	£760.00	£770.00
Cremation Fee - non resident	As above	£790.00	£800.00
Cremation Fee - under 17	As above	Free	Free
Cremation Fee - Saturday, resident	As above	£880.00	£950.00
Cremation Fee - Saturday, non resident	As above	£910.00	£1,000.00
Double Service Time		£210.00	£230.00
Late cancellation		£50.00	£50.00
Casket Purchase		£67.00	£67.00
NVF Casket Purchase		£10.00	£10.00
Scattering remains - other cremations		£74.00	£80.00
Use of chapel for burial service		£210.00	£231.00
Bearer		£23.00	£30.00
Drop off coffin prior to service		£50.00	£50.00
Scattering of remains at weekends		n/a	£60.00

	Scattering of remains at weekends - other crem		n/a	£80.00
Certificates	Births, Deaths and Marriages	On day of registration	£4.00	£4.00
		From current registers after the date	£7.00	£7.00
		From completed registers	£10.00	£10.00
	Civil Partnerships	On day of registration	£4.00	£4.00
		After day of registration	£10.00	£10.00
	Posted certificates -extra cost		£2.60	£2.80
	Premium Service	Within 24 hours	£19.00	£20.00
Family personal history search	For 6 hours	£18.00	£18.00	
Nationality Checking Service (Assistance in applying for British Citizenship)	Weekdays - Adults		£95.00	£100.00
	Weekdays - Minors		£70.00	£74.00
	Weekends - Adults		£138.00	£145.00
	Weekends - Minors		£90.00	£95.00
	Admin Fee	Incomplete paperwork	£25.00	£27.00
Court Summons	Council Tax		£108.00	£108.00
	Business Rates		£172.00	£182.00
Bulky Waste	Up to 5 items		£31.00	£31.00
Car Parking	Car Parks			
	Up to 1 hour		0.60 to 1.00	0.60 to 1.00
	Up to 2 hours		1.10 to 2.00	1.10 to 2.00
	Up to 3 hours		1.80 to 3.00	1.80 to 3.00
	Up to 4 hours		2.10 to 4.00	2.10 to 4.00
	5 hours and over		5.00 to 6.70	5.00 to 6.70
	Overnight		1.00 to 6.70	1.00 to 6.70
	Sundays / Bank Holidays	Some "normal" rates	£1.00	£1.00
	Residents Parking Permits	1st car	£25.00	£25.00
		2nd car	£50.00	£50.00
	Business Parking Permits		£300.00	£300.00
	Carers Parking Permits		£25.00	£25.00
	Visitor Parking Permits	3 hours to 1 week	£2.50 to £15	£2.50 to £15
	Season tickets	Monday to Friday 1 month, dependent on Car Park	£143.00 to £174.00	£143.00 to £174.00
		Monday to Friday 6 months, dependent on Car Park	£613.00 to £715.00	£613.00 to £715.00
		Monday to Friday 12 months, dependent on Car Park	£1,123.00 to £1,430.00	£1,123.00 to £1,430.00
		All days, 1 month, dependent on Car Park	£225.00 to £255.00	£225.00 to £255.00
		All days, 6 months, dependent on Car Park	£766.00 to £817.00	£766.00 to £817.00
		Monday to Friday 12 months, dependent on Car Park	£1,379.00 to £1,532.00	£1,379.00 to £1,532.00
	On Street Tariffs			
	Up to 15 mins		No data provided	£0.20 to £0.40
	Up to 30 mins		No data provided	£0.30 to £0.70
	Up to 1 hours		No data provided	£1.20 to £1.70
Up to 2 hours		No data provided	£2.20 to £2.50	
Up to 3 hours		No data	£3.20 to £3.70	

			provided		
	Up to 4 hours		No data provided	£5.50	
Highways	Cars for sale - removals				
	Enquiries				
	Public Rights of Way				
	"A" Boards				
	Streetworks Inspections and Licencing				
	Streetworks Inspections and Licencing				
	Skip	Initial Fee (21 Days)		£45.00	£45.00
		10 day Extension - week 1		£15.00	£15.00
	Vehicle Crossings and Dropped Kerbs	Residential - Initial Application		£65.00	£65.00
		Residential - Approved Application (inc initial application fee)		£110.00	£110.00
		Crossing Searches/ Confirmation Letter		£30.00	£30.00
		Vehicle Crossings and Dropped Kerbs (inc application fees)		£1,102.00	£1,102.00
		Industrial Application		Percentage Of Cost	Percentage Of Cost
		Constructed without permission fine		£0.00	£0.00
	Pavement cafes	Technical, Admin & Inspection Fees		£400.00	£400.00
		Legal Fees		£250.00	£250.00
		Annual Licence		£400.00	£400.00
	Accident Data	3 years data		£150.00	£150.00
		5 years data		£200.00	£200.00
	Traffic Flow Data	Traffic Flow Data from a single permanent site		£125.00	£125.00
		Traffic Flow Data from temporary Automatic Traffic		£50.00	£50.00
	Traffic Signal Data	Traffic Signal Staging Drawing		£40.00	£40.00
		Traffic Signal Specification/Configuration Sheet		£40.00	£40.00
		24 hour period of real time phasing information for one traffic signal junction		£150.00	£150.00
	Traffic Model Data		To be negotiated on request from developer with a minimum charge being applied of £3,000.	To be negotiated on request from developer with a minimum charge being applied of £3,000.	
	Traffic Light Switch Off	Per switch (on/off)		£300.00	£300.00
		Per hour waiting time		£50.00	£50.00
	Temporary Tarrfic Regulation Orders Section 14			£1,250.00	£1,250.00
	Section 14 (2) Notice			£250.00	£250.00

	Traffic lights switching on/off		£300.00	£300.00
Section 50	New apparatus (Inspection/ Admin/ Capitalized Fees)		£450.00	£450.00
	Works on existing (Inspection/ Admin Fees)		£300.00	£300.00
Promotions on the Highway (Technical, Admin & Inspection Fees)	First 7 Days		£250.00	£250.00
	Additional Week		£100.00	£100.00
Cherry pickers/Mobile Towers/Hoists	Initial Fees (21 Days)		£180.00	£180.00
	Extension (7 Days)		£50.00	£50.00
Permit Fee Charges	Provisional Advance authorisation (PAA Category 0,1,2 streets and traffic sensitive category 3 & 4 streets) and (Category 3 and 4 Non Traffic Sensitive Streets)		£94.00/£70.00	£94.00/£70.00
	Major Activity (Over 10 days) and all Major works requiring a traffic regulation order (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£232.00/ £142.00	£232.00/ £142.00
	Major Activity (4-10 days) (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£130.00/£0.00	£130.00/£0.00
	Major Activity (up to 3 days) (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£63.00/ £0.00	£63.00/ £0.00
	Standard Activity (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£130.00/£0.00	£130.00/£0.00
	Minor Activity (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£63.00/ £0.00	£63.00/ £0.00
	Immediate Activity (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)		£55.00/ £0.00	£55.00/ £0.00

		Permit Variation (Category 0,1,2 streets and Traffic Sensitive category 3 & 4 streets) and Category 3 and 4 / Non Traffic Sensitive Streets)	£45.00/£35.00	£45.00/£35.00
Fixed Penalty Notices	Discount rate (21 days)		£80.00	£80.00
	Without Discount		£120.00	£120.00
	Permit Board Charge (Discount Rate)		£300.00	£300.00
	Without Discount		£500.00	£500.00
Section 74 over-run	Per Road Category Per Day		£100.00-£2500.00	£100.00-£2500.00
	Mitigated Charge			
Sample Inspections	Per Inspection		£50.00	£50.00
	Per Defect		£50.00	£50.00
	Coring (per core)		£130.00	£130.00
Section 116/117 - Stopping up of the Highway	Technical/Admin/Inspection/Legal & Court Fees		£5,000.00	£5,000.00
Developer Fees – Section 38/278 Agreements and Minor Highway Works Agreement	Inspection (Highway Works)		10% of works cost (£2000 min)	10% of works cost (£2000 min)
	Inspection (Statutory Undertakers)		1-3% value of works	1-3% value of works
	Safety Audit Review		£600-£2000	£600-£2000
	Approval of TM Plans		£200-£2000	£200-£2000
	Material Testing Fee		£400-£5000	£400-£5000
Commutated Sums - Section 38/278 Agreement and Minor Highway Works Agreement - OVER 40 YEAR LIFE	Per Soak away		£4,000.00	£4,000.00
	Per Tree		£200.00	£200.00
	Per Parking Bay		£850.00	£850.00
	Per m2 of Carriageway		£150.00	£150.00
	Per m2 of Footway		£45.00	£45.00
	Per m2 of Verge		£50.00	£50.00
	Per m2 of Anti-Skid		£300.00	£300.00
	Per controlled crossing unit (Headed Pole)		£10,000.00	£10,000.00
	Per traffic signal unit (Headed Pole)		£15,000.00	£15,000.00
	Per Street Lighting column		£2,000.00	£2,000.00
	Per Illuminated sign/bollard		£1,000.00	£1,000.00
	Per Gully		£300.00	£300.00
	Developer Licences – Section 50 (Private Apparatus), Section 142 (Verge Maintenance), Section 176 (Bridge Licence), Section 177 (Over sail), Section 178 (Crane Over sail), Section 179 (Build Under Highway Support Structure)	Technical Fee		£500 min
Inspection Fee			£300 min	£300 min
Admin Fee			£150.00	£150.00
Legal Fee			£300-£1000	£300-£1000
Annual Fee			£300 min	£300 min
LA Searches	Postal			
	Basic Search LLC1 & Con 29R	Fees on internet are as 1.1.10	£118.00	£118.00
	Land Charges - B126	LLCI	£30.00	£30.00
	Land Charges - B126	CON29 searches (Incur VAT)	£118.00	£118.00
	Land Charges- B126	Additional CON 29 Questions	£12.00	£12.00

		(£12/question)		
	Any additional enquiry (each)	Fees on internet are as 1.1.10	£20.00	£20.00
	Extra parcels of land (each)	Fees on internet are as 1.1.10	£15.00	£15.00
	Extra parcels of land (each) LLC1	Fees on internet are as 1.1.10	£5.00	£5.00
	In Person			
	Inspection of land chgs register	Fees on internet are as 1.1.10	free	free
	Copy of the Register	Fees on internet are as 1.1.10	£1.00	£1.00
Multi Occupancy Home Licences (HMO)	Initial Fee for 5 bedrooms or less	£10 for each additional bedroom	£572	£595
	Extra work - officer	per hour	£33	£35
	Extra work - administration	per hour	£27	£28
Licences and Registrations	Sex Establishments (cinema, shop, entertainment venue)	Annual	£2,530.00	£2,530.00
		Minor Variation or Transfer	£665.00	£665.00
	Street Trading - Town Centre	Annual	£5,000.00	£5,000.00
		Daily	£35.00	£35.00
		Weekly	£130.00	£130.00
		Monthly	£475.00	£475.00
		Quarterly	£1,300.00	£1,300.00
		6 monthly	£2,750.00	£2,750.00
		Non-refundable deposit new applications	£250.00	£250.00
	Street Trading - All other areas	Annual	£3,675.00	£3,675.00
		Daily	£30.00	£30.00
		Weekly	£100.00	£100.00
		Monthly	£370.00	£370.00
		Quarterly	£1,100.00	£1,100.00
		6 monthly	£1,900.00	£1,900.00
		Non-refundable deposit new applications	£250.00	£250.00
	Ice Cream Sellers	For 6 months	£500.00	£500.00
		For 1 month	£100.00	£100.00
	Ear Piercing, Electrolysis, Tattooing & Acupuncture		£245.00	£245.00
	Hairdresses and Barbers		£55.00	£55.00
	Pet Shops	plus vet fees	£350.00	£350.00
	Animal boarding	plus vet fees	£350.00	£350.00
	Dog breeding	plus vet fees	£350.00	£350.00
	Riding establishments	plus vet fees	£600.00	£600.00
	Scrap Metal Dealers	Site Licence - new	£465.00	£465.00
		Site Licence - renewal	£330.00	£330.00
		Site Licence - variation	£202.50	£202.50
		Collectors Licence - new	£285.00	£285.00
		Collectors Licence - renewal	£210.00	£210.00
		Collectors Licence - variation	£135.00	£135.00
	Licensing - alcohol	Including "large temporary events"	Statutory	Statutory
		All copy licences if lost	£10.50	£10.50
Gambling Act - Premises	Application	£300.00	£300.00	

		Licensed premises gaming machine permit	£150.00	£150.00
		Annual fee - licensed premises gaming machine permit	£50.00	£50.00
		Application for club gaming / gaming machine permit	£150.00	£150.00
		Annual fee for club gaming / gaming machine permit	£50.00	£50.00
		Transfer fee for club gaming / gaming machine permit	£25.00	£25.00
		Notification of 2 x gaming machines	£50.00	£50.00
	Bingo Club	New application	£2,625.00	£2,625.00
		Annual fee	£750.00	£750.00
		Application to vary	£1,315.00	£1,315.00
		Application to transfer	£900.00	£900.00
		Application for re-instatement	£900.00	£900.00
		Application for provisional statement	£2,625.00	£2,625.00
		License application - provisional statement holders	£900.00	£900.00
		Copy of license	£25.00	£25.00
		Notification of change	£50.00	£50.00
	Betting premises - excluding tracks	New application	£2,250.00	£2,250.00
		Annual fee	£450.00	£450.00
		Application to vary	£1,125.00	£1,125.00
		Application to transfer	£900.00	£900.00
		Application for re-instatement	£900.00	£900.00
		Application for provisional statement	£2,250.00	£2,250.00
		License application - provisional statement holders	£900.00	£900.00
		Copy of license	£25.00	£25.00
		Notification of change	£50.00	£50.00
	Family entertainment centres	New application	£1,500.00	£1,500.00
		Annual fee	£565.00	£565.00
		Application to vary	£750.00	£750.00
		Application to transfer	£715.00	£715.00
		Application for re-instatement	£715.00	£715.00
		Application for provisional statement	£1,500.00	£1,500.00
		License application - provisional statement holders	£715.00	£715.00
		Copy of license	£25.00	£25.00
		Notification of change	£50.00	£50.00
	Gaming centres	New application	£1,500.00	£1,500.00
		Annual fee	£750.00	£750.00
		Application to vary	£750.00	£750.00
		Application to transfer	£900.00	£900.00
		Application for re-instatement	£900.00	£900.00

		Application for provisional statement	£1,500.00	£1,500.00	
		License application - provisional statement holders	£900.00	£900.00	
		Copy of license	£25.00	£25.00	
		Notification of change	£50.00	£50.00	
	Private Hire (PH) and Hackney Carriage (HC) Combination Driver (CD) Licensing	PH & HC Driver - New Application (1 year)	£173.50	£173.50	
		PH & HC Driver - Renewal (1 year)	£125.90	£125.90	
		PH & HC Driver - New Application (3 year)	£258.00	£258.00	
		PH & HC Driver - Renewal (3 year)	£230.90	£230.90	
		PH & HC Driver - Replacement badge	£15.00	£15.00	
		PH & HC Driver - Replacement badge change of operator	£15.00	£15.00	
		PH & HC Driver - copy of paper licence	£15.00	£15.00	
		PH & HC Driver - DBS check	£55.00	£55.00	
		PH & HC Driver - Knowledge test	£40.00	£40.00	
		PH & HC Vehicle - New application	£220.00	£220.00	
		PH & HC Vehicle - Renewal application	£220.00	£220.00	
		PH & HC Vehicle - Transfer	£35.00	£35.00	
		PH & HC Vehicle - Change of vehicle	£50.00	£50.00	
		PH & HC Vehicle - Copy of paper licence	£15.00	£15.00	
		PH & HC Vehicle - Replacement plate	£25.00	£25.00	
		PH & HC Vehicle - Copy of certificate of compliance	£15.00	£15.00	
		PH Vehicle - Exemption	£50.00	£50.00	
		Combination Driver Licence (CD)	CDriver - New application (1 year)	£173.50	£173.50
			CDriver - Renewal (1 year)	£125.90	£125.90
			CDriver - New application (3 year)	£258.00	£258.00
	CDriver - Renewal (3 year)		£230.90	£230.90	
	CDriver - Knowledge test		£40.00	£40.00	
	Private Hire Operators (PHO) 1 year grant and renewal	Chauffeurs 1 vehicle	£137.00	£137.00	
		Operator Up to - 5 vehicles	£275.00	£275.00	
		Operator Up to - 15 vehicles	£360.00	£360.00	
		Operator Up to - 25 vehicles	£595.00	£595.00	
		Operator Up to - 35 vehicles	£835.00	£835.00	
		Operator Up to - 45	£1,070.00	£1,070.00	

		vehicles		
		Operator Up to - 55 vehicles	£1,310.00	£1,310.00
		Operator Up to - 65 vehicles	£1,550.00	£1,550.00
		Operator Up to - 75 vehicles	£1,790.00	£1,790.00
		Operator Up to - 85 vehicles	£1,930.00	£1,930.00
		Operator Up to - 99 vehicles	£2,365.00	£2,365.00
		Operator 100 vehicles and over	£2,385.00	£2,385.00
	Private Hire Operators (PHO) 5 year grant and renewal	Chauffeurs 1 vehicle	£411.00	£411.00
		Operator Up to - 5 vehicles	£825.00	£825.00
		Operator Up to - 15 vehicles	£1,080.00	£1,080.00
		Operator Up to - 25 vehicles	£1,785.00	£1,785.00
		Operator Up to - 35 vehicles	£2,505.00	£2,505.00
		Operator Up to - 45 vehicles	£3,210.00	£3,210.00
		Operator Up to - 55 vehicles	£3,930.00	£3,930.00
		Operator Up to - 65 vehicles	£4,650.00	£4,650.00
		Operator Up to - 75 vehicles	£5,370.00	£5,370.00
		Operator Up to - 85 vehicles	£5,790.00	£5,790.00
		Operator Up to - 99 vehicles	£7,095.00	£7,095.00
		Operator 100 vehicles and over	£7,155.00	£7,155.00
		Replacement Licence	£15.00	£15.00
		Fireworks		
	Licence to store - new	0-250kg	£109.00	£109.00
	Licence to store - renewal	0-250kg	£54.00	£54.00
	Licence to store - new	250-2000kg	£185.00	£185.00
	Licence to store - renewal	250-2000kg	£86.00	£86.00
	Variation		£36.00	£36.00
	Transfer		£109.00	£109.00
	Replacement		£36.00	£36.00
	Any other variation		£70.00	£70.00
	License to sell		£500.00	£500.00
	Street Entertainment License			
	Busker's license		£0.00	£0.00
Enforcement	Immigration Inspection Fees		£114.40	£118.98
	Littering Fines		Up to £2500	Up to £2500
	Pest Control	Per treatment	£12.00	£12.48
	Stray Dogs	In office hours	£43.68	£45.43
		Outside of office hours and weekends	£124.80	£129.79
		Daily kenneling charge	£18.72	£19.47
	Statutory Fine		£25.00	£25.00
Careline	Alarm rental & Monitoring Fee	Weekly	£4.22	£4.22
		Quarterly	£54.91	£54.91
	Installation		£41.60	£41.60
	Key Safe Purchase		£52.00	£52.00

	Careline Alarm (Purchase fee)		£160.99	£160.99	
	Pendant Replacement		£61.15	£61.15	
	Attendance Call Out (office hours only) non-system fault		£0.00	£85.00	
	Alarm System Monitoring (per annum)	Fire, Intruder, Lift car alarm, disabled toilet (via Careline systems)	£200.00	£200.00	
CCTV	CCTV Project Consultancy	7.5% of Project Capex			
Facilities Management	Hire of Venues / Premises				
Trading Standards (Public Protection/Food Safety)	Primary Authority Partnership Scheme		£69.12	£73.27	
	Export Certificates		£49.92	£52.92	
	Paid for business support advice	As & when hourly rate pro rata	£69.12	£73.27	
	Food Hygiene Training	open courses-per candidate		£63.50	£67.00
		Food Hygiene Resit Fee		£12.00	£12.00
		Bespoke Food Hygiene Courses		£411 plus £17.50 per candidate (minimum charge £586)	£420 plus £18 per candidate (minimum charge £600)
	Food Hygiene Rating Rescore visits	Not yet charging as need to give businesses notice of introduction of charges.		£210.00	£210.00
	Provision of SFBB pack		£12.00	£12.00	
Organic Import Certificate		£45.00	£45.00		
Environment & Transport	Environment Searches	Environmental Reports prepared for clients	£180.00	£190.00	
	Environmental Advice Heathrow	HSPG officer Hourly recharge	£65.00	£65.00	
	Rapid EV Charger Income	Charge Your Car Operator - less back office costs	£5.00	£5.00	
	Petroleum Licensing Annual Licence Fee (Petroleum Consolidation Regulations) 2014	up to 2,500 litres petrol storage		£42.00	£42.00
		2,500 litres but not exceeding 50,000 litres storage		£58.00	£58.00
		above 50,000 litres		£120.00	£120.00
	Environmental Permitting 4.5% on set Fees	Standard process application		£1,650.00	£1,650.00
		PVRI, Dry Cleaners Application Fee		£155.00	£155.00
		Vrs and other reduced Fee Activities		£362.00	£362.00
		LA-IPPC (PART A2) charges for 2017/18		£3,363.00	£3,363.00
		Annual Subsistence Charge (Standard process low risk)		£772.00	£772.00
		Annual Subsistence Charge (Standard process medium risk)		£1,161.00	£1,161.00
		Annual Subsistence Charge (Standard process high risk)		£1,747.00	£1,747.00

		PVRI, Dry Cleaners L/M/H Subsistence Charge	£79/£158/£237	£79/£158/£237
		PVR 1 & 11 combined L/M/H Subsistence Charge	£113/£226/£341	£113/£226/£341
		Vrs and other reduced Fee Activities Subsistence Charge	£228/£365/£548	£228/£365/£548
Local Land Charges	Street Naming and numbering	1st Address	£37.00	£40.00
		2-5th Address	£73.00	£75.00
		6-10th Address	£100.00	£110.00
		Per additional Address	£12.00	£15.00
		New Street	£100.00	£110.00
		Per additional Street	£50.00	£50.00
		New Street from pre approved list	£150.00	£150.00
		Alter an existing address	£37.00	£40.00

Statutory Determination of Council Tax

Council Tax Resolution – In relation to the Council Tax for 2018/19

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2019 is as specified below and that the Council Tax be levied accordingly.
- (b) That it be noted that at its meeting on 18 December 2017 Cabinet calculated the following Tax Base amounts for the financial year 2018/19 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:
- (i) 41,723.4 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2018/19; and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2018/19:
- | | | |
|----|--------------------------------|---------|
| a) | Parish of Britwell | 849.3 |
| b) | Parish of Colnbrook with Poyle | 1,885.9 |
| c) | Parish of Wexham | 1,310.2 |
- (c) That the following amounts be now calculated for the year 2018/19 in accordance with sections 31A to 36 of the Act:
- (i) £388,340,008 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);
- (ii) £332,544,974 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);
- (iii) £55,795,034 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
- (iv) £1,337.26 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

- (v) That for the year 2018/19 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £224,168 representing the total of Parish Precepts for that year.
- (vi) £1,331.89 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (vii) Valuation Bands

Band	Slough Area	Parish of Britwell	Parish of Colnbrook with Poyle	Parish of Wexham Court
	£	£	£	£
A	887.93	44.06	32.93	24.48
B	1,035.91	51.41	38.42	28.56
C	1,183.90	58.75	43.91	32.64
D	1,331.89	66.10	49.40	36.72
E	1,627.87	80.79	60.38	44.89
F	1,923.84	95.47	71.36	53.05
G	2,219.82	110.16	82.33	61.21
H	2,663.78	132.19	98.80	73.45

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (viii) Calculate that the Council Tax requirement for the Council's own purposes for 2018/19 (excluding Parish precepts) is £55,570,866.
- (ix) That it be noted that for the year 2018/19 the Thames Valley Police Authority precept has been increased by 7.05%. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley
	£
A	121.52
B	141.77
C	162.03

D	182.28
E	222.79
F	263.29
G	303.80
H	364.57

These precepts have not been formally proposed or agreed by the Thames Valley Police and may be revised when agreed.

- (x) That it be noted that for the year 2018/19 the Royal Berkshire Fire Authority has been increased by 2.99% as the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority £
A	42.91
B	50.06
C	57.21
D	64.36
E	78.66
F	92.96
G	107.27
H	128.73

These precepts have not been formally proposed or agreed by the Royal Berkshire Fire Authority and may be revised when agreed.

- (xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council including the precepting authorities will be as follows:

Band	Slough £	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £	Royal Berkshire Fire Authority £	TOTAL £
A	887.93	121.52	42.91	1,052.36
B	1,035.91	141.77	50.06	1,227.74
C	1,183.90	162.03	57.21	1,403.14
D	1,331.89	182.28	64.36	1,578.53
E	1,627.87	222.79	78.66	1,929.32
F	1,923.84	263.29	92.96	2,280.09
G	2,219.82	303.80	107.27	2,630.89
H	2,663.78	364.57	128.73	3,157.08

- (xii) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xiii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.
- (xiv) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.
- (xv) That in the event that there are any changes to the provisional precept of the Fire Authority, arising from their precept setting meeting being held on 28 February, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2018/19, Statutory Resolution and council tax levels.

S151 officer statement on the robustness of reserves and the robustness of estimates

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Assistant Director, Finance and Audit) to formally report to Council as part of the tax setting report his view on the minimum level of reserves available to the general fund and on the robustness of estimates used on the budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 22 February 2018.

Adequacy of Reserves

When assessing the minimum level of reserves required, there are some important considerations. Firstly, the reserve for budget setting purposes is the general fund reserve. This is the Council's reserve which is not allocated to specific risks, policy decisions or under legislative or accounting requirements. The general fund reserve can be spent on any activity and there is no restriction on its deployment.

As a Unitary Council, with a number of complex services and transactions, the Council has an inherently higher risk than a number of other local authorities. The Council provides a much wider scope of services compared to a County Council or District Council; each different service comes with a different level of risk. The Council has made policy decisions which have engaged the Council into a wide range of service provision e.g. significant outsourcing of services, PFI arrangements, and the creation of the Slough Urban Renewal ('the LABV'). Some of these mitigate the Council's financial risk whilst other arrangements increase the level of risk.

The Council is also facing a period where demand is increasing in key areas, namely:

- Increased population increases demand on 'universal services' i.e. more bins to collect, more Council Tax bills to issue etc.
- Increased volatility from the retention of business rates
- Savings are increasingly based on commercial income generation opportunities so fluctuate much more – this is especially so in the current year budget with over £4.2m of additional income being generated through commercial schemes and represents a significant increase in the risk exposure to outside economic conditions
- Increased adult social care pressures due to changes in demography
- Increased risk over the delivery of savings
- The impact of the macro-economic position and the impact on residents and businesses being able to pay for respective fees and charges

In light of the above, the proposed minimum level of reserve for the Council should be 5% of the net budget (as defined by Council Tax, retained business rates and non-ring fenced revenue Government grants); plus £2m to allow for current funding volatility. This results in a total of **£7.0m¹**.

¹ Circa 5% of £100m and £2m to cover funding volatility.

Robustness of Estimates

The treatment of inflation and interest rates

The 2018/19 pay award for staff has been included at an average of 2% in line with the Government's pay announcements. Non pay related budgets have been inflated at the contractually committed rate of inflation or where services can demonstrate a requirement to do so to maintain service delivery levels.

Efficiency saving and productivity gains

The budget contains proposals to deliver approximately £5.6m of savings. The medium term financial strategy includes a four year savings programme to ensure that future revenue budgets remain in financial balance to ensure the council has adequate resources to deliver its Council Strategy outcomes. The savings programme will also help to ensure that Council Tax increases are kept to as low a level as possible and deliver efficient local services. The proposals continue to set high levels of required savings and there are inherent risks to the delivery of a balanced budget at the end of the 2018/19 financial year. Given the year on year reductions in Government funding, the Council's risk profile for savings is increasing as more transformational activity and income generation schemes are brought forward. Though these will endeavour to drive additional income and reduced costs, they are by their very nature more difficult and complex to deliver, and are at greater risk of market conditions.

Budget and Financial management

The level of under spends in recent years is as follows:

- 2011/12 – £1,736k underspend – 1.7% of budget
- 2012/13 - £23k underspend – 0.0% of budget
- 2013/14 - £150k underspend – 0.1% of budget
- 2014/15 - £224k underspend - 0.1% of budget
- 2015/16 - £42k overspend – 0.0% of budget
- 2016/17 – balanced budget forecast – 0.0% of budget
- 2017/18 – balanced budget forecast – 0.0% of budget

All relevant reports to Members have their financial effects identified and the Corporate Management Team keep any emerging budget pressures under review during the year. Monthly reports are received by Corporate Management Team and quarterly reports to the Cabinet detail both budgetary and performance indicators. A traffic light system of indicators is used.

The Council has a number of demand led budgets and has historically been able to manage changes to demand to ensure a sound financial standing at the end of the financial year. The revenue budget includes over £1.500m for adult social care cost pressures.

Adequacy of insurance and risk management

Strategic risk management is being embedded throughout the Council to ensure that all risks are identified and managed appropriately. The Council's insurance arrangements are a balance of external insurance premiums and internal funds to self insure some areas. As

well as an internal risk manager the Council also make use of an external consultant (Arlingclose) to advise on the level of funds required to underpin those risks not externally insured.

Overall financial standing of the authority

Slough Borough Council borrows money to support the Council's capital Programme. It has calculated its capacity for borrowing within the provisions of the prudential framework and budgeted accordingly. The assumed Council Tax collection rate is 98.4% and this is an achievable if demanding target. Each 1% uncollected amounts to approximately £0.47m and any surplus or deficit on the collection fund is apportioned between the Council and its major precepting bodies the Royal Berkshire Fire and Rescue Authority, and the Office of the Police and Crime Commissioner (OPCC) for Thames Valley.

Maintaining balances

The balance of the in year budgetary position against the proposed budget will be managed against the general reserve. As and when budget pressures emerge then it is first for the service to contain, then the directorate and finally a corporate issue. If there is still a pressure at year end then General Reserves will reduce and will need to be replenished up to a level in future years as noted above. This helps ensure that the Council is in a position to maintain its service provision without drastic actions.

If an event occurs that is so serious it depletes the Council reserves to below the limit set, then the Council will take appropriate measures to raise general fund reserves to the recommended level as soon as possible without undermining service provision.

Specific grants

The Government provides the Council with a number of specific grants. These grants have conditions attached to their use as detailed by Government.

The grants are allocated out to specific directorates and these are utilised to deliver the objectives contained within the grant conditions.

Grant	Amount / £m
Public Health	7.563
Local Council Tax Support	0.168
Housing Benefit administration subsidy	0.540
Better Care Fund (through existing NHS and Social Care budgets)	8.567

HRA Rents and Service Charges 2018/19

The annual increases in rents and service charges reflects the need to increase income in order to meet the increase in utility and service costs, and to provide sufficient financial resources to reinvest in the programmes of improvement for social housing to ensure that the needs of local residents are met; the increases follow government guidance and are based upon the previous September's inflation rate. These increases are built into the HRA 30 Year Business plan and are intended to ensure that the Housing service, annual housing repairs and maintenance programme, and the long term capital investment programmes, provide decent homes to meet local needs over the life of the Business Plan.

- Council house dwelling rents for 2018/19 to **decrease by 1%** over the 2017/18 rent with effect from Monday 2nd April 2018. This is in line with current government guidelines and legislation.
- Garage rents, heating, utility and ancillary charges to **increase by 3.0%** with effect from Monday 2nd April 2018. This is based upon the September CPI figure.
- Service charges to **increase by 3.0%** with effect from Monday 2nd April 2018. This is based upon the September CPI figure.
- 'Other committee' property rents to increase by an average of 3.0% from Monday 2nd April 2018 in line with the September CPI figure.

APPENDIX J

Equality Impact Assessments

Appendix K – Flexible use of Capital Receipts Strategy

Policy for Flexible use of Capital Receipts

Purpose

1. This document highlights the Government's statutory guidance on the flexible use of Capital Receipts and its application within this council.

Background

2. Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003.
3. The Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.
4. The Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital,

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

5. In order to comply with this Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy within Annual Budget documents.
6. There is no prescribed format for the Strategy; the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects
7. The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project which plans to make use of the capital receipts flexibility, together with the expected savings that the project will realise. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.
8. The Flexible Use of Capital Receipts Strategy is set out below:

Flexible Use of Capital Receipts Strategy

1. Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

2. The Council's intends to use capital receipts to fund the following:

2016/17			
Project	Projected Spend (£m)	Expected Benefits	Expected Benefits (£m)
Adult Social Care Reform	1.046	£5.1m ongoing savings by 2019/20	5.100
Re-commissioning of major contracts to delivery procurement savings and more effective use of frameworks	0.703	Depends upon market price, but at least 0.5 ongoing savings post new commissioning options from 2018	0.703
Slough Children's Services Trust	2.469	Invest to save bid to reduce ongoing revenue costs to projections of between £1-2m p.a. over the next four years	4.000
Slough Children's Services Trust - Organisational Agility	0.654	On embedding of the new working practices, the Trust will deliver £229,000 in annual efficiency savings directly and indirectly dependent on the adoption of the new technology, including a re-profiling of the workforce.	0.916
Development of income generation proposals from capital assets	0.060	£0.7m annual income generation from 2017/18	2.100
Development of housing company	0.055	1 st year payment to elicit £0.2m annual income generation from 2017/18	
Head of Customer and Digital/Business Analysts	0.126	£0.3m from 2017/18 on efficiencies arising from SBC enhancing its Customer Services offer.	0.900

Council Tax and Business Rates collection increases	0.270	£0.6m per annum additional council tax collected	2.400
Housing Regulations Team - Business Development Manager	0.076	£0.1m per annum	0.300
Insourcing Environmental Services	0.130	1 st year payment to achieve £1m per annum from 2018/19 from removal of profit element from Private Sector Contract	N/A
Total 2016/17	5.589		16.419

2017/18			
Local Plan	0.135	Review of plan especially for external factors such as Heathrow and Local Plan progress of neighbouring authorities.	
Slough Children's Services Trust	1.299	Invest to save bid to reduce ongoing revenue costs to projections of between £1-2m p.a. over the next four years	1.500
Re-commissioning of major contracts to delivery procurement savings and more effective use of frameworks	0.317	At least £0.5m ongoing savings post new commissioning options from 2018	1.000
Insourcing Environmental Services	0.720	2 nd year payment to achieve £1m per annum from 2018/19 from removal of profit element from Private Sector Contract	2.000
Development of housing company	0.045	2 nd year payment to elicit £0.2m annual income generation from 2017/18	0.600
Homelessness Prevention Strategy	0.100	Reduction in demand	0.400
Counter-Fraud Invest to Save proposal	0.042	£0.050m additional income through counter-fraud arrangements	0.150
Senior Management Restructure (associated redundancy and pension costs)	0.710	It has been calculated that the proposed reorganisation of the second and third tiers of the organisation, as set out within the initial consultation document, will realise revenue savings of £640,000 per annum.	1.920
Landlords Registration / Additional HMO Licensing Scheme	0.078	Reduction in demand	0.250
Private Sector Acquisition Team (Housing)	0.406	Reduction in demand	0.700
Economic Development	0.025	Will attract over £80k from private	0.080

		Sector match-funding for Town centre initiatives	
Slough Children's Services Trust	1.000	Provides financial stability to the Trust to allow for achievement of ongoing efficiency gains and overall reductions in demand	2.500
Total 2017/18	4.877		10.100

2018/19			
Local Plan	0.110	Review of plan especially for external factors such as Heathrow and Local Plan progress of neighbouring authorities.	
Capita Transformation Project	0.121	Capita ONE IT system will help ensure children and young people have best start in life	
Children Learning and Skills	1.500	Provides financial stability to CLS to allow for review of Children's Centres and other efficiencies	2.000
CT and NNDR Collection Rates	0.060	£0.6m per annum additional council tax collected	1.200
Homelessness Prevention	0.513	To reduce homelessness demand	1.500
Waste and Environment Insourcing	0.500	To pump-prime sale of services to other organisations	1.800
Bus lane cameras – (plus team set up)	0.790	Initial finance required for self-funding model.	0.790
Resident Consultations	0.420	To allow member consultation with Ward Members to identify and facilitate efficiencies and service improvements across the Council	1.000
Customer and Accommodation	2.000	To enable the Council's Customer Strategy, and Accommodation and Hub Strategies	5.000
Electric Vehicle Initiatives	0.750	To reduce harmful carbon emissions in SBC and improve air quality and reduce staff mileage payments.	1.500
Town Centre Growth Bid	0.475	To provide various initiatives to maintain the High St whilst works are undertaken to ensure the ongoing viability of the area and associated business rates.	2.000
Slough Children's Services Trust	0.500	Provides financial stability to the Trust to allow for achievement of ongoing efficiency gains and overall reductions in demand	1.000
Third and Fourth Tier Restructures	1.000	To achieve ongoing revenue savings from staffing efficiencies	2.000
Total 2018/19	8.739		19.790

3. The Prudential Indicators show that this Strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.

Pay Policy Statement for the Year 2018/19

1. Introduction

- 1.1 The Localism Act requires local authorities to publish, on their website, an annual Pay Policy Statement, which has been approved by Full Council.
- 1.2 No remuneration may be made to officers that fall outside of the Pay Policy Statement, although it is possible for a meeting of the Full Council to amend the statement at any time.
- 1.3 In drawing up this statement, Slough Borough Council has taken into account the guidance issued by the Department of Communities and Local Government in February 2012 and the supplementary guidance issues in February 2013.
- 1.4 Slough Borough Council is committed to complying with the statutory obligation to pay the National Living Wage.
- 1.5 This statement does not apply to schools' staff as local authority schools' employees are outside the scope of the legislation.
- 1.6 This statement will be approved by Full Council in February 2018.
- 1.7 Slough Borough Council fully endorses and supports the requirement to be open and transparent about the pay of our staff.
- 1.8 The Council is committed to paying nationally negotiated pay awards and this Pay Policy Statement will be updated as and when any such pay awards are agreed.

2. Remuneration of Chief Officers

- 2.1 In accordance with the Localism Act, the following SBC posts are defined as Chief Officers, and their salary bands are as follows. (The SBC grading structure is attached in Appendix A).

2.2

Head of the Paid Service and Statutory Chief Officers		
Post	Reports To	Salary Band
Chief Executive / Head of Paid Service.		£133,869 - £160,645
Director of Adults &	Head of Paid Service	SML 16

Communities		£110,185 - £128,515
Director of Children Learning & Skills	Head of Paid Service	SML 16 £110,185 - £128,515
Monitoring Officer	Head of Paid Service	Interim cover – £650 per day (4 days per week)
Director of Finance & Resources / Section 151 Officer	Head of Paid Service	SML 16 £110,185 - £128,515
Service Lead - Finance (Deputy section 151 Officer)	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Director of Public Health	The Director of Public Health is employed by Bracknell Forest Council	
Posts that report directly to the Head of Paid Service or Statutory Chief Officer		
Post	Reports To	Salary Band
Director of Place & Development, (Non-statutory Chief Officer).	Head of Paid Service	SML 16 £110,185 - £128,515
Director of Regeneration (Non-statutory Chief Officer).	Head of Paid Service	SML 16 £110,185 - £128,515
Service Lead – School Effectiveness	Director of Children, Learning & Skills	SML 12 £65,723 - £73,215
Service Lead – Early Years	Director of Children, Learning & Skills	SML 12 £65,723 - £73,215
Service Lead - Access & Inclusion	Director of Children, Learning & Skills	SML 12 £65,723 - £73,215
Service Lead – Children, Commissioning, Partnership & Performance	Director of Children, Learning & Skills	SML 12 £65,723 - £73,215
Service Lead - SEND	Director of Children, Learning & Skills	SML 12 £65,723 - £73,215
Service Lead - Strategy & Performance	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Service Lead – Customer & Communications	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Service Lead - Governance	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Service Lead - People	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Service Lead – Digital & Strategic IT	Director of Finance & Resources / Section 151 Officer	SML 12 £65,723 - £73,215
Service Lead – Public	Director of Adults &	SML 12

Health	Communities	£65,723 - £73,215
Service Lead – Adult Social Care Operations	Director of Adults & Communities	SML 12 £65,723 - £73,215
Service Lead – Adult Social Care Commissioning	Director of Adults & Communities	SML 12 £65,723 - £73,215
Service Lead – Regulatory Services	Director of Adults & Communities	SML 12 £65,723 - £73,215
Service Lead – Communities & Leisure	Director of Adults & Communities	SML 12 £65,723 - £73,215
Directorate Finance Manager x2	Service Lead Finance (Deputy Section 151 Officer)	SML 11 £55,578 - £63,226

Posts that report directly to Non-Statutory Chief Officers		
Post	Reports To	Salary Band
Service Lead – Regeneration Delivery	Director of Regeneration	SML 12 £65,723 - £73,215
Service Lead – Regeneration Development	Director of Regeneration	SML 12 £65,723 - £73,215
Service Lead – Strategic Housing Services	Director of Place & Development	SML 12 £65,723 - £73,215
Service Lead – Neighbourhood Services	Director of Place & Development	SML 12 £65,723 - £73,215
Service Lead – Environmental Services	Director of Place & Development	SML 12 £65,723 - £73,215
Service Lead – Building Management	Director of Place & Development	SML 12 £65,723 - £73,215
Service Lead – Planning & Transport	Director of Place & Development	SML 12 £65,723 - £73,215

The Head of Democratic Services is appointed as the Council's Returning Officer in accordance with the Representation of the Peoples Act 1983. The Returning Officer is eligible for fees linked to duties undertaken for running national, European or local elections/referenda. These fees are determined by the number of electors registered in the borough/parliamentary constituency and are paid subject to a formula applied by the Government for determining fees to all Returning Officers across the Country.

2.3 Remuneration on Appointment

Newly appointed chief officers are paid in accordance with the pay scales set out above.

Salary packages amounting to £100,000 or more for new appointments will be approved by Full Council.

2.4 Job Evaluation

The pay of all employees, including Chief Officers, is based on job evaluations undertaken through the Hay Job Evaluation Scheme.

2.5 Terms and Conditions of Employment

The Chief Executive is employed on JNC for Local Authority Chief Executives terms and conditions of employment.

All other chief officers are employed on JNC or NJC terms and conditions of employment. Pay awards for these officers are negotiated nationally, and the Council applies any/all nationally negotiated pay awards to these posts.

2.6 Travel and Subsistence Expenses

There are occasions when employees incur additional expenditure than normal in the course of undertaking their official duties on behalf of the Council away from their normal place of work.

The Council has a comprehensive Travel and Subsistence Expenses Scheme, which applies to all our staff, including Chief Officers, in such circumstances.

2.7 Payment of Professional Fees

The Council will pay the cost of one professional subscription per annum, per employee, including Chief Officers, which is relevant and necessary for the role.

2.8 Honoraria

An honoraria payment may be made to an employee, including to a chief officer, in recognition of undertaking temporarily additional or outstanding extra work, which is:

- outside the normal scope of the duties and responsibilities of the employee
- over an extended period undertaking part of the duties of a higher graded post
- or where the additional duties and responsibilities are exceptionally onerous
- or in situations which merit the employee being rewarded for specific work.

The Honoraria Scheme applies in these circumstances and the amount of payment is based on the duties undertaken.

2.8 Acting Up

Acting up arises when an employee temporarily undertakes full or part duties of a higher graded post for a consecutive period of at least four weeks.

All employees, including Chief Officers, are entitled to an acting up payment in recognition of the responsibilities. Decisions on payment take into account the following:

- The nature and complexity of the responsibilities, undertaken by the employee and their current spinal column point.
- Whether the employee is undertaking full or part responsibilities
- If the employee is placed into post as a development opportunity

2.9 Secondments

Secondments are intended to provide developmental opportunities to gain skills and experience rather than for financial gain. Therefore, secondees will normally transfer from their current position into the secondment on their existing salary. Terms and conditions of the secondee may change depending on the local variations within the department, i.e. flexi-time. However, if there is a significant difference between the secondment and the individual's salary this must be brought to the attention of the ODHR Department and a decision will be taken on whether to review salary arrangements in line with complexities of the job.

2.10 Market Supplements

A Market Supplement is payable, in exceptional circumstances, for posts (including Chief Officer posts), which are critical to the delivery of essential/statutory services, and to which the Council has been unable to recruit.

2.11 Pay protection

An employee, who is redeployed to a suitable post which is one grade lower, will receive protection of earnings (basic pay plus local weighting allowance) for a period of one year. The salary will be frozen at its current level and the employee will not receive annual pay awards. At the end of the protection period the employee will be placed on the salary grade relevant to the redeployed post.

Where an employee accepts redeployment to a post which is more than one grade lower, there is no entitlement to protection of earnings. In exceptional circumstances, in order to minimise financial hardship and avoid redundancies Strategic Directors may, subject to budgetary considerations, exercise discretion to grant some element of protection. This would apply for no longer than one year.

2.12 Termination Payments

In the event of a redundancy situation, all employees, including chief officers, are entitled to redundancy payments based on a multiple of 1.5 times statutory provision, based on weekly pay, subject to a cap of 30 weeks as the maximum number of weeks payable, and to a cap of 20 years service.

The terms, and any payment relating to the termination of employment of any officer of the Council in any contentious circumstances which do not result from an award made by an Employment Tribunal or Court are settled by the Council on the basis of the legal merits of the case, the time and disruption which protracted litigation would involve, any limit of statutory entitlement on monetary claim available to an employee, and what is considered prudent in all circumstances.

Any redundancy or severance packages of £100,000 or more will be approved by Full Council. In presenting the information to Full Council the components of any such severance package will be set out including; salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid.

If an applicant for a post (including Chief Officer posts) is in receipt of a severance payment from any local authority, or a Local Government retirement pension, this does not form part of the Council's decision as to whether or not they should be appointed.

Any employee, who is made redundant, including Chief Officers, must have a break of at least four weeks in order to retain a redundancy payment before they can be re-employed by the Council in a different position.

Consultancies over £5,000 (excluding cover for established posts) or any consultancy/employment offered to former senior officers of the Council of third tier and above are a "significant officer decision." (Significant officer decisions are circulated monthly to all members and published on the website).

2.13 The Government is consulting on regulations regarding the recovery of public sector exit payments. SBC will comply with any future legislative requirements.

2.14 Pension Payments

All employees who are members of the Local Government Pension Scheme, including Chief Officers, are entitled to a retirement pension calculated in accordance with the Local Government Pension Scheme Regulations.

3. Remuneration of Our Lowest Paid Employees

- 3.1 All SBC employees are paid in accordance with a locally determined salary scale, appendix A.
- 3.2 “Lowest Paid Employee” means the employee on the lowest grade, assuming that the posts are full-time, excluding apprentices. The lowest grade is Level 1, £16,266.

3.3 Unsocial Hours Payments

The Council has a comprehensive Working Pattern Arrangement Scheme which sets out the allowances payable for:

- Overtime (for employees up to and including Level 5)
- Saturday and Sunday working
- Bank holidays
- Night working
- Sleeping-in duty
- Shift working
- Standby, on-call and call-out

3.4 Terms and Conditions of Employment

Employees, who are not Chief Officers, are employed on NJC terms and conditions of employment. Pay awards for these officers are negotiated nationally, and the Council applies any/all nationally negotiated pay awards to NJC employees.

4. Relationship between the Remuneration of Our Chief Officers and our lowest paid employees

- 4.1 The base pay of the Chief Executive is currently £133,869. This is 8.2 times the pay of our lowest paid employees. ($133,869 / 16,266 = 8.229$)

The median earnings of all employees as of 1 April 2017, was £25,694. The median earnings figure complies with the specific requirements within the Local Government Transparency Code 2015 and includes all elements of remuneration that can be valued.

- 4.2 The pay of the Chief Executive is currently 5.2 times the pay of median earnings of our employees.

Date last updated: January 2018

Appendix A: Slough Borough Council Salary Scales

NEW SLOUGH LEVELS STRUCTURE 1ST APRIL, 2017

Level		SCP	Basic	L/W	Inclusive Annual Salary
L1	01	5	N/A	N/A	N/A
	02	7	N/A	N/A	N/A
	03	9	15375	891	16266
L2	01	10	15613	891	16504
	02	11	15807	891	16698
	03	13	16491	891	17382
L3	01	14	16781	891	17672
	02	16	17419	891	18310
	03	18	18070	891	18961
L4	01	19	18746	891	19637
	02	20	19430	891	20321
	03	21	20138	891	21029
	04	22	20661	891	21552
L5	01	23	21268	891	22159
	02	24	21962	891	22853
	03	25	22658	891	23549
	04	27	24174	891	25065
	05	29	25951	891	26842
L6	01	30	26822	891	27713
	02	31	27668	891	28559
	03	32	28485	891	29376
	04	34	30153	891	31044
	05	35	30785	891	31676
L7	01	36	31601	891	32492
	02	37	32486	891	33377
	03	38	33437	891	34328
	04	40	35444	891	36335
	05	41	36379	891	37270
L8	01	42	37306	891	38197
	02	44	39177	891	40068
	03	46	41025	891	41916
	04	47	41967	891	42858
L9	01	48	42899	891	43790
	02	50	44750	891	45641
	03	52	46635	891	47526
	04	53	47584	891	48475
L10	01	54	48589	891	49480
	02	55	49590	891	50481
	03	57	51610	891	52501
	04	59	53612	891	54503

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 1st February 2018

CONTACT OFFICER: Neil Wilcox; Director Finance & Resources, section 151 officer
(For all enquiries) (01753) 87 5358

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

TREASURY MANAGEMENT STRATEGY 2018/19**1 Purpose of Report**

The Treasury Management Strategy (TMS) is a requirement of the Council's reporting procedures and recommended by both the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on treasury management and the CIPFA prudential code for capital finance in local authorities. The Council is required to comply with both codes through regulations issued under the Local Government Act 2003.

2 Recommendation(s)/Proposed Action

The Committee is requested to scrutinise and comment on the Treasury Management Strategy 2018/19 and make any references to Cabinet prior to the Strategy being recommended to Council on 22nd February 2018.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

3b Five Year Plan Outcomes

The report helps achieve the Five Year Plan by contributing to the Council's Financial Planning and particularly by contributing to its vision to make Slough a growing place of opportunity and ambition. The Five Year plan states that "We will work towards being self-sufficient through innovation, income generation and maximising the value and effective use of our resources", as evidenced in the Treasury management activity report.

4 **Other Implications**

(a) Financial

The Financial implications are contained within this report.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
Recommend approval of Treasury Management Strategy for 2018-19	Counterparty risk- the risk that an institution the council has invested is failing or likely to fail resulting in credit loss. Interest rate risk- if interest rates rise the risk that the council will be subject to higher interest costs. If there is a reduction in interest rates or fund prices are affected by a worsening economy lower dividends from funds invested in and a depreciation of the capital value.	The council will work closely with its Treasury advisors to mitigate interest rate risk. The council has an approved counterparty list contained in the Treasury Strategy setting out the institutions it can invest in, the maximum periods it can invest for and the total value for investing in individual institutions. This counterparty list is constantly under review by its Treasury advisors	9	The council has made a conscious decision not to put money in unsecured and low yielding banks and Building Societies deposits.

Risk	Mitigating action	Opportunities
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None

Financial: Detailed in the report and above	As Identified	Returns out perform the budgeted income
Timetable for delivery	None	None
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

None Identified

(d) Equalities Impact Assessment

No identified need for the completion of an EIA

5 Supporting Information

5.1 The Treasury Management Strategy for 2018/19 is required to set out how the Council intends to manage its Treasury Management Risk. The Council's Treasury Policy is set out in Appendix 1 of this report. The Treasury Management Strategy complies with the requirements set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, which includes the requirement for determining a Treasury Strategy on the likely financing and investment activity for the forthcoming financial year.

5.2 In addition to reporting on risk management related to treasury activities, the Treasury Management Code also requires the Authority to report on any financial instruments entered into to manage Treasury Risks.

6 Key Principles

6.1 The medium term capital finance budget is a key part of the council's budget strategy. When setting the Treasury Management Strategy the Council has considered

- The current Treasury position and debt portfolio position
- The prospects for interest rates
- The current approved capital programme
- Limits on treasury management activities and prudential indicators

6.2 It is a statutory requirement that the level of borrowing is kept under review and is affordable

7 Service Delivery and Performance Issues

7.1.1 The Council currently has £289.841m of borrowing and an average investment balance of £50.714m throughout the year. The underlying need to borrow is measured by the Capital Financing Requirement (CFR) while usable reserves are the underlying resources available for investment.

7.1.2 CIPFA's prudential code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Highest forecast of CFR during the next 3 years is £584m. The

total debt for 2018/19 is expected to be £424m. The Council therefore will comply with this recommendation during 2018/19.

7.1.3 The Council uses Arlingclose as its external treasury advisor but responsibility for treasury management decisions remains with this Council at all times.

8 Comments of Other Committees

The draft Treasury Management Strategy 2018/19 will be considered by the Cabinet on 5th February 2018. Any comments from the Committee will be reported to the Cabinet and considered in making its recommendations to Council on 22nd February 2017.

9 Conclusion

The Committee is requested to scrutinise the Treasury Management Strategy for 2018/19.

10 Appendices Attached

'A' Treasury management Strategy 2018/19

11 Background Papers

- '1' CIPFA – Treasury Management in the Public Services – Code of Practice and guide for Chief Financial Officers
- '2' CIPFA – Prudential Code for local authority capital finance
- '3' Arlingclose Ltd – UK economic forecasts
- '4' Local Government Act 2003

SLOUGH BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY 2018/19

1 Introduction & Background

The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Council Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

In accordance with the Treasury Management code, the Council defines treasury management activities as:

“The management of the Council’s cash flows, its banking, money market and capital market transactions; the effective control of the risks `The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council’s treasury management activity, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

This report fulfils the Council’s legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

In accordance with the CLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council’s capital programme or in the level of its investment balance.

2 Key Principles

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice is that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

In setting the Treasury Management Strategy, the Council must have regard for the following factors:

- The current treasury position and debt portfolio position
- The prospects for interest rates

- The approved Capital Programme
- Limits on treasury management activities and prudential indicators

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

According to the Prudential Code- the professional code of practice to support local authorities in taking capital investment decisions- the Council's prime policy objective of its investment activities is the security and liquidity of funds. Therefore the Council should avoid exposing public funds to unnecessary or un-quantified risk. The Council should consider the return on their investments; however, this should not be at the expense of security and liquidity. It is therefore important that the Council adopt an appropriate approach to risk management with regard to its investment activities. The Council employs a Treasury Management advisor, Arlingclose, to assist in the management of risk.

3 External Context

Economic backdrop: The significant economic event was the increase in the Bank Rate in November by 0.25% to 0.50%, making it the first increase by the Bank of England's MPC to rates since July 2007. The vote to increase Bank Rate was 7-2, reflecting the MPC's growing concern that rising inflation had finally outweighed the risks to growth and largely to meet expectations the Bank itself created. The Bank has reiterated that it expects any future increases in Bank Rate to be at a gradual pace and limited in extent.

Commodity prices rose over the period with oil increasing to around \$67 a barrel from a low of \$42 in June. UK Consumer Price Inflation (CPI) index continued to rise with the data print for November showing CPI at 3.1%, its highest since March 2012 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The new inflation measure CPIH, which includes owner occupiers' housing costs, was at 2.8%.

The number of unemployed in the economy continued to decrease, although the unemployment rate remained at 4.3%. Consumers' wages continued to shrink, in real terms, given average earnings growth remained subdued at 2.5%, a good deal below the rate of inflation. Economic activity expanded at a much slower pace as evidenced by Q2 and Q3 GDP growth of 0.3% and 0.4% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings remaining relatively low and real wage growth negative, there are concerns that these will be a constraint on future economic activity.

In contrast, near-term global growth prospects improved. The US economy grew steadily and inflation increased to 2.2%. As was expected, the Federal Reserve increased its target range of official interest rates in December for the third time in 2017 by 25 basis points to between 1.25% and 1.50%. The Fed is expected to deliver three more increases in 2018 and a further two in 2019. The central bank's growth forecasts were revised up based on the newly-passed personal and corporate tax rate cuts proposed by Donald Trump.

In the face of a struggling economy and Brexit-related uncertainty, Arlingclose expects the Bank of England to take a very measured approach to any monetary policy tightening. Any increases will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

Financial markets: Gilt yields were broadly stable over the quarter as much of the uncertainty which plagued the first half of the year dissipated. The yield on the 5-year gilts fell slightly to 0.72% at the end of the quarter, down from 0.80% in September. The 10-year gilts similarly fell from 1.38% to 1.19% at the end of the quarter and the 20-year gilts from 1.94% to 1.73%.

The FTSE 100 continued to climb, reaching yet another record high of 7688 at the end of calendar year. Money markets rates, unsurprisingly, have increased over the quarter: 1-month, 3-month and 12-month LIBID rates have averaged 0.43%, 0.47% and 0.76% over the period October-December.

Credit background: UK bank credit default swaps have remained broadly stable throughout the quarter. Bank share prices have not moved in any pattern.

Much of the activity by credit rating agencies during the quarter has related to the upcoming UK bank ringfencing which will take effect in 2018. Ringfencing requires the larger UK banks to separate their core retail banking activity from the rest of their business, resulting in two separate banks. In general, the agencies expect to give the ringfenced "retail" bank a higher credit rating than the non-ringfenced "investment" bank. In practice, this will only affect Barclays, HSBC, Lloyds and RBS as other UK banks and building societies either only conduct retail banking activities or have less than £25 billion of deposits covered by the Financial Services Compensation Scheme.

Barclays Bank plc was upgraded to A from A- by Standard & Poor's (S&P), after the bank announced its plans for its ringfenced bank, Barclays Bank UK plc, and the non-ringfenced bank, Barclays Bank plc. S&P also assigned preliminary ratings of 'A/A-1' to Barclays Bank UK plc.

In November S&P revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings. These reflect the agency's view that the institutions now show increased resilience, have made substantial progress in meeting regulatory capital requirements and are now better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019.

Regulatory Updates

MiFID II: As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities will be treated as retail clients but can "opt up" to professional client status, providing that they meet certain criteria which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience. In

addition, the regulated financial services firms to whom this directive applies must assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The Authority is currently considering the changes from the 2011 Code for incorporation into future Treasury Management Strategies and monitoring reports.

The 2017 Prudential Code introduces the requirement for a Capital Strategy which sets out the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced, it must be approved by full Council, and the determination of the Treasury Management Strategy can then be delegated to a committee.

In the 2017 Treasury Management Code the definition of 'investments' has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy.

DCLG Consultations on Investment Guidance and Minimum Revenue Provision (MRP):

In November the DCLG consulted on proposed changes to its Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP) with a deadline for responses of 22nd December.

Proposed changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called "loans" (e.g temporary transfer of cash to a third party, joint venture, subsidiary or associate). The draft Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies should detail the extent to which core expenditure is reliant on investment income and a contingency plan should yields on investments fall.

There is a proposed change to the basis of prudent MRP to "cover the gap between the Capital Financing Requirement (CFR) and grant income/capital receipts"; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

4 Local Current Position

As at 31 December 2017, the Council held £289.841m (£125.841m being HRA self-financing) borrowing and £40.054m investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Forecast

Slough Borough Council					
Balance Sheet Summary and Projections					
31st March	2017	2018	2019	2020	2021
	Actual £m	Estimate £m	Forecast £m	Forecast £m	Forecast £m
General Fund Capital Financing Requirement	190	280	346	389	426
HRA Capital Financing Requirement	158	158	158	158	158
Total Capital Financing Requirement	348	438	504	547	584
Less: Other long-term liabilities *	(45)	(44)	(43)	(40)	(38)
Loans Capital Financing Requirement	303	394	461	507	546
Less: External borrowing **	(237)	(322)	(383)	(429)	(468)
Internal (over) borrowing	66	72	78	78	78
Less: Usable reserves	(127)	(122)	(117)	(112)	(112)
Net Borrowing Requirement/(Investments)	(61)	(50)	(39)	(34)	(34)

* finance leases and PFI liabilities that form part of the Council's debt

** shows only loans to which the Council is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves are the underlying resources available for investment. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2018/19.

The Council has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £384m over the forecast period.

5 Borrowing Strategy

The Council currently holds £290 million of loans, an increase of £53 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to borrow an additional £32m in 2017/18

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: 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 likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. 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 modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.

Sources: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except [your local] Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Council has previously raised the majority of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

Municipal Bond Agency: The UK Municipal Bonds Agency was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for three reasons: borrowing authorities are required to provide lenders with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; there will be a lead time between committing to borrow and knowing the precise interest rate payable; this will always be lower than the PWLB certainty rate. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet and the Capital Strategy Board.

LOBOs: The Council holds £9m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. None of these LOBOS have options during 2018/19, 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.

Short-term and Variable Rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt Rescheduling: 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.

Table 2: Current Borrowing Position

PWLB/Market/LA	Type	Loan	Start Date	Maturity	Principal £	Type
PWLB	Fixed	487800	02/08/2004	25/03/2028	1,000,000	Pooled
PWLB	Fixed	488859	02/08/2004	25/03/2029	500,000	Pooled
PWLB	Fixed	489227	24/10/2004	15/10/2031	5,000,000	Pooled
PWLB	Fixed	490923	22/12/2005	01/05/2036	3,000,000	Pooled
PWLB	Fixed	490924	22/12/2005	01/08/2036	5,000,000	Pooled
PWLB	Fixed	494837	01/10/2008	01/08/2038	5,000,000	Pooled
PWLB	Fixed	497999	30/09/2010	29/09/2021	4,000,000	Pooled
PWLB	Fixed	498000	30/09/2010	29/09/2024	4,000,000	Pooled
PWLB	Fixed	498001	30/09/2010	30/09/2027	4,000,000	Pooled
PWLB	Fixed	500578	28/03/2012	28/03/2028	20,000,000	HRA Self Financing
PWLB	Fixed	500579	28/03/2012	28/03/2037	20,000,000	HRA Self Financing
PWLB	Fixed	500580	28/03/2012	28/03/2042	20,000,000	HRA Self Financing
PWLB	Fixed	500581	28/03/2012	28/03/2041	15,841,000	HRA Self Financing
PWLB	Fixed	500582	28/03/2012	28/03/2032	20,000,000	HRA Self Financing
PWLB	Fixed	500583	28/03/2012	28/03/2022	10,000,000	HRA Self Financing
PWLB	Fixed	500584	28/03/2012	28/03/2039	20,000,000	HRA Self Financing
Market	L/T Fixed	64	12/07/2004	10/07/2054	4,000,000	Pooled
Market	L-T LOBO	65	07/04/2006	07/04/2066	5,000,000	Pooled
Market	L-T LOBO	66	28/04/2006	28/04/2066	4,000,000	Pooled
LA	ST Variable	2485	10/02/2017	09/02/2018	2,500,000	General Fund
LA	ST Variable	2486	10/02/2017	09/02/2018	2,500,000	General Fund
LA	ST Variable	2487	10/02/2017	09/02/2018	10,000,000	General Fund
LA	ST Variable	2488	16/02/2017	15/02/2018	3,000,000	General Fund
LA	ST Variable	2490	20/02/2017	19/02/2018	5,500,000	General Fund
LA	ST Variable	2491	20/02/2017	19/02/2018	2,000,000	General Fund

PWLB/Market/LA	Type	Loan	Start Date	Maturity	Principal	Type
LA	ST Variable	2497	31/03/2017	04/01/2018	5,000,000	General Fund
LA	ST Variable	2498	02/05/2017	01/05/2018	10,000,000	General Fund
LA	ST Variable	2501	27/06/2017	26/06/2018	5,000,000	General Fund
LA	ST Variable	2502	30/06/2017	29/06/2018	2,000,000	General Fund
LA	ST Variable	2503	07/07/2017	02/07/2018	5,000,000	General Fund
LA	ST Variable	2504	28/11/2017	09/04/2018	3,000,000	General Fund
LA	ST Variable	2505	28/07/2017	29/01/2018	2,500,000	General Fund
LA	ST Variable	2506	28/07/2017	29/01/2018	2,500,000	General Fund
LA	ST Variable	2508	31/07/2017	31/01/2018	6,000,000	General Fund
LA	ST Variable	2509	31/08/2017	28/02/2018	5,000,000	General Fund
LA	ST Variable	2510	28/09/2017	19/02/2018	5,000,000	General Fund
LA	ST Variable	2511	28/09/2017	28/02/2018	5,000,000	General Fund
LA	ST Variable	2512	19/10/2017	19/03/2018	6,000,000	General Fund
LA	ST Variable	2513	24/10/2017	24/04/2018	5,000,000	General Fund
LA	ST Variable	2514	21/11/2017	21/02/2018	5,000,000	General Fund
LA	ST Variable	2515	23/11/2017	23/05/2018	5,000,000	General Fund
LA	ST Variable	2517	21/12/2017	21/06/2018	4,000,000	General Fund
LA	ST Variable	2518	18/12/2017	22/06/2018	2,500,000	General Fund
LA	ST Variable	2519	18/12/2017	18/06/2018	2,000,000	General Fund
LA	ST Variable	2520	18/12/2017	18/06/2018	2,500,000	General Fund
LA	ST Variable	2522	18/12/2017	18/06/2018	2,500,000	General Fund
LA	ST Variable	2523	20/12/2017	20/06/2018	3,500,000	General Fund
					289,841,000	

6 Housing Revenue Account Self-Financing

Central Government completed its reform of the Housing Revenue Account Subsidy system at the end of 2011/12. Local authorities are required to recharge interest expenditure and income attributable to the HRA in accordance with Determinations issued by the Department for Communities and Local Government. The Determinations do not set out a methodology for calculating the interest rate to use in each instance. The Council is therefore required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Code recommends that authorities present this policy in their TMSS.

On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account.

As part of the reform of the HRA Housing Revenue Account Subsidy system at the end of 2011/12, the HRA needed to make a payment of £136m to the Government. £126m of this was financed by PWLB loans listed above. £10m was in respect of an internal loan from the General Fund. The General Fund currently charges 3.27% interest on this amount or £327,000 per annum.

7 Investment Strategy

The Council holds significant invested funds, 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 £32m and £76m. Levels are expected to decrease during the forthcoming year in order to finance an expanding capital programme.

Objectives: Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative Interest Rates: If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and falling returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2018/19 where opportunities arise. This is especially the case for the estimated £30m that is available for longer-term investment. The Council has reduced the amount it invests in short-term unsecured bank deposits, certificates of deposit and money market funds to around 35% of its total investments. Most of these investments are for the management of the Council's short term cash flow, and are invested in either instant access call accounts or notice accounts where the exposure is for a maximum of 95 days.

Approved Counterparties: The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved Investment Counterparties and Limits

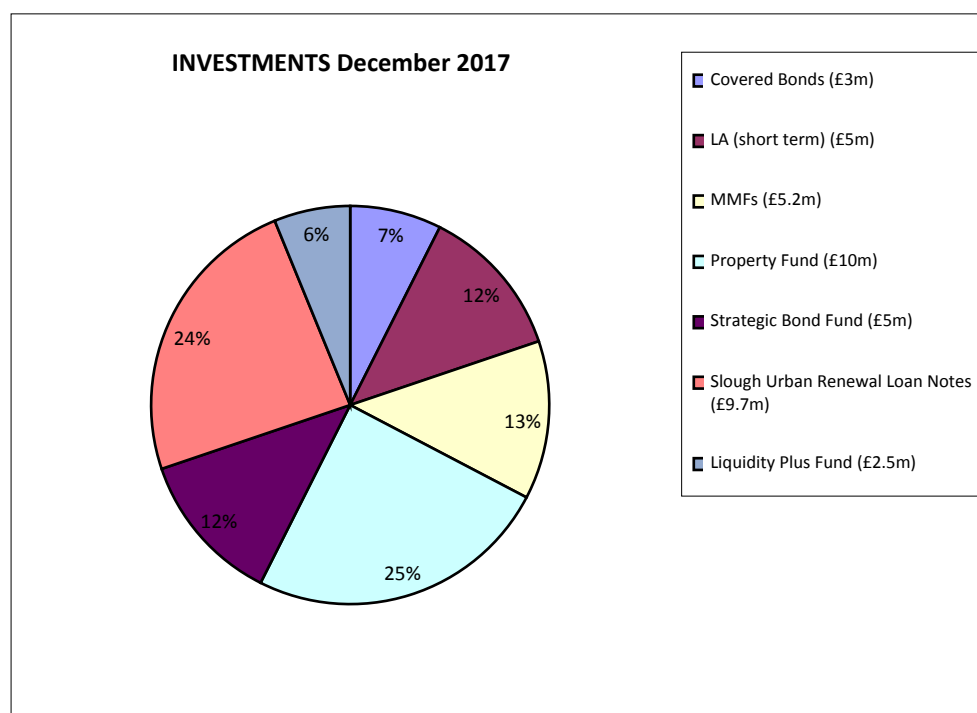
Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£15m 5 years	£15m 20 years	£15m 50 years	£5m 20 years	£5m 20 years
AA+	£15m 5 years	£15m 10 years	£15m 25 years	£5m 10 years	£5m 10 years
AA	£15m 4 years	£15m 5 years	£15m 15 years	£5m 5 years	£5m 10 years
AA-	£15m 3 years	£15m 4 years	£15m 10 years	£5m 4 years	£5m 10 years
A+	£15m 2 years	£15m 3 years	£15m 5 years	£5m 3 years	£5m 5 years
A	£15m 13 months	£15m 2 years	£15m 5 years	£5m 2 years	£5m 5 years
A-	£15m 6 months	£15m 13 months	£15m 5 years	£5m 13 months	£5m 5 years
None	£3m 12 months	n/a	£5m 25 years	n/a	£5m 5 years
Pooled funds	£10m per fund				

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2014* and the *EU Bank Recovery and Resolution Directive* are implemented.

In addition, the Council may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Council's treasury management adviser.

The current level of investments and the type of institution invested in is summarised in Table 4 below:

Table 4: Current Investments



£5.2m of the above is in instant access accounts (i.e. Call Accounts and Money Market Funds).

8 Investment Opportunities

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.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. 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.

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.

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.

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.

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.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide 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 access 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.

Slough Urban Renewal (SUR): The Council has entered into a partnership with Morgan Sindall, a Private Sector developer, for the regeneration of Slough. Under this partnership, the Council land assets are transferred into the SUR vehicle. The Council then receives a loan note from the SUR for the value of the land transferred. This loan note is then repaid by the SUR over time and the Council will receive interest on the loan note of 7%.

9 Risk Management

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, 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:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Council understands that credit ratings are good, but 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 the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local Council, parish council or community council, or
 - a body or investment scheme of "high credit quality".

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 [AA+] or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of [A-] or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. 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 investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 5: Non-Specified Investment Limits:

	Cash limit
Total long-term investments	£40m
Total investments without credit ratings or rated below A-	£25m
Total investments with institutions domiciled in foreign countries rated below AA+	£10m
Total non-specified investments	£75m

10

Investment Limits

The Council's revenue reserves available to cover investment losses are forecast to be £76 million on 31st March 2018. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be **£15 million**. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below:

Table 6: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£10m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£10m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£50m in total
Slough Urban Renewal Loan Notes	£5m above land value

11 **Non-Treasury Investments**

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Authority has purchased property for investment purposes and has also made loans and investments for service purposes- the Council has made equity loans totalling £4.22m to James Elliman Homes a wholly owned subsidiary of the council. The aims of James Elliman Homes include increasing housing supply whilst providing “affordable homes” and /or better quality homes for vulnerable client groups and key workers not currently entitled to council housing, or those facing too long a waiting time in temporary accommodation.

Such loans and investments will be subject to the Authority’s normal approval processes for revenue and capital expenditure and need not comply with this treasury management strategy. On 14 September 2015, Cabinet approved the introduction of the Strategic Acquisition Strategy, which provided a framework for the Council to operate commercially and undertake a new approach to asset investment through the acquisition of land and/or property generating income up to £25m (inclusive of acquisition costs). Following a subsequent report in November 2016, the budget for strategic asset purchases was increased to £50m. In approving the Strategy, the drivers were to acquire income generating assets to offset continued reductions in central government grant and for the Council to realise the regenerative benefits associated with purchasing sites to bring forward housing and commercial development.

How investments are decided upon

A strategic acquisition can be defined as the acquisition of land or properties that will allow the Council to expedite key outcomes contained within the 5 Year Plan. To be considered strategic, it is suggested that acquisition must make a significant contribution towards regeneration objectives and/or provide a commercial return on investment that will improve the financial resilience of the Council:

a) Property Investments

Under commercial investment objectives, a strategic acquisition would typically:

- Generate income through a satisfactory level of return, with a net initial yield range between 5% and 9%, and/or

- Improve investment value of commercial assets over time in addition to the level of returns through rental growth.

b) Regeneration

Under regeneration objectives, a strategic acquisition will typically:

- Deliver large scale development that will provide attractive, accessible places to live and work and do business; or
- Allow the redevelopment of smaller development sites in key locations that have stalled, or
- Enable the Council to acquire land required to deliver infrastructure projects, or
- Enable collaborative working with adjoining owners to maximise land value; or
- Improve the image of Slough to a status that fully recognises the strategic importance and benefits offered by the town as a sub-regional gateway to and from London.
- Generate additional capital and revenue income to support the financial projections set out in the Medium Term Financial Plan.

Whilst the acquisition of strategic regeneration sites will typically be dependent on land becoming available for sale, the Council will be proactive and will consider off market acquisitions and the use of Compulsory Purchase Orders as required.

How decisions are made

In order to balance the objectives of introducing a streamlined approach (to avoid losing acquisition opportunities through delays in process) with high levels of probity, a Strategic Acquisition Board (“SAB”) was introduced.

The SAB meet on a monthly basis and is chaired by the Assistant Director Assets, Infrastructure & Regeneration. The standing members of the SAB include the:

- Leader of the Council
- Commissioner for Housing & Urban Renewals
- Strategic Director Regeneration, Housing & Resources
- Assistant Director Assets, Infrastructure and Regeneration
- Assistant Director Housing & Environmental Services
- Directorate Finance Manager Customer & Community Services, Regeneration & Housing
- Head of Asset Management

The SAB has a remit to:

- Consider acquisition recommendations put forward by the Head of Asset Management (or delegate).
- Review proposed land acquisition and/or property investment proposals, taking into account the extent to which the proposition fulfils the Council’s policy objectives against a set of agreed criteria.
- Make strategic acquisition and investment decisions on behalf of the Council.
- Oversee and monitor the performance of approved acquisition and investments.
- Report acquisitions to the Capital Strategy Board and Cabinet.
- Dispose of assets acquired via the SAB.

The SAB has a responsibility to monitor the performance of the investment portfolio, ensuring that individual assets are performing thereby maximising rental returns and selling assets when they no longer perform.

When a strategic acquisition is identified by Asset Management an agreed Acquisition Protocol is followed.

Any controls in place

When acquiring investment assets, it is important to have a well balanced portfolio which can counteract significant market changes. As the portfolio expands, each asset acquired is considered in line with the existing portfolio e.g. if the majority of the portfolio were industrial then it would need to be balanced with further office and retail property, or if the portfolio income was very insecure then it could be balanced by investments with longer projected income.

Officers apply a defined list of property specific criteria when making recommendations to the SAB on investment acquisitions using agreed property based criteria.

All acquisition opportunities presented to the SAB are supported by a financial appraisal and business case. Before approving any acquisition, the SAB requires confirmation that the acquisition will not increase the Council's ongoing revenue costs, including the cost of borrowing and officer time.

The appraisal and business case assess how the strategic acquisition will be financed. They:

1. Consider if the investment achieves corporate objectives.
2. Confirm that for the acquisition of land the price is reasonable (allowing for a special purchase consideration) and supported by an independent valuation.
3. Confirm that for the acquisition of a standing investment the price is reasonable and supported by an independent valuation (reference will be made to previously identified added value opportunities).
4. Confirm there is a market requirement.
5. Where appropriate, there is secure rental income taking into account risks associated with the security of future payments, including (where appropriate) sensitivity analysis for void periods.
6. Identify whole life costs (where appropriate).
7. Identify the most appropriate funding source(s) and confirm availability.
8. Clarify that the Council's Finance Section has assessed the business case and confirmed a suitable return on investment.

The financial appraisals considered by the SAB identify all costs and assumed income to assist informed decision making on whether the acquisition is suitable. In the case of revenue generating assets, assets are assessed by comparing the anticipated net income against the rate of return the Council could otherwise expect to achieve on its capital.

In all instances, acquisitions must be supported by advice from the Section 151 Officer.

The Authority's existing non-treasury investments are listed in Appendix B.

12 Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following four new prudential indicators.

- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- Total principal funds invested for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end
- Maturity Structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing

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 principal borrowed will be:

LIMITS ON INTEREST RATE EXPOSURE			
	2017/18	2018/19	2019/20
Limit on Principal invested beyond year end	£45m	£45m	£45m
Upper limit on fixed interest rate exposure	£100m	£250m	£250m
Upper limit on variable interest rate exposure	£50m	£200m	£200m

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate. Following recent discussions at the Council's Treasury Management Group and based on the Council's Current Strategy to utilise lower rates for short-term borrowing where possible in order to reduce pressure on the Revenue budgets, the above limits have been revised for 2018-19 financial year onwards.

Mature 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:

MATURITY STRUCTURE OF BORROWING				
	Existing Level (£m)	Existing Level (%)	Lower	Upper
Under 12 months	119	41.13%	0%	75%
12 months and within 24 months	0	0.00%	0%	50%
24 months and within 5 years	14	4.84%	0%	50%
5 years and within 10 years	29	10.02%	0%	75%
10 years and within 15 years	25.5	8.81%	10%	95%
15 years and within 20 years	28	9.68%	10%	95%
20 years and within 25 years	60.841	21.03%	10%	95%
Over 25 years	13	4.49%	10%	95%

13 Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on the use of financial derivatives Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit

exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on apportioning interest to the HRA: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk

Investment training: The needs of the Authority's treasury management staff for training in investment management are assessed every three months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

Investment of money borrowed in advance of need: The Authority 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 Authority 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 Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £481 million. The maximum period between borrowing and expenditure is expected to be two years, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

The budget for investment income in 2018/19 is £2.258] million, based on an average investment portfolio of £50.714 million at an interest rate of 4.45%. The budget for debt interest paid in 2018/19 is £6.543 million, based on an average debt portfolio of £339.841 million at an average interest rate of 1.93%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular Treasury Management Strategy for local authorities to adopt. The Chief Finance officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2017

Underlying assumptions:

- In a 7-2 vote, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.
- Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.
- The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Q3 2017 GDP growth was 0.4%, after a 0.3% expansion in Q2.
- Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and consumer credit volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.
- Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both of these factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long term growth may prompt deterioration in the UK's fiscal position.
- The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.
- Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.
- Geo-political risks remains elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Forecast:

- The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short term interest rates are subdued. On-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.
- Our central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.00	-0.00	-0.00	-0.00	-0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.15
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.22
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.20
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.27
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.26
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.33
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.32
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.39

Appendix B – Non-Treasury Investments

Strategic Acquisitions

Property	Capital Expenditure (£)	% Return on Investment
Leasehold interest of the 5th Floor, Hatfield Car Park		
Purchase of Cornwall House		
Land South Side Stoke Road (Stoke Wharf)		
Leaseplan 165 Bath Road		
Land at Norway Drive		
Halfords 380 Bath Road		
5 Hillersdon		
174-178 High Street (WH Smith)		
202-206 High Street (BHS)		
Waitrose Gosport - Stoke Road		
Wickes West Street Wolverhampton		
	47,426,566.36	5.05%

The above table shows the amount of capital expenditure made in purchasing assets for investment purposes. The assets will produce a rental income from tenants which can be used to support the council's Revenue Budget.

James Elliman Homes

Date of Loan	Principal	Equity 40% of Principal	Loan 60% of Principal	Annual Interest on Loan @ 5%
17/07/2017	2,223,610.00	889,444.00	1,334,166.00	66,708.30
19/07/2017	2,000,000.00	800,000.00	1,200,000.00	60,000.00
12/01/2018	2,500,000.00	1,000,000.00	1,500,000.00	75,000.00
	6,723,610	2,689,444	4,034,166	201,708.30

James Elliman Homes is a wholly owned subsidiary of Slough Borough Council set up to acquire properties in the Slough area for rental to the following principal customers- those in need of temporary accommodation, those considered to be key workers and for market rental. Thus far the council has made loans to James Elliman Homes totalling £6,723,610. For this sum the council receives interest, payable at 5% on 60% of the principle sum loaned. For the remaining 40% the council receives equity shares.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 1st February 2018

CONTACT OFFICER: Neil Wilcox; Assistant Director, Finance & Audit
(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

CAPITAL STRATEGY: 2018/24**1 Purpose of Report**

To enable the Committee to consider and comment on the capital strategy 2018 to 2024 and scrutinise the capital programme for 2018/19 to be implemented subject to the approval sufficient business cases

2 Recommendation(s)/Proposed Action

The Committee is requested to scrutinise and comment on the Capital Strategy 2018-24 and make any references to Cabinet prior to the Strategy being recommended to Council on 22nd February 2018.

The Cabinet will be requested to resolve:

- (a) That the capital strategy of **£285.0m** and the Minimum Revenue Provision is approved and Recommended to full Council.
- (b) That Cabinet notes the notional costs of borrowing for the capital programme to the revenue budget will be an increase of up to **£5.5m** per annum - commencing during the period of the capital strategy to fund borrowing.
- (c) That Cabinet approves the principles underpinning the capital programme in paragraph 5.1.2 and the Minimum Revenue Provision principles in Section 6.
- (d) That Cabinet approves the appendices A and B detailing the capital programmes (subject to these having approved Final Business Cases by the Capital Strategy Board)

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. Slough Joint Wellbeing Strategy Priorities**

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

3b **Five Year Plan Outcomes**

The report helps achieve the Five Year Plan outcomes by contributing to the Council’s financial planning and particularly ‘Outcome 7 – The Council’s income and the value of its assets will be maximised’, as evidenced in the Treasury management activity report.

4 **Other Implications**

(a) Financial: As detailed within the report.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
That the Capital Strategy Of £285m and the Minimum Revenue Provision is approved and recommended to full council	The Capital strategy should be both affordable and Prudent and there are Prudential Indicators in Section 6 that demonstrate these criteria being met. The Capital strategy is supported by £171m in borrowing. There are estimates of the revenue implications in terms of Interest costs and Minimum Revenue Provision. If interest rates rise faster than expected interest payable costs could impact on revenue budgets. There is the risk of	The council will work with its Treasury advisors in order to mitigate interest rate risk and ensure long term borrowing decisions are taken at the most advantageous time.	9-	The Council will look to convert some of its Temporary Borrowing which has funded Capital Expenditure in recent years to Longer Term Borrowing. This may be more expensive initially but will reduce risk in the medium term.

	escalating capital costs and overspends against budget. This could also impact on the Revenue budget going forward.			
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Risk	Mitigating action	Opportunities
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery – capital programme delivered under the 80% mark	Monthly review at Capital Strategy Board and quarterly by O&S / Cabinet	Ability to increase the deliver of capital schemes
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

No specific legal implications arising from this report.

(d) Equalities Impact Assessment

Equalities Impact Assessments will be conducted, if required, for projects contained within the Capital Strategy.

5 Supporting Information

5.1 Purpose

5.1.1 The capital strategy is one of three key strategic financial documents that the Council utilises in order to deliver its corporate objectives. The Council has a wide ranging number of capital commitments and purposes. The capital strategy, as with all other corporate documents, needs to underpin the delivery of the 5 year plan for the Council through to 2024.

5.1.2 The capital strategy is guided by a variety of core principles:

- That the capital strategy is affordable within the overall financial envelope for the Council
- That the capital strategy supports the outcomes expressed in the five year plan
- Any additional capital funding in excess of the current borrowing requirement should have a neutral impact on the revenue budget over the life of the strategy excluding delivering statutory capital schemes e.g. ICT compliance
- That the Council maximises its assets to generate revenue savings or capital receipts in line with the asset management strategy and the objectives of the corporate plan
- That the Council maintains education and transport funding within Government grants
- To deliver value for money through 'Invest to Save projects' to generate on-going revenue savings and to ensure that whole life costs are captured
- That where borrowing is required, it is undertaken in line with CIPFA's prudential code
- To take into account the asset management strategy, including highways & transport plans
- That there is a ten year payback on general fund secured capital schemes

5.2 Current Medium Term Financial Position

- 5.2.1 As detailed in the Council's Revenue Budget report 2018/19 the Council is facing a significant reduction in its anticipated financial resources. During this period the Council will face a number of demand and policy led pressures. Further details can be found within the revenue budget report for separate approval in February.
- 5.2.2 For there to be any net growth in the Council financed element of the capital strategy, the Council will need to increase the amount of revenue monies set aside to pay back potential future borrowing, or assume greater investment returns to mitigate the use of internal balances. As detailed within the Treasury Management Strategy, the Council will only borrow as a last resort once it has exhausted all other sources of funding; however, revenue monies need to be set aside to fund any additional borrowing costs otherwise the Council will not have sufficient resources to repay its borrowings if that occurs. The council is currently utilising short-term borrowing rates as these are currently at very low levels. There is however some interest rate risk in adopting this approach, i.e. a risk to the council if interest rates start to rise. The council will work with it's Treasury Management advisers to calculate the best time to borrow longer-term through the Public Works Loans Board (or other sources) in order to reduce funding risk..
- 5.2.3 The summarised capital programme has been provided below in table 1.1. This table highlights the key expenditure areas and the financing requirement for the capital programme over the period of the strategy. As noted in the introductory section of this paper, the Council's capital strategy is now over a six year period, and it is over this period that the Council needs to consider if additional borrowing will need to be undertaken. For example, if the first year showed a net cost of £10m but the subsequent four years showed £2.5m p.a. of net capital receipts, then the Council could take the decision not to borrow the £10m over the longer term, and finance the capital programme through short term borrowing initially that would be reduced by the net receipts coming into the capital programme.

Table 1.1 Summarised Capital Programme

Capital Expenditure and Financing (estimate)	17-18	18-19	19-20	20-21	21-22	22-23	23-24	2018-2024 Total
	£m	£m	£m	£m	£m	£m	£m	£m
General Fund	152.6	83.8	50.2	41.6	22.5	5.9	5.7	209.7
HRA	22.1	17.5	23.4	4.8	4.8	4.8	19.9	75.3
Total Expenditure	174.7	101.3	73.6	46.4	27.3	10.7	25.6	285.0
Grant Funded	54.8	21.1	3.8	2.6	1.9	0.6	2.5	32.5
Section 106	6.9	3.5	0.5	0.5	0.5	0.5	0.5	6.0
Capital Receipts	8.6	3.6	6.6		0		3.3	13.5
Major Repairs Reserve	6.5	5.9	8.8	4.8	4.8	4.8	8	37.2
RCCO	4.7	8	8	0	0		8.6	24.6
Borrowing *	93.2	59.2	45.9	38.5	20.1	4.8	2.7	171.2
Total Financing	174.7	101.3	73.6	46.4	27.3	10.7	25.6	285.0

5.2.4 The total revenue financing required to fund the capital strategy's borrowing requirement of **£171m** is **£5.5m** over 6 years. This is where there is a strong alignment between the treasury management strategy and the capital strategy. On the latest estimates on the Treasury Management strategy and the actual cash available to fund the capital programme, once reserves and grants received, but not applied, have been taken into account, the Council has some short term cash funding available for the first year of the capital strategy, but will be required to fund the remaining programme. It is absolutely vital that the Council begins to set aside revenue funding to finance long term capital commitments during the life of the capital strategy, and this is linked to the Minimum Revenue Provision detailed further below in this report.

5.2.5 Table 1.2 shows the cost of borrowing to finance the capital programme. The annual minimum required to be set aside for **£171m** of capital borrowing (given the main assets being built this would be over an assumed 40 year lifecycle) would equate to an increase in revenue cost of borrowing of **£0.25m** from 2018/19, rising to **£5.5m** in 2023/24 if the Council went out to borrow from the PWLB¹. As noted above, at present, the Council will utilise any internal balances first before undertaking any new borrowings. There is a cost of doing this, but this is far lower than borrowing with average returns realising approximately 1%.

¹ Assuming borrowing from the Public Works Loans Board at the rate as at 2nd January 2018 of 1.76%

Table 1.2 Cost of borrowing to finance the capital programme

* Cost of borrowing	18-19	19-20	20-21	21-22	22-23	23-24
Cumulative borrowing	59,200,000	105,100,000	143,600,000	163,700,000	168,500,000	171,200,000
PWLB interest cost p.a.	250,000	1,866,320	2,827,360	3,131,120	3,215,600	3,013,120
MRP		823,946	1,474,658	2,040,614	2,372,748	2,506,451
Revenue	250,000	2,690,266	4,302,018	5,171,734	5,588,348	5,519,571

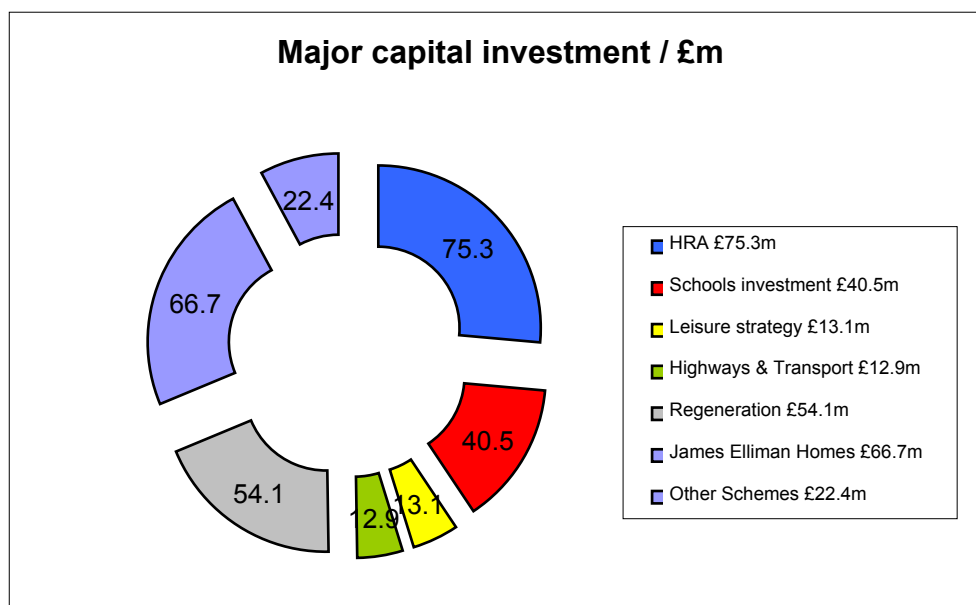
5.3 Key elements

5.3.1 As can be seen from table 1.1, of the capital programme funded via general sources, broadly a third relates to expenditure through the Housing Revenue Account and two thirds on other general fund activity.

5.3.2 There are some significant items in the capital programme for the future financial years, these include:

- Expansions to the Borough’s Primary and Secondary schools- £40.5m
- New Leisure Centre development and improvements to exiting ones- £13.1m
- Improvements to the Council’s housing stock and infrastructure- £75.3m
- James Elliman Homes Capital Loans- £66.7m
- Development of the Thames Valley University site- £24m
- New hotel on the Old Library site in the centre of Slough- £29.5m

Chart 2.1: Key items included in the Capital Strategy



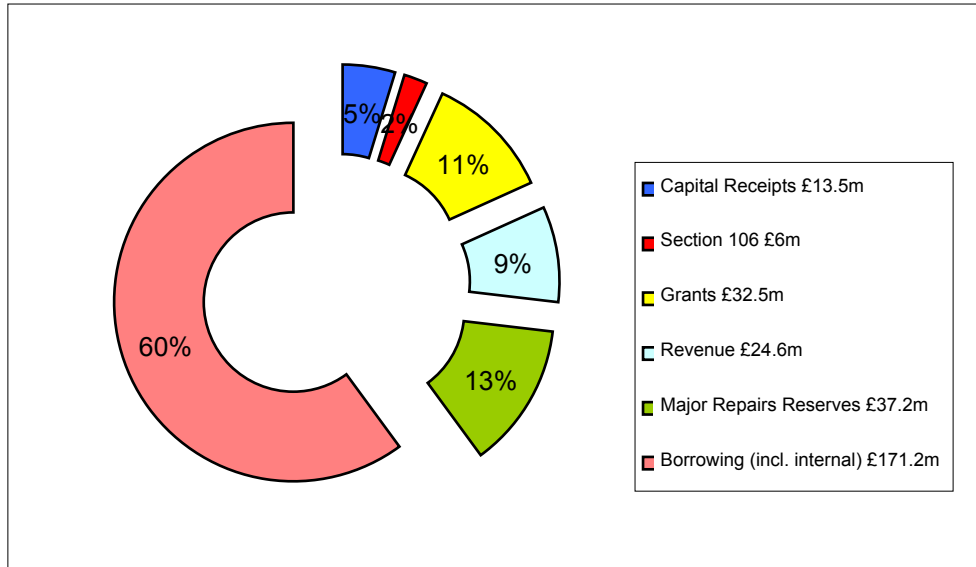
Key elements

5.3.3 As can be seen from table 1.1, of the capital programme funded via general sources, broadly a third relates to expenditure through the Housing Revenue Account and two thirds on other general fund activity.

5.4 Financing the capital programme & prudential code

5.4.1 The Council has a variety of sources of funding for the capital strategy and these are summarised below:

Chart 2.2: Capital financing / £m: 2018-24



5.4.2 The majority of the Council's General Fund Capital Funding will come from Borrowing as the level of grant funding diminishes. The HRA Capital Funding is funded from the Major Repairs Reserve, Revenue and Capital. The Council is actively reviewing its assets, and more detail of this is included within the Asset Strategy. This review is looking at assets that the Council holds across the Borough and is seeking to maximise returns from these, be this by maximise revenue streams from the asset or through disposal.

5.5 The main sources of income are:

5.5.1 Capital Receipts

The prime areas of capital receipts comes from monies received via the Council involvement within the Slough Urban Renewal Partnership (SUR). This is income derived from the various sites included within the initial sites included, and firstly the Ledgers Road site and Wexham Nursery site.

The majority of HRA capital receipts arise from the sale of Council homes under the RTB regime. Under the changes to the RTB regime, the Council has signed an agreement with the Government allowing it retaining a high proportion of those capital receipts provided they are used to build 'replacement' affordable/social homes.

5.5.2 Grant Funding

The Council receives a variety of capital funding streams, with the main areas of grant funding coming from the various Government departments. The Council

strategy is based on the assumptions that all education related expenditure and transport expenditure is funded entirely within grant funds received from Government. The Council will seek every opportunity to maximise its use of grant funding across the organisation as well as utilise any opportunities from HRA funding.

5.5.3 S106 receipts

The Council receives some funding of its capital programme from s106 receipts. The Council holds approximately £12.8m s106 receipts, which can be used on various projects over the next 10 years. It is planned to use £6.9m of Section 106 Contributions to fund the 2017-18 Capital Programme, with the remaining £5.9m to be used to part fund the 2018-24 Capital Strategy. Additional section 106 Contributions are likely to be realised during the period of the 2018-24 Capital strategy and will always be used where possible in order to reduce the need to borrow. A summary of Section 106 Contributions currently available is shown in Table 1.3 below.

Table 1.3 Section 106 Contributions

Section 106 Contributions	£000s
Education	5,849
Affordable Housing	610
Transport	3,234
Parks and Open Spaces	2,929
Air Quality	191
Total	12,813

5.5.4 Flexible use of Capital Receipts

Revenue expenditure where it is forecast that they will generate ongoing savings to Slough's net service expenditure and/or transform service delivery can be funded by the flexible use of capital receipts. To date £19.2m of additional capital receipts have been identified for this purpose.

5.6 Revenue Contributions

5.6.1 These will be minimised wherever possible; the most effective way to fund capital expenditure is through spreading the cost of the asset over the lifetime of the asset. However, in some circumstances, where the Council might received one-off monies for example, funding a capital scheme from revenue sources might be more beneficial. The majority of revenue contributions are to fund the HRA Capital Programme. Here voluntary revenue contributions are used to increase the value of the Major Repairs Reserve, a Balance Sheet reserve utilised to fund the HRA Capital Programme.

5.7 Borrowing

5.7.1 Where the Council has capital commitments that exceed its funding sources from the above, the Council is required to borrow in line with the prudential code.

CIPFA's prudential code governs how Council borrows funds and ensures that it does so within an affordable framework. 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 (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision.

5.7.2 The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

5.8 Revenue contributions (HRA). The abolition of the HRA subsidy system and its replacement by the self-financing regime from April 2012 has enabled the HRA to retain more of its rental income. This additional income is being used to support the building of affordable homes in the capital programme as well as other elements of the capital programme. As a result, new affordable/social homes will be built within the Borough to help replace those sold under the Right to Buy (RTB) regime.

5.9 Major Repairs Reserve (HRA). This reserve is a revenue funded reserve used to maintain the Council's housing stock at a 'Decent Homes' standard and is a major contributor to funding the HRA capital programme.

6 Prudential Indicators

6.1 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 (the Prudential Code) when determining how much money it can afford to borrow.

6.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows.

Table 1.4: Capital Programme

Capital Expenditure and Financing	31.03.18 Revised	31.03.19 Estimate	31.03.20 Estimate	31.03.21 Estimate
	£m	£m	£m	£m
General Fund	153	84	50	41
HRA	22	17	23	5
Total Expenditure	175	101	73	46
Capital Receipts	8	3	6	
Grants & Contributions	62	25	4	3
Revenue	5	8	8	0
Reserves	7	6	9	5
Borrowing (incl. internal)	93	59	46	38
Total Financing	175	101	73	46

Table 1.5 Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.18 Revised	31.03.19 Estimate	31.03.20 Estimate	31.03.21 Estimate
	£m	£m	£m	£m
General Fund	280	333	364	393
HRA	158	158	158	158
Total CFR	438	491	522	551

The CFR is forecast to rise by £113m over the next three years. This represents capital expenditure which has no sources of funding (such as Grants, Revenue Contribution, Capital receipts, Section 106 Agreements). This increase will therefore be funded from external and internal borrowing.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Table 1.6 Estimates of Gross Debt

Debt	31.03.18 Revised	31.03.19 Estimate	31.03.20 Estimate	31.03.21 Estimate
	£m	£m	£m	£m
Borrowing	322	383	429	468
Finance leases	8	7	6	5
PFI liabilities	35	34	33	31
Total Debt	365	424	468	504

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Table 1.7 Operational Boundary

Operational Boundary	2017/18 Revised	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£m	£m	£m	£m
Borrowing	347	430	486	523
Other long-term liabilities	43	41	39	36
Total Debt	390	471	525	559

Authorised Limit for External Debt: 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 provides headroom over and above the operational boundary for unusual cash movements.

Table 1.8 Authorised Limit

Authorised Limit	2017/18 Limit £m	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m
Borrowing	357	440	496	533
Other long-term liabilities	43	41	39	36
Total Debt	400	481	535	569

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and 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.

Table 1.9 Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing Costs to Net Revenue Stream	2017/18 Revised %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
General Fund	8.7	9.0	9.6	10.2
HRA	11.4	10.9	10.7	10.5

Adoption of the CIPFA Treasury Management Code: The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition. It fully complies with the Codes recommendations

7 Minimum Revenue Provision Statement

- 7.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.
- 7.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 7.3 The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.
- 7.4 CLG has issued guidance on the calculation of MRP, including a number of methods which it considers to be prudent. The guidance is clear that authorities are also free to devise other methods they consider prudent.
- 7.5 The guidance details:
- **A: Regularity Method: Finance leases and Private Finance Initiative (PFI) :** MRP on assets acquired through finance leases and Private Finance Initiative (PFI) should be equal to the cash payments that reduce the outstanding liability each year.
 - **B: CFR Method: Capital expenditure incurred before 1st April 2008:** MRP on all capital expenditure incurred before 1st April 2008, and on expenditure funded by supported borrowing thereafter, is equal to 4% of the opening CFR with some optional adjustments.
 - **C: Asset Life/ Depreciation Method: Unsupported Capital Expenditure ("Prudential" borrowing):** MRP on expenditure incurred from April 2008 onwards that is funded by unsupported "prudential" borrowing should be calculated by reference to the asset's useful life, using either a straight line or an annuity method, starting in the year after the asset becomes operational. This may also be used for supported Non-HRA capital expenditure if the Council chooses. There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

Here, the Council has three broad options:

- Option 1: the 4% reducing balance method
- Option 2: the straight line asset life method, and
- Option 3: the annuity asset life method.

- 7.6 Up to 2015/16 the Council used Option 1 respect of supported capital expenditure funded from borrowing and Option 2 in respect of unsupported capital expenditure funded from borrowing and Private Finance Initiative schemes. MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice matched the annual principal repayment for the associated deferred liability.
- 7.7 The council MRP Policy changed in 2017/18. At a time of increasing pressure on the revenue budget, savings in the annual cost of MRP may reduce the need for savings to be made in front line services. During 2016-17 the Council's Treasury Management advisors were commissioned to conduct a review of MRP, and advisors recommended moving to an annuity basis (Option 3) for both supported and unsupported capital expenditure (including PFI liability) with effect from 1st April 2016. This reduced the MRP charged in this and for future years for the foreseeable future though it is estimated to become a cost to the council in 2037/38.
- 7.8 This change to the previous MRP policy resulted in a credit from the overprovision made in previous years (approximately £3.6m). The benefit arising will be applied prospectively, spread over a period of 10 to 15 years to link in with the Medium Term Financial Planning process. This "recovery" method is in line with guidance issued by the National Audit Office (NAO).
- 7.9 Capital expenditure incurred during 2018/19 would not be subject to a MRP charge until 2019/20.

Based on the Council's latest estimate of its Capital Financing Requirement on 31st March 2018, the budget for MRP has been set as follows:

Table 1.10 MRP Method – Option 3 (Annuity)

31 March	2018	2019	2020	2021	2021
	£k	£k	£k	£k	£k
60 Year Annuity MRP charge	255	858	1,260	1,594	1,884
Over provision of £3.6m spread over 10 years:	(360)	(465)	(360)	(360)	(360)
MRP Charge	(105)	393	900	1,234	1,524

8 Community Investment Fund

- 8.1 The Community Investment fund programme for 2018/19 has an indicative budget of £1.050m with the majority to be spent on neighbourhood enhancements through identified member need in the wards across the Borough. All elected Councillors will have £25,000 each to spend on Capital projects of their choosing. The only stipulation is that this must be capital and not revenue expenditure. Allocations are for individual councillors but two or more Councillors can pool resources in order to fund a larger project. Thus far orders have been raised for Park and Recreation

Ground improvements, footway and alleyway resurfacing and improvements to green verges.

9 Comments of Other Committees

This report will be considered by the Cabinet on 5th February 2018 and any comments of the Committee will be reported at the Cabinet meeting.

10 Conclusion

The Committee is requested to scrutinise the capital strategy.

11 Appendices Attached

- 'A' - Summary of draft 2018-24 General Fund strategy
- 'B' - Summary of draft 2018-24 HRA strategy

12 Background Papers

- '1' - Local Government Finance consultation and final settlement – 2018
- '2' - Revenue Budget Report 2018/19

Appendix A – General Fund Capital programme

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
	Children's, Learning & Skills Services	£'000	£'000	£'000	£'000	£'000	£000s	£'000
P051	Primary Expansions	2,413	500	0	0	0		2,913
P093	Schools Modernisation Programme	666	400	300	200	200	200	1,966
P101	SEN Resources Expansion	2,054	250	250	250	250	250	3,304
P749	Children's Centres Refurbishments	0	40	0	0	0		40
P783	Schools Devolved Capital	110	100	90	80	80	80	540
P673	DDA/SENDA access Works	50	50	50	50	50		250
P123	2 year old expansion programme	0	0	0	0	0		0
P153	Special School Expansion-Primary, Secondary & Post 16	9,194	0	0	0	0		9,194
P131	School meals provision	60	0	0	0	0		60
P095	Secondary Expansion Programme	8,900	3,500	2,000	2,000	2,000	2,000	20,400
	PRU Expansion	1,800	0	0	0	0		1,800
	Total Children's, Learning and Skills Services	25,247	4,840	2,690	2,580	2,580	2,530	40,467

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
	Place and Development	£'000	£'000	£'000	£'000	£'000	£000s	£'000
P006	Disabled Facilities Grant	550	550	550	550	550	550	3,300
P179	James Elliman Homes	18,000	15,900	16,200	16,600	0		66,700
P111	Major Highways Programmes	765	765	765	765	765	765	4,590
P174	Highways Maintenance Annual Programme	774	524	0	0	0		1,298
P728	Highway Reconfigure & Resurface	500	500	500	500	500	500	3,000

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
P881	Colnbrook By-pass	131	0	0	0	0		131
	Flood Defence Measures SBC/EA Partnership	100	0	0	0	0		100
	LTP Implementation Plan	800	400	0	0	0		1,200
	Community Transport Fleet	981						981
P155	Air Quality Grant	116	0	0	0	0		116
P125	Electric Vehicle Network	450	200	200	0	0		850
P170	Carbon Management-Fleet Challenge	150	150	670	0	0		970
P168	Re-fit Programme	800	800	484	0	0		2,084
	Car Club	400	100	100	100	100		800
	CPO Reserve	2100	0					2,100
P056	Slough Dog Recreation Area	16	0					16
P871	Community Investment Fund	1050	1050	1050	1050	1050	1050	6,300
	Total Place & Development	27,683	20,939	20,519	19,565	2,965	2,865	94,536

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
		£'000	£'000	£'000	£'000	£'000	£000s	£'000
	Finance & Resources							
P143	LAAP Mortgage Scheme	1,000	0	0	0	0		1,000
P084	IT Infrastructure Refresh	1350	350	350	350	350	350	3,100
P109	Superfast Broadband	20	0	0	0	0		20
	Total Finance & Resources	2,370	350	350	350	350	350	4,120

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
	Adults & Communities	£'000	£'000	£'000	£'000	£'000	£000s	£'000
P331	Social Care IT Developments	200	0	0	0	0		200
P133	Extra Care Housing	500	800	0	0	0		1,300
P141	Langley Leisure Centre	2,197	0	0	0	0		2,197
P969	Salt Hill Leisure	2,163	0	0	0	0		2,163

P165	Leisure Centre Farnham Road	10,608	0	0	0	0		10,608
	Total Adults & Communities	15,668	800	0	0	0	0	16,468

Cost Centre		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
	Regeneration	£'000	£'000	£'000	£'000	£'000	£'000	£'000
P128	Corporate Property Asset Management	250	250	0	0	0		500
	Hub Development	100	0	0	0	0		100
P172	TVU development	8,000	8,000	8,000	0	0		24,000
P159	Development Old Library Site	4,500	15,000	10,000	0	0		29,500
	Total Regeneration	12,850	23,250	18,000	0	0	0	54,100
	Total	83,818	50,179	41,559	22,495	5,895	5,745	209,691
Cost Centre	FUNDING	18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL Scheme Budget
	Grant Funded	21,118	3,789	2,575	1,895	630	2,530	32,537
	Borrowing	59,200	45,890	38,484	20,100	4,765	2,715	171,154
	Section 106	3,500	500	500	500	500	500	6,000
	Capital Receipts							0
	Revenue							0
	Total	83,818	50,179	41,959	22,495	5,895	5,745	209,691

Appendix B – HRA Capital programme

Cost Centre	Housing Revenue Account	18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
	Traditional Homes	£'000	£'000	£'000	£'000	£'000		£'000
P544 (4601)	Boiler Replacement	500	500	500	500	500	1,805	4,305
P544 (4602)	Heating / Hot Water Systems	317	317	317	317	317	703	2,287
P544 (4603)	Insulation programmes	0	0	0	0	0		
P552A	Window/ Front / Rear Door replacement	237	125	125	125	125	424	1,162
P558 A4604	Kitchen Replacement	410	410	410	410	410	348	2,399
P558 A4605	Bathroom replacement	256	256	256	256	256	277	1,558
P558 A4606	Electrical Systems	136	136	136	136	136	419	1,100
P559 (A4607)	Roof Replacement	628	628	628	628	628	1,243	4,384
P559 (A4608)	Structural	802	803	802	802	802	1,118	5,130
	Traditional Homes	3,286	3,175	3,175	3,175	3,175	6,337	22,324

		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
	Planned Maintenance - Capital	£'000	£'000	£'000	£'000	£'000	£'000	£'000
P541	Garage Improvements	150	150	150	150	150	194	944
P548	Mechanical Systems /Lifts	200	200	100	110	110	52	772
P545	Capitalised Repairs	46	46	46	46	46		230
P551	Security & Controlled Entry Modernisation	0	0	0	0	0		
P564	Darvills Lane - External Refurbs	200	200	200	200	200		1,000
P565	Estate Improvements/Environmental Works	221	221	221	221	221	259	1,363
P569	Replace Fascias, Soffits, Gutters & Down Pipes	250	250	0	0	0	236	736
P573 A4000	Upgrade Lighting/Communal Areas	71	71	71	71	71	324	678
P573 A4609	Communal doors	78	78	78	78	78	121	510
P573 A4610	Balcony / Stairs / Walkways areas	171	171	171	171	171	62	918
P573 A4611	Paths	91	90	91	91	91	382	835
P573 A4612	Store areas	250	0	0	0	0	97	347
	Sheltered / supported upgrades	0	0	0	0	0	324	324
	Planned Maintenance - Capital	1,728	1,477	1,127	1,137	1,137	2,051	8,656

	Other	£'000	£'000	£'000	£'000	£'000	£000s	£'000
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Cost Centre	Housing Revenue Account	18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
C4xxx P546 A4000	Environmental Improvements (Allocated Forum)	100	100	100	100	100	130	630
P406	Stock Condition Survey	160	160	160	160	160		800
P407	Commissioning of Repairs Maintenance and Investment Contract	0	0	0	0	0		
P405	Tower and Ashbourne	0	(3,720)	0	0	0		(3,720)
P408	Brooms & Poplar Fire Compliance Upgrade Works							
P547	Major Aids & Adaptations	250	250	250	250	250	324	1,574
P575	Affordable Homes	12,000	22,000	0	0	0	11,017	45,017
P779	Britwell Regeneration	0	0	0	0	0		
	Other	12,510	18,790	510	510	510	11,471	44,301

	TOTAL	17,524	23,442	4,812	4,822	4,822	19,859	75,282
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	Funding	£'000	£'000	£'000	£'000	£'000		£'000
	Section 106 (AH)	0	0	0	0	0		0
	Capital Receipts	(3,600)	(6,600)	0	0	0	(3,305)	(13,505)
	Major Repairs Reserve	(5,924)	(8,842)	(4,812)	(4,822)	(4,822)	(8,000)	(37,222)
	RCCO	(8,000)	(8,000)	(0)	(0)	(0)	(8,554)	(24,555)
	TOTAL	(17,524)	(23,442)	(4,812)	(4,822)	(4,822)	(19,859)	(75,282)