

Date of issue: Tuesday, 16 February 2021

MEETING	OVERVIEW & SCRUTINY COMMITTEE (Councillors Dhaliwal (Chair), Sarfraz, Basra, Gahir, Hulme, Matloob, D Parmar, S Parmar and R Sandhu)
DATE AND TIME:	THURSDAY, 18TH FEBRUARY, 2021 AT 6.30 PM
VENUE:	VIRTUAL MEETING
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	NICHOLAS PONTONE 07749 709 868

SUPPLEMENTARY PAPERS

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

* Items 2, 3 and 4 were not available for publication with the rest of the agenda.

PART 1

<u>AGENDA</u> <u>ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 18th February 2021

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WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2023/24**1. Purpose of Report**

- 1.1. This report provides the Overview & Scrutiny Committee with an opportunity to scrutinise the budget and make any recommendations to Cabinet ahead of its meeting on 22nd February 2021. The report sets out the proposed revenue budget for 2021/22 and the Medium Term Financial Strategy 2021/22 to 2023/24. It updates the Interim Budget Report which Cabinet agreed in December 2020, including changes arising from the Final Local Government Finance Settlement and further work on savings and budget pressures.
- 1.2. Full Council will meet on 8th March 2021 to set the Council revenue budget for 2021/22.
- 1.3. The recommendations within this report propose:
 - An increase in the Council's element of the Council tax for a band D property by £70.83 for 2021/22, giving a band D Council Tax of £1,490.30 per year, excluding the precepts from Police, Fire and parishes.
 - This equates to an increase in the Council's general band D Council Tax by 1.99%, the maximum permitted without a referendum as previously planned; and an increase in the Council's Adult Social Care Precept by 3.00% as confirmed by Government in the Final Local Government Settlement.
- 1.4. Prior to use of a one-off capitalisation directive there was as a budget gap of £10.154m in the 2021/22 General Fund Revenue budget. This was due to three one-off pressures; the 2019/20 Business Rates Deficit, the Slough Children's Services Trust historic deficit and the impact of Covid-19.
- 1.5. The Ministry of Housing, Communities and Local Government [MHCLG] have recognised these one-off pressures and this report is prepared on the basis that Slough Council can utilise a one-off capitalisation directive to capitalise up to £12.200m of revenue spend to address them. Whilst this direction supports the Council's revenue budget for 2021/22 and avoids a significant depletion of the Council's available reserves, work will need to continue and be completed by the end of September 2021 to identify further savings to address the underlying budget gap going into 2022/23.

- 1.6. In the context of the financial challenge the Council faces over the medium-term, this report sets out necessary advice for Councillors on:
- The financial position of the Council;
 - The context for service delivery;
 - National and local financial matters affecting the Council's services for residents and businesses;
 - Proposals about how to address these issues;
 - Revenue budgets for service delivery, pressures, savings and income generating solutions and proposed fees and charges; and
 - The risks associated with the financial position in the short and medium term.
- 1.7. There are a number of appendices to the report which set out the revenue budgets for General Fund and the Housing Revenue Account; the Flexible Capital Receipts Strategy; Fees and Charges for 2021/22; Dedicated Schools Grant allocation; and Council Tax Setting.
- 1.8. Members are aware that the Council is currently in the midst of a fundamental restructure, affecting all staff. It is intended that the new structure will be implemented by 1 April 2021. The appendices reflect the current accounting structure of the Council. Once the restructure is implemented the accounting structure will be changed and virements will be made in-year to ensure the revenue budget matches the new operating model.
- 1.9. This report and the recommendations within it are closely linked to other reports on this agenda in respect of the Capital Strategy and the Treasury Management Strategy and those reports should be considered alongside this report.
- 1.10. The Capital Strategy 2020/21 to 2023/24 sets out the proposed capital programme and associated funding. The revenue implications of the capital programme in terms of the interest payable and MRP have been taken into account in the budget and MTFS.
- 1.11. The Treasury Management Strategy sets out the key funding indicators in relation to the capital programme.
- 1.12. The Committee is asked to consider these reports and make any recommendations to Cabinet which meets on 22nd February, before submission to Full Council on 8th March 2021.

2. Recommendations/Proposed Action

- 2.1 Members are recommended to note and take into account the statutory S25 report of the S151 officer at Appendix M in determining:
- (a) The proposed budget for 2021/22;
 - (b) The medium term financial plans for 2021/22 – 2023/24;
 - (c) The level of reserves.

2.2 Members are also recommended to note:

- (a) The use of £5.106m of Capital Receipts to fund the Minimum Revenue Provision (MRP) in 2021/22 and £3.144m in 2022/23;
- (b) In 2021/22, £12.200m of revenue spend will be capitalised in accordance with the Capitalisation Directive from MHCLG (see section 14);
- (c) The Dedicated Schools Grant [DSG] settlement for 2021/22 (see Section 13) and the allocation of £193.905m as set out in Appendix L;

2.3 Members are asked to recommend to Council to approve:

- (a) The Council Tax Support Scheme (CTSS) is not to be varied or revised for 2021/22;
- (b) With regard to the 2021/22 General Fund and Housing Revenue Account budgets, and the Medium Term Financial Strategy:
 - I. The General Fund Budget Requirement of £133.574m for 2021/22;
 - II. Proposed savings of £15.576m for 2021/22 and overall savings of £23.573m for the three years to 2023/24;
 - III. Growth and pressures of £12.593m for 2021/22 and overall pressures of £19.178m to 2023/24;
 - IV. The Housing Revenue Account budget for 2021/22 of £36.790m as set out in Appendix F;
 - V. The forecast reserves of £14.458m at the end of 2021/22 as set out in Appendix G;
- (c) The strategy for the use of flexible capital receipts to deliver transformation and ongoing savings as set out in Appendix H;
- (d) The calculations for determining the Council tax requirement for the year 2021/22 in accordance with the Local Government Finance Act 1992 as set out in Appendix J;
- (e) The Council increase the Council tax for a band D property by £70.83 for 2021/22, giving a band D Council Tax of £1,490.30 per year, excluding the precepts from Police, Fire and parishes as set out below:
 - i. Its general band D Council Tax by 1.99%, the maximum permitted without a referendum as previously planned; and
 - ii. Its Adult Social Care Precept by 3.00% as confirmed by Government in the Final Local Government Settlement.

2.4 Notes the following Council tax increases and precepts as detailed in Appendix J:

- (a) Parish Precepts of £185,244;
- (b) The Police and Crime Commissioner for Thames Valley has increased Council tax for a band D property to £231.28 per annum, a 6.9% increase on 2020/21, resulting in a precept of £9,442,862;

(c) The Royal Berkshire Fire Authority is expected to agree an increase of £1.35 for a band D property to £68.95 per annum, a 1.99% increase on 2020/21, resulting in a precept of £2,815,139;

(d) This gives a total Band D Council Tax of £1,790.53 plus any Parish precept where applicable set out in Appendix J.

2.5 The Fees and Charges for 2021/22 as set out in Appendix K.

3 Appendices

3.1 The following appendices are attached to this report:

- A Summary of General Fund Revenue 2021/22 to 2023/24
- B Summary of General Fund Revenue Budget 2021-22 by Directorate
- C General Fund – Growth and Pressures
- D General Fund - Savings
- E Budget Movements since December 2020 Report
- F Housing Revenue Account Budget 2021-22 to 2023-24
- G Reserves Forecast to 2023/24
- H Flexible Capital Receipts Strategy
- J Council Tax Setting
- K Fees and Charges Schedule
- L Dedicated Schools Grant
- M Robustness of Estimates and Reserves (S25 Report)

4 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

4.1 This report supports all of the strategic priorities and cross cutting themes. It helps to achieve the corporate objectives by detailing how the Council is delivering services to its residents within the financial parameters of the approved budget.

5 Other Implications

(a) Financial

5.1 The financial implications are contained within this report.

(b) Human Rights Act and Other Legal Implications

5.2 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. The function of setting the Council Tax is the responsibility of Full Council. The function of preparing estimates and calculations for submission to Full Council is the responsibility of Cabinet. The Council is required by the 1992 Act to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget to ensure proper discharge of the Council's statutory duties and to lead to a balanced budget. The budget should include sufficient allowances for contingencies and financial reserves.

- 5.3 Local authorities owe a fiduciary duty to Council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of Council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
- 5.4 Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (section 151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored.
- 5.5 Full Council is responsible for setting the overall budget framework. However, some of the proposed savings will be subject to further analysis and decision making and as such the savings are an estimate. Individual service decisions will be subject to officer or Cabinet approval, taking account of the statutory framework, any requirement to consult and consideration of overarching duties, such as the public sector equality duty. A contingency has been set aside to deal with a risk that when Cabinet considers these proposals it does not agree that the savings can be met within the specific statutory framework. In an extreme case, Cabinet may have to refer the budget to Full Council to re-consider the overall budget framework.
- 5.6 The Local Government Act 2003 and associated regulations set out rules in relation to use of capital reserves. S.15 requires local authorities to have regard to relevant statutory guidance. The statutory guidance on flexible use of capital receipts confirms that local authorities cannot borrow to finance service delivery, however they can use capital receipts from sale of assets to finance the revenue costs of reforming services. The guidance states that qualifying expenditure is expenditure on a project that is designed to generate ongoing revenue savings in the delivery of public services or transform service delivery in a way that reduces costs or demand for services in future years. The Council is expected to publish an annual Flexible Use of Capital Receipts Strategy, although this can be included in wider strategy documents.

(c) Risk Management

- 5.7 Given the level of financial uncertainty and current service pressures, there is clearly a risk that the current budget may prove difficult to deliver.
- 5.8 This risk has been mitigated by trying to ensure that budget estimates are realistic and reflect current activity, along with known demographic and economic pressures. Including:
- The ability to contain demographic demand pressures;
 - The speed of recovery and buoyancy of the general and local economy from COVID 19;
 - Adverse interest rate movements;
 - Increased inflationary pressures;
 - Impact of Brexit on the Economy

- Delivery of capital receipts to fund MRP and the flexible use for transformation purposes and avoid prudential borrowing charges;
- Future local government financing settlements from central government and potential impacts from changes to the Fair Funding Review;
- The capacity of Officers to deliver the savings and income projections in line with assumptions whilst still managing the impact of the pandemic.

- 5.9 A key risk for the Council is that its finances are not sustainable in the long term and it does not have sufficient reserves to enable it to effectively manage the financial risk that it faces in the medium term.
- 5.10 Additionally, the Council's 2018/19 and 2019/20 accounts are still being audited which may mean there could be some movement in the assumed baseline level of reserves.
- 5.11 Following the Central Government announcement around public sector pay, the budget assumes no pay award in 2021/22, except for staff on the lowest pay scales. However, the final pay award is set by the LGA and therefore there is a risk that they decide to award an increase. The impact of a 2% pay award would be in the region of £1.2m for the Council. The MTFs assumes a 2% pay award in 2022/23 and 2023/24.

(d) Equalities Impact Assessment

- 5.12 All Equalities Impact Assessment statements for the proposals in this report will be submitted alongside the Full Council report.

6. Policy Context

- 6.1 Despite COVID-19, the Council will still be spending over one hundred million pounds in 2021/22 delivering services to the residents of Slough and investing in the future of the borough through major capital schemes.
- 6.2 It is important the Council considers how best it can continue to meet its policy objectives within the tighter financial constraints that it now faces.
- 6.3 This requires a level of prioritisation and the budget plans focus on the following key policy outcomes, as set out in the Council's five-year plan:
- Slough children will grow up to be happy, healthy and successful;
 - Our people will be healthier and manage their own care needs;
 - Slough will be an attractive place where people choose to live, work and stay;
 - Our residents will live in good quality homes;
 - Slough will attract, retain and grow businesses and investment to provide opportunities for our residents.
- 6.4 These policy outcomes are not achievable without sustainable Council finances. The proposals within this report have been developed to help make the Council more financially resilient in the future but further work is still required.
- 6.5 The Council always considers the affordability of the services it provides, so Council tax-payers do not have to subsidise non-core Council services.

- 6.6 Officers will be meeting with Slough's Chamber of Commerce and representatives from the Slough Business Improvement District to discuss the proposals contained within this report. Verbal feedback from these meetings will be provided at Cabinet and will be included in the budget report to Council.
- 6.7 Certain savings proposals will require further consultation, if agreed in principle by Full Council, before implementation. These savings proposals are highlighted in Appendix D and relevant further reports will be submitted to Cabinet in due course to be formally agreed.

7. Financial Context

- 7.1 The current Medium-Term Financial Strategy (MTFS) was approved by Council in February 2020 and assumed a mix of Council Tax increases, efficiency savings and income generation to balance the budget between 2020/21 to 2022/23. However, there were still un-identified, ongoing savings required of £4.680m over the period. That projection has now been extended by a further year, into 2023/24, and has been updated to include the latest assumptions.
- 7.2 The MTFS approved in February 2020 assumed, via the Capital Strategy, that the cost of providing for the Minimum Revenue Provision (MRP) element, required to repay the capital element capital spending would be funded each year from new capital receipts. MRP is £5.106m in 2021/22 rising to £6.573m in 2023/24.
- 7.3 In addition, the MTFS also approved £5.8m of transformation spend in 2020/21 and 2021/22 from capital receipts, which has been reviewed and updated as part of this report.
- 7.4 In the current financial year £10m of HRA capital receipts on the balance sheet can be used as an alternative funding source to fund MRP and transformation. The Council will sell more of its assets to fund MRP costs in 2021/22 and 2022/23, transformation costs and repay costs of capitalisation as a one-off until further savings or additional income is identified. The Strategic Acquisition Board is currently undertaking a root and branch review of all the Council's assets (including commercial assets) with a view to ensuring the Council has a flexible asset base suitable for delivering quality customer-focussed services. Assets deemed surplus to requirements will be disposed of as necessary.
- 7.5 Alongside other authorities, the Council has reviewed its use of capital receipts to fund MRP as an ongoing strategy. It is recognised this legal mechanism is not sustainable in the long-term as it requires the continual disposal of assets. Both CIPFA and MHCLG have made public announcements that they have concerns regarding the sustainability of using this approach whilst recognising that this approach is legal. To date, the current financial regulations remain unchanged.
- 7.6 It should be recognised that to completely withdraw from using capital receipts to fund MRP with immediate effect would increase the budget gap further and require a higher capitalisation directive. Therefore, the MTFS proposes withdrawing from the use of this strategy on a reducing basis over the medium term (by 1 April 2023). If this strategy is adopted, the Council will need to identify approximately £11m of assets for disposal to fund this, from an asset base of

over £1bn which includes over £243m of land and buildings and £97m of investment property, over the next two years. If commercial assets are identified for disposal a further financial balance needs to be struck as they are currently being used to generate additional income for the general fund.

7.7 The Medium-Term Financial Strategy (MTFS) integrates strategic and financial planning over a three-year period. It translates the Strategic Plan priorities into a financial framework that enables members and officers to ensure policy initiatives can be delivered within available resources and can be aligned to priority outcomes.

7.8 The drivers for the Council's financial strategy are:

- To set a balanced budget over the life of the MTFS whilst protecting residents from excessive Council tax increases, as defined by the government, through the legislative framework covering Council Tax referenda.
- To fund priorities agreed within the period, ensuring that service and financial planning delivers these priorities.
- To deliver a programme of planned reviews and savings initiatives designed to keep reductions to service outcomes for residents to a minimum.
- To maintain and strengthen the Council's financial position so that it has sufficient contingency sums, reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery of service outcomes for residents.
- Ensuring the Council maximises the impact of its spend to deliver priority outcomes in the context or reducing resources.

7.9 Like many councils, Slough faces considerable financial challenges, particularly increasing in the numbers and cost of supporting vulnerable people and children in care and central government funding reducing. However, it has routinely been recognised that the Council's level of reserves are relatively low, in comparison to other Unitary Authorities, which means that it has less time and potentially fewer options than others to bring its budget into balance.

7.10 Slough has made a substantial commitment to regeneration, the provision of affordable homes and the development of the local economy. To fund this important investment borrowing has accordingly increased which has an associated impact on the revenue budget.

7.11 In the current year Council spending has come under considerable pressure due to Covid-19. This has meant the Council has also found it harder to deliver savings than it had expected, which has meant that some savings targets have not been achieved with a knock-on impact in future years. These additional pressures are reflected in the 2021/22 budget proposals.

Local Government Finance Settlement 2021/22

7.12 The Final Local Government Finance Settlement was debated and agreed by Parliament on 10th February 2021 with very little change to the Provisional Local

Finance Settlement in December. The budget and MTFs has been adjusted to take this into account.

7.13 The following funding was confirmed for 2021/22 in the Final Settlement:

- A general Council Tax increase of 4.99% in 2021/22 (1.99% general and 3% Adult Social Care Precept);
- Local Council Tax Support Grant of £2.329m to compensate Councils for the reduction in tax-base, and therefore reduced Council Tax income, due to increased numbers of Local Council Tax Support claimants;
- Collection Fund compensation grants to compensate for the 2020-21 deficits on Council Tax and Business Rates. These have been estimated as the Government will issue the final allocations in the new financial year;
- Revenue Support Grant of £6.257m;
- The New Homes Bonus scheme will be maintained for a further year but with no new legacy payments providing £1.095m in funding for 2021/22 and £0.547m for 2022/23;
- A one-off increase to Social Care Grant of £0.450m;
- A one-off increase to Homelessness Prevention Grant of £0.857m; and
- A new one-off Lower Tier Services Grant of £0.272m for 2021/22 only.

8. Proposed Budget 2021/22 and MTFs

General Fund Revenue

8.1 The proposed budget and MTFs for Slough Borough Council is set out in the table below, with further detail provided in Appendix A and B. Changes to the proposed budget since the Interim Report in December are analysed in Appendix E.

	Approved Budget 2020-21 £'000	2021/22 Proposed Budget £'000	2022/23 Proposed Budget £'000	2023/24 Proposed Budget £'000
Base Position	121,270	124,983	133,574	134,952
Pay and Contract Inflation	3,140	2,602	3,700	3,700
Growth and Pressures	7,517	12,593	3,520	3,065
Savings	(7,955)	(15,576)	(4,933)	(3,064)
Corporate Items:				
Increased Pension Deficit	0	750	750	750
Covid Pressures	0	6,025	(6,025)	0
General Contingency	0	375	1,291	785
Minimum Revenue Provision	0	5,106	1,113	354
Capitalisation of MRP (2 years)	0	(5,106)	1,962	4,611
Interest Payments	1,011	1,821	0	0
Total Expenditure¹	124,983	133,574	134,952	145,153
Financed by:				
Council Tax	(60,921)	(60,847)	(63,920)	(67,284)
Business Rates	(33,869)	(33,531)	(32,797)	(33,819)
Collection Fund (surplus)/ deficit	(1,970)	7,815	1,768	1,767
Revenue Support Grant	(6,222)	(6,257)	(6,351)	(6,478)
New Homes Bonus	(2,260)	(1,095)	(547)	0
Covid Support Grants	0	(6,375)	0	0
Other Government Grants	(18,970)	(23,130)	(20,079)	(20,079)
Total Financing	(124,212)	(123,420)	(121,926)	(125,893)
Budget Gap	0	10,154	13,025	19,260
Movement to / (from) Reserves Capitalisation	(771)	2,046 (12,200)		
Net Position	0	0	13,025	19,260

¹ Note Net Council Spend was shown as £124,212K in the February 2020 Budget Report. It has been adjusted here to show the £771K movement from reserves in the Financing section.

8.2 The February 2020 Budget has been updated and the updated assumptions set out below:

- £15.576m of savings in 2021/22 with a total of £23.573 of savings across the period of the MTFS set out in appendix D;
- Contingency provision of £0.375m in 2021/22, £1.666m in 2022/23 and £2.451m in 2023/24;
- Additionally, a £6.025m contingency has been included for Covid related costs and is also assumed to cover further savings slippage.

- d) Following central government's recent announcements concerning a public sector pay freeze, there is no allowance for a general pay award in 2021/22, although a provision has been included of £0.200m for staff on the lowest pay.

Budget Pressures

- 8.3 In 2021/22, budget pressures including pay, contract inflation and other corporate adjustments. These are driven by a number of factors:
- a) COVID -19 - in particular a substantial reduction in the income provided to the Council via Council Tax and Business Rates;
 - b) Spending pressures on Children's Services and Adult Care are placing increased pressure on Council budgets;
 - c) Demographic changes – as the population of Slough increases, demands on its services will also increase. To an extent this will be matched by additional Council Tax income;
 - d) External changes beyond the Council's control, such as changes to grant allocations from central government;
 - e) Previous spending decisions– for example the borrowing costs associated with capital investments made by the Council;
 - f) Under-delivery of savings – some of the savings identified for 2020/21 have not been delivered and therefore have an impact on the 2021/22 budget;
 - g) Under-achievement of income targets – in some cases it has not been possible to deliver increased income even by setting higher charges.
- 8.4 The funding and budget pressures over the next three years are set out in Appendix A and specific growth and unachieved savings are set out in Appendix C.

Council Tax

- 8.5 The Council Tax Base was agreed at Cabinet on the 18th January 2021 and the Tax Base for 2021/22 was set as:

i)	Parish of Britwell	810.4
ii)	Parish of Colnbrook with Poyle	1,830.3
iii)	Parish of Wexham	1,348.3
iv)	Slough Town	36,839.7
v)	All areas	40,828.7

- 8.6 The Council is required to calculate its Council Tax requirement for 2021/22 in accordance with the Local Government Finance Act 1992. These calculations are set out in Appendix J.

Council Tax Support Scheme (CTSS) and Court Costs

- 8.7 The Council Tax Support Scheme (CTSS) was amended for 2020/21 and is not to be varied or revised for 2021/22. The CTSS scheme will be updated in line with the advice from Department of Work and Pensions (DWP) and Ministry of Housing Communities and Local Government (MHCLG).
- 8.8 Court costs for 2021/22 will be unchanged from the 2020/21 charges.

Business Rates

- 8.9 The next largest funding stream relates to Business Rates. The gross rates for 2021/22 have been estimated as £104.421m. This is distributed between the Government (50%), the Local Authority (49%) and the Fire Authority (1%).
- 8.10 In theory, as the business rates income is derived from local businesses, the Council has a valid claim to retain all of its 49% allocation. However, Business Rates are redistributed across the country based on assumed need and a top-up and tariff system equalises business rate income across the country. Of the £51.166m retained business rates, Slough pays a tariff of £19.694m which is redistributed nationally across Local Authorities.
- 8.11 Slough has estimated £3.060m of S31 grants in respect of reliefs that the Government has granted for business rates and additionally pays a levy of £1.001m on the growth. Therefore, of the £104.421m business rates collected, Slough keeps net business rates of £33.531m as set out in the table below:

Total Business Rates (NNDR) Income	£'000 104,421
Slough's share (49%) of total NNDR Income	51,166
S31 Grant to compensate reliefs and indexation	3,060
Tariff	(19,694)
Levy	(1,001)
Net Business Rates Income	<u>33,531</u>

- 8.12 Businesses have been given some protection by central government, in 2020/21, via grants, Business Rate reliefs and the furlough scheme. Unfortunately, it is anticipated some businesses will become unviable due to COVID-19. This will undoubtedly mean a reduction in Business Rates income. There may be an extension to some elements of this scheme but this will not become clear until the Chancellor's budget.
- 8.13 Business rates income can be subject to significant volatility; one or two empty properties or appeals can have a substantial impact on the level of business rates collected. This makes it difficult to predict with accuracy the level of business rate income.

9. Flexible Capital Receipts Strategy

- 9.1 With effect from 1st April 2016, the Secretary of State under section 15(1)(a) of the Local Government Act 2003, allowed Local Authorities to use Capital Receipts to fund revenue expenditure. This expenditure has to be spent on projects which generate ongoing savings or reduce demand for services.
- 9.2 The Council has made use of this flexible use of capital receipts to fund transformation change costs to deliver ongoing savings. This direction was due to finish at the end of 2021/22 but has been extended to 2024/25 as part of the LG Finance Settlement.

9.3 Full details of the Flexible Capital Receipts Strategy are set out in Appendix H which outlines the proposed spend on a scheme by scheme basis and an update on the savings achieved under the programme during 2020/21. The table below summarises the use of the Transformation Fund up to and including the proposals for 2021/22. The Capital Programme 2021/22, on this evening's agenda also takes into account these figures.

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Flexible Capital Receipts Requirement	5,499	6,124	6,280	7,337	4,402	4,551	35,687
Contingency	-	-	-	1,453	-	500	2,576
Total	5,499	6,124	6,280	8,790	4,402	5,051	38,263

10. Housing Revenue Account

- 10.1 The annual changes 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.
- 10.2 The increases to the Housing Rents and Service Charges that take effect from Monday 5th April were agreed by Cabinet on the 18th January 2021 as follows:
- (a) Council house dwelling rents for 2021/22 to increase by 1.5% (Consumer Price Index (CPI) + 1%) over the 2020/21 rent with effect from Monday 5th April 2021. This is in line with current government guidelines and legislation.
 - (b) Garage rents, heating, utility and ancillary charges to increase by 0.5% with effect from Monday 5th April 2021. This is based upon the September 2020 CPI figure.
 - (c) Service charges to increase by 0.5% with effect from Monday 5th April 2021. This is based upon the September 2020 CPI figure.
 - (d) 'Other committee' property rents to increase by an average of 0.5% from Monday 5th April 2021 in line with the September 2020 CPI figure.
 - (e) Properties leased from James Elliman Homes to increase by 1.5% (CPI + 1%) from Monday 5th April 2021. This is based upon the September 2020 CPI figure.
 - (f) DISH property rents are recommended to increase by 1.5% (CPI + 1%) over the 2020/21 rent and service charges to increase by 0.5% both with

effect from Monday 5th April 2021. This is as per the Council's recommendation to the DISH Board.

10.3 The proposed Housing Revenue Account budgets for the next three years are set out in the table below:

	Approved Budget 2020/21	Proposed Budget 2021/22	Proposed Budget 2022/23	Proposed Budget 2023/24
	£'000	£'000	£'000	£'000
Expenditure	32,577	30,046	30,048	30,436
Income	(35,699)	(36,790)	(37,328)	(38,029)
Net Cost of Service before interest payable on HRA Debts	(3,122)	(6,744)	(7,280)	(7,593)
Interest Payable on HRA Debt	5,563	6,195	6,511	6,528
Net HRA (Surplus) / Deficit	2,441	(499)	(717)	(1,014)
Opening HRA Balances	(13,419)	(10,978)	(11,477)	(12,193)
(Surplus) / Deficit	2,441	(499)	(717)	(1,014)
Closing HRA Balances	(10,978)	(11,477)	(12,193)	(13,207)

11. Capital Programme

11.1 The table below summarises the General Fund and HRA Capital Programmes over the next three years.

Capital Expenditure and Financing (estimate)	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000
General Fund	76,786	100,439	33,857	13,261
Housing Revenue Account	63,058	40,672	53,874	67,197
Total Expenditure	139,844	141,111	87,731	80,458
Funding:				
Grants	(9,299)	(29,114)	(8,003)	(830)
Section 106	(90)	(2,364)	0	0
Capital Receipts	(6,402)	(30,308)	(17,500)	(8,738)
Major Repairs Reserve	(14,719)	(8,965)	(9,265)	(4,849)
RCCO	(1,871)	(4,783)	(8,020)	(8,162)
Inst. Funding (HRA)	0	0	0	(49,000)
Borrowing (General Fund)	(62,995)	(46,154)	(13,354)	(7,131)
Borrowing (HRA)	(44,468)	(19,424)	(31,589)	(1,748)
Total Financing	(139,844)	(141,111)	(87,731)	(80,458)

11.2 The detail of the Capital Programme is set out in the Capital Strategy which is also on this agenda.

General Fund Capital Programme

11.3 Key schemes within the General Fund Capital Programme are:

Capital Scheme	Proposed Budget 2021/22 £'000	Proposed Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Total £'000
Cemetery Extension	2,500	2,315	1,233	6,048
Schools Modernisation Programme	996	600	200	1,796
Special School Expansion – Primary, Secondary and Post 16	5,323	2,484	0	7,807
Secondary Expansion Programme	1,510	500	0	2,010
Chalvey Extra Care Housing	6,313	6,000	0	12,313
Major Infrastructure Projects	19,537	3,000	0	22,537
Environmental Initiatives	3,668	1,206	1,371	6,245
Hub Development	8,072	5,000	0	13,072
Youth Hub	5,000	0	0	5,000
Thames Valley University Site	3,000	0	0	3,000
James Elliman Homes	5,000	0	0	5,000
Community Investment Fund	840	840	840	3,150

Housing Revenue Account Capital Programme

11.4 Key schemes within the HRA Capital Programme are:

Capital Scheme	Proposed Budget 2021/22 £'000	Proposed Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Total £'000
Boiler Replacement and Heating	500	500	330	1,330
Kitchen & Bathroom Replacement	700	700	700	2,100
Garage & Environmental Improvements	2,000	2,000	2,000	6,000
Windows and Door Replacement	700	700	700	2,100
Affordable Homes	35,849	49,051	62,348	147,248

12. Reserves

12.1 Councils hold reserves for the following reasons:-

- a) **Covering unforeseen spending pressures** – for example a major flood or other incident could have a big, uninsurable, impact on Council services. This would place undue pressure on the current year's budget.
- b) **Manage general risk and uncertainty** – councils operate in very uncertain times, where there can be significant changes to in year funding. This means that councils need to hold reserves to protect themselves against big funding shifts and buy them time to bring their budget into balance.
- c) **Meeting known risks and future commitments** – often these are known as earmarked reserves. These are reserves held for a specific purpose, for example an insurance reserve.

d) **Holding monies on behalf of other bodies** – the schools revenue balances are an example of this.

12.2 Slough had total General Fund reserves of £15.748m at 31st March 2020, split between general reserves of £8.173m and earmarked reserves of £7.575m.

12.3 Slough Children’s Services Trust had an accumulated deficit of £5.4m that needed to be funded between the Council and the DfE to avoid it going into liquidation during 2020/21. It has been assumed that the DfE will fund £3.0m of this amount in 2020/21 with the remaining £2.4m being funded from Council reserves that will be replenished by an element of the MHCLG Capitalisation Directive in 2021/22.

12.4 The Housing Revenue Account reserve was £13.419m at 31st March 2020. It is forecast to draw down £2.441m from reserves in 2020-21 and to increase its level of reserves to £13.207m by 2023/24.

13. Dedicated Schools Grant

13.1 The Dedicated Schools Grant provides funding for schools and is split into four blocks. Allocations for 2021/22 were published on the 17th December 2020. Details of the 2021/22 DSG allocation together with the Management Plan are included in Appendix L and are summarised in the table below:

	2021/22 Proposed £'000
Schools Block	149,602
Central Schools Services Block	1,015
High Needs Block	28,058
Early Years Block	15,230
Total	<u>193,905</u>

13.2 The DSG has a forecast deficit at the end of 2020/21 of £16.960m, which is a £4.632m increase since 31st March 2020 due to the overspend on the High Needs Block. Slough has developed a detailed management plan for the deficit, as required by the Department for Education [DfE], which was presented to Schools’ Forum in January 2021.

13.3 DfE guidance states that “...DSG is a ring-fenced specific grant separate from the general funding of local authorities, and that any deficit an authority may have on its DSG account is expected to be carried forward to the next year’s schools budget and does not require to be covered by the authority’s general reserves.” Therefore the deficit has not been taken into account when proposing the General Fund budget and reserves levels.

14. Capitalisation Directive

- 14.1 Like other local authorities, Slough BC took the opportunity to hold discussions with MHCLG about seeking permission for a Capitalisation Directive to help balance the budget in 2021/22. Other councils that have been harder hit by Covid-19 have also requested support using this means in 2020/21.
- 14.2 A capitalisation directive permits a Council to capitalise revenue expenditure if it is unable to set a balanced budget and has considered all other options, has limited reserves, and is increasing its Council Tax by the maximum permitted. The direction will only be granted in exceptional circumstances. Only the Secretary of State can permit this action legally.
- 14.3 MHCLG have indicated that they will agree to Slough's request. Their external advisor concluded, *following a detailed review of SBC's financial position*:
- "The Council has limited resources in terms of revenue reserves to balance the 21/22 revenue budget. Without the two unexpected items in terms of business rates and the children's trust the budget would have been balanced"*
- 14.4 MHCLG are therefore expected to permit the capitalisation of £12.200m of revenue spend in 2021/22 to balance the budget; and this report has been prepared on that basis. A verbal update will be provided at the Cabinet meeting. The capitalisation direction will be funded by future capital receipts over a five year period and this assumption has been included in the Capital Strategy and proposed Capital Programme 2021/22 to 23/24.
- 14.5 The recent Capitalisation Directions that MHCLG has issued for Bexley, Eastbourne, Luton and Peterborough had specific conditions attached. It is expected that Slough will be given similar conditions if this support is agreed. These conditions are likely to include the following:
- Slough may only capitalise expenditure when it is incurred;
 - Where expenditure is capitalised, the Council will charge annual Minimum Revenue Provision using an asset life of no more than 20 years;
 - Where the capital financing requirement is increased as a result of the capitalisation of expenditure under this direction, any further borrowing must be obtained from the Public Works Loan Board (PWLb) and is subject to an additional 1 percentage point premium. Where any borrowing to which these conditions initially apply is refinanced, the conditions must continue to apply to the resulting borrowing.
- 14.6 The capitalisation is planned to be funded by using capital receipts but in the short-term the Council may need to use borrowing. The Council has sufficient 'surplus' capital receipts to fund the capitalisation direction, including some of the assets outlined below, and officers are currently preparing an Asset Disposal Plan to cover the next five years.
- 14.7 The Council has almost £100m of assets purchased via the Strategic Acquisition Board (SAB) which could potentially be disposed of to fund the capitalisation direction and/or pay for elements of the Council's Capital Programme 2021/22 to 2023/24. However, this would add to revenue pressures as they income from these investments exceeds their cost of borrowing. It can be seen in the table

below that these assets are a mixture of Distribution, Office, Retail, Strategic and Warehouse retail.

Property	Type
Leaseplan 165 Bath Road	Office
Cornwall House	Office
Lego, 33 Bath Road	Office
Upton Lodge 2A Yew Tree Road	Office
Unit 26 Wexham Business Village	Office
Acquasulis House, 12 – 14 Bath Road	Office
Unit 27 – 28 Wexham Business Village	Office
174 – 178 High Street (W H Smith)	Retail
Waitrose Gosport – Stoke Road	Retail
Odeon, Churchill Way, Basingstoke	Retail
233 – 249 High Street, Slough	Retail
Land at Norway Drive	Strategic
Land South Side Stoke Road (Stoke Wharf)	Strategic
Leasehold interest of the 5 th Floor, Hatfield Car Park	Strategic
100 A Wexham Road	Strategic
Freehold interest of 21, Roysdale Way, Euroway Industrial Estate, Bradford, West Yorkshire	Distribution
Halfords 280 Bath Road	Warehouse-Retail
Wickes West Street Wolverhampton	Warehouse-Retail
Total Value (£m)	£100m

15. Strategy to achieve a sustainable MTFs for 2022/23 onwards

15.1 Whilst the Capitalisation Directive is welcomed and addresses the one-off pressures immediately facing the Council, continued focus and work is needed to identify further ongoing savings to address the underlying revenue budget gap from 2022/23 onwards to produce a more sustainable budget.

15.2 The Council faces a serious challenge over the period of the MTFs as set out in the table below:

Budget Gap 2021/22 to 2023/24

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Expenditure	124,943	133,574	134,952	145,153
Income	(124,212)	(123,420)	(121,926)	(125,893)
Budget Gap	0	10,154	13,025	19,260
Movement (from) / to Reserves	(771)	2,118		
Capitalisation Directive		(12,200)		
Net Position	0	0	13,025	19,260

15.3 The effect of continuing pressures on Council services, loss in funding and the risk of non-delivery of savings that must be planned for means that there remains a residual gap of £13.025m in 2022/23 and £19.260m in 2023/24. The Council

will need to put in place a plan to address the 2022/23 gap by the end of the September 2021 to ensure a full year effect is achieved from 1 April 2022.

15.4 Directorates will continue to review the following areas to reduce costs:

- a) A review of contracts – the Council delivers a large share of its services through third party contracts. This includes a review of existing Council contracts to ensure that they provide value for money and that the service level within them is affordable, whilst maintaining quality service provision.
- b) A review of services. This means that there is a need to challenge current service provision and consider a range of delivery options and service levels.
- c) Review of the Council property portfolio. A substantial and increasing share of the Council's budget is taken up with servicing debt. The Council is identifying assets for disposal to reduce the heavy burden of debt repayments and to cover the cost of the capitalisation directive and MRP in 2021/22. The impact of Covid-19 has meant more staff working from home, questioning the need for overall office space. A rationalisation would lead to reducing the revenue costs of the operating buildings.
- d) A fundamental review of the Capital Programme; ensuring all proposed schemes have robust business cases and offer quantifiable service improvements and value for money.
- e) Income, review of fees and charges to ensure they at least match neighbouring boroughs and wider consideration of parking charges.

16 Chief Financial Officer's Robustness/S25 Report

16.1 The Section 151 Officer's report is set out as Appendix M to this report. In summary, the Section 151 Officer considers:

- a) the estimates in 2021/22 to be robust subject to the risks set out in the main report; and
- b) the level of reserves are currently barely adequate to cover unforeseen demands and will need to be increased going forward.

16.2 The MTFs is not currently sustainable and further action is urgently required to develop additional savings plans to reduce spending in 2022/23 and 2023/24.

16.3 Cabinet and the Corporate Management Team are committed to this work and realise that this remains an ongoing challenge for the Council that cannot wait until the next 2022/23 budget setting process but needs to start immediately.

16.4 The S151 Officer will closely monitor and report the delivery of the savings and the viability of further transformation plans to Cabinet as part of budget monitoring.

- 16.5 New items in the capital programme will be subject to further business cases, S151 Officer sign-off and Cabinet approval before proceeding.
- 16.6 To be clear, and to avoid any ambiguity, in the opinion of the S151 Officer the Council does not need to issue a S114 notice i.e. in the event that the Council does not have sufficient resources to fund its statutory duties, as it still holds a minimum level of reserves and its estimates are robust.
- 16.7 The Council is, like many authorities, in an extremely challenging financial position and is reliant on identifying significant savings and the results of the government's review of local authority funding, anticipated in 2021/22, in order to have a sustainable MTFS in the future.

17 Background Papers

- Revenue Budget Report to Full Council - February 2020
- Capital Strategy to Full Council - February 2020
- Treasury Management Strategy to Full Council - February 2020
- Q3 Revenue Monitoring Report to Cabinet - February 2021
- Interim MTFS Report to Cabinet - December 2020
- Council Tax Bases for 2021/22 to Cabinet - January 2021
- 2021/22 Housing Rents and Service Charges to Cabinet - January 2021
- Other working papers held within the finance service area

	Approved 2020/21 £'000	Proposed 2021/22 £'000	Proposed 2022/23 £'000	Proposed 2023/24 £'000
Base Position	121,270	124,983	133,574	134,952
Pay inflation and increments	1,200	770	1,700	1,700
Contract Inflation	1,940	1,832	2,000	2,000
Growth and Pressures	7,517	12,593	3,520	3,065
Savings Agreed	(7,955)	(15,576)	(4,933)	(3,064)
General Contingency		375	1,291	785
Corporate Items:				
Increased Pension Deficit		750	750	750
Covid Pressures Q1 2021-22		6,025	(6,025)	
Minimum Revenue Provision		5,106	1,113	354
Capitalisation of MRP (spread over 2 years)		(5,106)	1,962	4,611
Interest Payments	1,011	1,821	0	0
Total Forecast Expenditure	124,983	133,574	134,952	145,153
Council Tax Income	(60,921)	(60,847)	(63,920)	(67,284)
Council Tax Deficit		1,478	702	701
Local Council Tax Support Grant		(2,329)		
Business Rates - Local Share	(33,869)	(33,531)	(32,797)	(33,819)
Business Rates (Surplus)/Deficit	(1,970)	6,337	1,066	1,066
Collection Fund Compensation Grant		(1,141)	(1,141)	(1,141)
COVID General Grant - 21/22		(4,525)		
COVID - Income Grant - 21/22		(1,850)		
Revenue Support Grant	(6,222)	(6,257)	(6,351)	(6,478)
New Home Bonus	(2,261)	(1,095)	(547)	0
Social Care Grant	(2,883)	(3,333)	(2,883)	(2,883)
Public Health Grant	(7,569)	(7,535)	(7,535)	(7,535)
PFI Grant	(3,678)	(3,678)	(3,678)	(3,678)
Better Care Fund	(3,873)	(3,873)	(3,873)	(3,873)
Independent Living Fund	(315)	(317)	(317)	(317)
Lower Tier Services Grant		(272)		
LCTS Admin Support Grant	(166)	(166)	(166)	(166)
Housing Benefit Admin Support Grant	(486)	(486)	(486)	(486)
Total Estimated Funding Available	(124,212)	(123,420)	(121,926)	(125,893)
Current Budget Gap	771	10,154	13,025	19,260
Movement to / (from) of Reserves	(771)	2,046		
Capitalisation of Revenue Expenditure (MHCLG Directive)		(12,200)		
Budget Gap Adjusted for Mvmt to/(from) Reserves	0	0	13,025	19,260

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Appendix B - Summary of General Fund Revenue Budget 2021-22 by Directorate

Directorate	Approved Budget 2020-21 £'000	Pay Inflation £'000	Contract Inflation £'000	Growth and Pressures £'000	Corporate Adjustments £'000	Subtotal Other Movements £'000	Savings £'000	Proposed Budget 2021-22 £'000
Adults and Communities	51,424		1,104	3,812		4,916	(2,726)	53,614
Children, Learning and Skills	40,632		390	2,241		2,631	(274)	42,989
Finance and Resources	10,826		49	857		906	(1,410)	10,323
Place and Development	20,947		207	1,192		1,399	(2,315)	20,031
Regeneration	(886)		82	315		397	(2,052)	(2,541)
Chief Executive	1,123			0		0	0	1,123
Total Service Budgets	124,066	0	1,832	8,417	0	10,249	(8,777)	125,539
Capital Financing	917				1,821	1,821		2,738
Other Corporate Budgets	0	1,520		4,176	375	6,071	(6,799)	(728)
Contingency for Covid-related Costs	0				6,025	6,025		6,025
Total Corporate Budgets	917	1,520	0	4,176	8,221	13,917	(6,799)	8,035
Total Expenditure	124,983	1,520	1,832	12,593	8,221	24,166	(15,576)	133,574
Council Tax Income	(60,921)				74	74		(60,847)
Council Tax (Surplus) / Deficit	0				1,478	1,478		1,478
Local Council Tax Support Grant	0				(2,329)	(2,329)		(2,329)
Business Rates - Local Share	(33,869)				338	338		(33,531)
Business Rates (Surplus) / Deficit	(1,970)				8,307	8,307		6,337
Collection Fund Compensation Grant	0				(1,141)	(1,141)		(1,141)
COVID General Grant - 2021/22	0				(4,525)	(4,525)		(4,525)
COVID - Income Grant	0				(1,850)	(1,850)		(1,850)
Revenue Support Grant	(6,222)				(35)	(35)		(6,257)
New Home Bonus	(2,261)				1,166	1,166		(1,095)

Appendix B - Summary of General Fund Revenue Budget 2021-22 by Directorate

Directorate	Approved Budget 2020-21 £'000	Pay Inflation £'000	Contract Inflation £'000	Growth and Pressures £'000	Corporate Adjustments £'000	Subtotal Other Movements £'000	Savings £'000	Proposed Budget 2021-22 £'000
Other Government Grants:								
Social Care Grant	(2,883)				(451)	(451)		(3,333)
Public Health Grant	(7,569)				34	34		(7,535)
PFI Grant	(3,678)				0	0		(3,678)
Better Care Fund	(3,873)				0	0		(3,873)
Independent Living Fund	(315)				(2)	(2)		(317)
Lower Tier Services Grant	0				(272)	(272)		(272)
LCTS Admin Support Grant	(166)				0	0		(166)
Housing Benefit Admin Support Grant	(486)				0	0		(486)
Total Funding	(124,212)	0	0	0	792	792	0	(123,420)
Budget Gap	771	1,520	1,832	12,593	9,013	24,958	(15,576)	10,154
Movement (from) / to Reserves	(771)			771	2,046	2,817		2,046
Capitalisation of Revenue Expenditure (MHCLG Directive)	0				(12,200)	(12,200)		(12,200)
Budget Gap Adjusted	0	1,520	1,832	13,364	(1,141)	15,575	(15,576)	0

Appendix C - Growth, Pressures and Unachieved Savings

Directorate	Service	Description	2021/22 £'000	2022/23 £'000	2023/24 £'000	TOTAL £'000
<u>Growth and Pressures</u>						
Adults and Communities	Adult Social Care	Care Act Responsibilities	25	25	25	75
Adults and Communities	Adult Social Care	Demographic Growth	700	700	700	2,100
Adults and Communities	Adult Social Care	Contingency for ASC/Structural Deficit	2,000			2,000
Adults and Communities	Adult Social Care Operations	Transition of young people from children's services	70	250	230	550
Children, Learning and Skills	Children's Social Care	Regional Adoption Agency	40			40
Children, Learning and Skills	Home to School Transport	Structural Deficit	886			886
Children, Learning and Skills	SCST	Growth for Slough Children's Trust	1,315	400	400	2,115
Corporate	Movement to/(from) Reserves	Children's growth funded from overage in 2020/21	1,521			1,521
Corporate	Movement to/(from) Reserves	Remove contribution to reserves	(750)			(750)
Finance and Resources	Contingency	Growth contingency for future years		1,850	1,870	3,720
Finance and Resources	Finance	Remove SUR income from budget	750			750
Place and Development	Housing - TA	Housing Benefits Subsidy Gap	500			500
Place and Development	Planning	Unfunded posts - Planning income not achieved	542			542
Regeneration	Regeneration Development	Insurance and Maintenance Costs - Moxy Slough Hotel	65	295	(160)	200
TOTAL - GROWTH AND BUDGET PRESSURES			7,664	3,520	3,065	14,249
<u>Unachieved Savings</u>						
Adults and Communities	Communities and Lesiure	Revenue payback from capital investment	40			40
Adults and Communities	Corporate Budget	Leisure Services - Leisure Contract Management Contingency	745			745
Adults and Communities	Regulatory Services	Regulatory services becoming fully self funded	232			232
Corporate	Council-wide	Our Futures - Agency savings	750			750
Corporate	Council-wide	Our Futures - Recommissioning and reviews of major contracts	300			300
Corporate	Council-wide	Our Futures - School Effectiveness Review	180			180
Corporate	Council-wide	Our Futures - Customer & Accommodation	1,500			1,500
Corporate	Treasury - Interest Receivable	Increased income from Treasury Management	675			675
Finance and Resources	Finance	Policy Team Restructure	107			107
Place and Development	Neighbourhood Services	Housing Regulations Team - Business Development Manager	50			50
Place and Development	Strategic Housing Services	Private Sector Acquisition Team (Housing)	100			100
Regeneration	Planning and Transport	Traffic Enforcement Income	200			200
Regeneration	Regeneration Development	Regeneration - Income generation target	50			50
TOTAL - UNACHIEVED SAVINGS			4,929	0	0	4,929
GRAND TOTAL			12,593	3,520	3,065	19,178

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Appendix D - Savings

Ref	Directorate	Service	Savings Description	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000	Will require future Cabinet	Equality Impact Assessment Considerations
2122-079	Adults and Communities	Adult Social Care Operations	Transformation of Adult Social Care	1,445	2,767	2,291	6,503	Y	This service affects all adults. The high level savings proposals have been put forward by independent experts based on national benchmarking data and best practice. Detailed proposals will need to be prepared (and consulted on where necessary) and subject to Cabinet agreement before implementation.
2122-013	Adults and Communities	ASC Commissioning	Joint re-commissioning of Healthwatch contract	21			21		This service affects all characteristics but possibly the elderly and disabled may have more interactions with health and social care services. This proposal is to ensure a consistent approach across this part of the ICS footprint and will reduce overlap and duplication of resources. The aim of Local Healthwatch Service is to give citizens and communities a stronger voice to influence and challenge how health and social care services is working within their area.
2122-015	Adults and Communities	ASC Operations	Reduction of Deprivation of Liberty Safeguards (DOLS) Budget	40			40		The proposal to use internal staff to undertake one of the assessments in the majority of cases will enable SBC to meet its statutory duties. The legal duty to undertake DOLS Assessments remains in place irrespective of the level of the budget.
2122-016	Adults and Communities	ASC Operations	Remodel Day Services	350	150		500	Y	The users of the service, their Carers and the staff delivering the services, the attendees have at least 2 protected characteristics due to the type of service; age and disability. Slough is a diverse community and the diversity is reflected in the services, therefore race and religion and belief are also relevant for all parties. The alternative proposal will need to account for the additional aspects that support the attendees to engage, for example due to the diversity of the current staffing team; they are able to deliver the service in other languages, without the use of interpretation services. The team that supports the users will also need to be reflective of the diversity to ensure the additional support aspects are retained. Further consultation and agreement at Cabinet will be required before implementation.
2122-004	Adults and Communities	Communities and Leisure	Reduce budget provision for supported employment service	46			46		The Service will continue. Limited impact on clients
2122-005	Adults and Communities	Communities and Leisure	Creative Academy - to become fully self sustaining	10			10		Nil impact
2122-006	Adults and Communities	Communities and Leisure	Efficiencies arising from document storage control within Berkshire Joint Archive arrangement			75	75		Nil impact

Appendix D - Savings

Ref	Directorate	Service	Savings Description	2021/22	2022/23	2023/24	Total	Will require	Equality Impact Assessment Considerations
				£'000	£'000	£'000	£'000	future Cabinet	
2122-007	Adults and Communities	Communities and Leisure	Remodel library services using technological advancements	300			300	Y	This will require full consultation on proposals and agreement at Cabinet before the saving proposal is implemented
2122-001	Adults and Communities	Communities and Lesiure	Leisure Services - Leisure Contract Management savings		745		745		Nil impact
2122-017	Adults and Communities	Mental Health Services	Staffing efficiencies	64			64		Minimal impact
2122-018	Adults and Communities	Mental Health Services	Review of SLA - decrease contribution by 10%	22			22		Minimal impact
2122-032	Adults and Communities	Regulation	Reduction in commissioning budget of Young People's Service	22			22		Minimal impact
2122-033	Adults and Communities	Regulation	Reduction in YPS Supplies and Services Budget	50			50		Minimal impact
2122-034	Adults and Communities	Regulation	Libraries Publications	21			21		Minimal impact
2122-035	Adults and Communities	Regulation	Reduce Supplies & Services budget	20			20		Minimal impact
2122-036	Adults and Communities	Regulation	Remove budget for Divisional Mgmt-Fees-Project Work	40			40		Minimal impact
2122-002	Adults and Communities	Regulatory Services	Regulatory services becoming fully self funded		232		232		Minimal impact
2122-010	Adults and Communities	Regulatory Services	Community Safety Restructure	118			118		Part of Our Futures Transformation Programme
2122-011	Adults and Communities	Regulatory Services	Use PREVENT Reserve to fund Domestic Abuse and Exploitation Service for 1 year	49	(49)		0		Nil impact
2122-012	Adults and Communities	Regulatory Services	CCTV - Review service and seek increased partner funding contributions	109			109	Y	This service affects the whle community including businesses. Before implementation a full review of CCTV and Careline operations would be required Develop a stronger partnership approach with TVP re CCTV operations and effective use of limited resource Work through key agendas such as localities and safer communities to further promote Slough as a safe town and create approach to reduce fear of crime
2122-019	Children, Learning and Skills	Children, Learning and Skills	Transformation of Early Help Phase 2	150			150	Y	Transformation of the Early Help Service in conjunction with Slough Children First. Cabinet approval being sought.
2122-021	Children, Learning and Skills	Early Years	Early Years		188		188	Y	Transformation of the Early Years Service. Part of the Our Futures Transfomration Project. Staff and Unions consulted.
2122-020	Children, Learning and Skills	Schools Transport	Transformation of Slough (SBC) Passenger Travel and Transport	124	343	146	613	Y	It is proposed there is a fundamental service transformation over the next 2 years to fully implement a number of key initiatives including: a complex engagement and re-procurement of suppliers; a focus on more effective routing and most critically underpinning this transformation with a culture shift of user expectation away from door to door transport and towards a range of 'travel options' which will support independence. Cabinet consultation before savings implemented is likely to be required
2122-061	Corporate	Communications	Reduce Printing Services Budget	200			200		Nil impact
2122-072	Corporate	Corporate Management Team	Voluntary reduced staffing hours	300	250		550		Nil impact
2122-073	Corporate	Corporate Management Team	Reduce GF Overtime by 10%	100			100		Nil impact

Appendix D - Savings

Ref	Directorate	Service	Savings Description	2021/22	2022/23	2023/24	Total	Will require	Equality Impact Assessment Considerations
				£'000	£'000	£'000	£'000	future Cabinet	
2122-057	Corporate	Strategy & Innovation	Our Futures: Council-wide restructure.	3,500			3,500		This saving relates to the implementation of the Council's ongoing Council-wide restructure. Staff and Unions have been consulted.
2122-059	Corporate	Strategy & Innovation	Fees & Charges	80	80	80	240		Nil impact
2122-062	Corporate	Strategy & Innovation	Agency Savings	1,500			1,500		Nil impact
2122-070	Corporate	Strategy & Innovation	Rationalise vacancies following P2 restructure	1,119	(1,119)		0		Minimal impact
2122-077	Finance and Resources	Contract Management	Recommissioning and reviews of major commercial contracts	150	150		300		Nil impact
2122-024	Finance and Resources	Finance	Remove Contracted Services budget	57			57		Nil impact
2122-025	Finance and Resources	Finance	Remove Cash Collection budget as no longer needed	18			18		Nil impact
2122-064	Finance and Resources	Financial Management	DfE - SCST Costs (3 years only)	300		(300)	0		Nil impact
2122-048	Finance and Resources	Financial Reporting	Reduced Depreciation on DSO Vehicles (assumed 10 year life)	375			375		Nil impact
2122-063	Finance and Resources	Financial Reporting	Community Investment Fund	210			210		Nil impact
2122-023	Finance and Resources	People	Reduce training budget	200			200		Nil impact
2122-022	Finance and Resources	Treasury - Interest Receivable	Treasury Management Efficiencies	100			100		Nil impact
2122-031	Place and Development	Building Management	Landmark Place - Reduction in costs and move HRA to OH	600			600		Nil impact
2122-042	Place and Development	Building Management	Reflect actual Arbour Park Rental Income	80			80		Nil impact
2122-043	Place and Development	Building Management	Reactive Repairs - Corporate Buildings	18			18		Nil impact
2122-037	Place and Development	Environmental Services & DSO	Budget Adjustment to reflect rent not charged	103			103		Nil impact
2122-038	Place and Development	Environmental Services & DSO	Fall in price of diesel and petrol (2.5%)	34			34		Nil impact
2122-039	Place and Development	Environmental Services & DSO	Increase Weighbridge charges and collection charges	98			98		Nil impact
2122-065	Place and Development	Environmental Services & DSO	Grounds Maintenance recharge to HRA	129			129		Nil impact
2122-047	Place and Development	Environmental Services & DSO	Stop Green Waste for 3 months (Dec/Jan/Feb)	71			71		Minimal impact on residents
2122-040	Place and Development	Housing	Reduce Housing Incentive Payments budget by 50%	103			103		No impact on any protected group. The team must work harder with landlords to accept lower incentive payments and also work harder with those who approach us to find an alternative using their own resources (Increase the threshold of acceptance)
2122-041	Place and Development	Housing	Reduce Temporary Accommodation Budget by 18%	172			172		No impact on any protected group. This will require that the team ensure 100% recovery of Housing Benefit, that cheaper rents are negotiated, that spot night rates are used for the shortest period practicable – negotiating a cheaper long term rent at the property rather than keep paying the spot rate or moving the occupant to a cheaper long term let and by raising our acceptance threshold accepting only those approaches which we are strictly required to do by law
2122-067	Place and Development	Housing	Increase in Homelessness Prevention Grant for one year	857	(857)		0		Nil impact
2122-030	Place and Development	Neighbourhood Services	Housing Regulations Team - No appointment to Business Development Manager	50			50		Nil impact
2122-054	Regeneration	Corporate Landlord	Reduce external consultants project management support on RMI (Repairs Maintenance) and Small Sites work by utilising existing SBC staffing	250			250		Nil impact
2122-055	Regeneration	Corporate Landlord	Rent 3rd floor of Observatory House	75	300	150	525		Nil impact

Appendix D - Savings

Ref	Directorate	Service	Savings Description	2021/22	2022/23	2023/24	Total	Will require	Equality Impact Assessment Considerations
				£'000	£'000	£'000	£'000	future Cabinet	
2122-075	Regeneration	Highways & Transport	Street Advertising/Bus Shelter Advertising	75	175		250		This proposal relates to advertising on bus shelters and on non-highways. Nil impact
2122-053	Regeneration	Highways and Transport	Highways and Transport - Reduce expenditure on external contractors	195			195		
2122-052	Regeneration	Parking	Parking Income	208	200		408		This proposal reflects that all income generated must be set within the legal framework and not as an income generating activity
2122-051	Regeneration	Planning and Transport	Traffic Enforcement Income		200		200		This proposal reflects that all income generated must be set within the legal framework and not as an income generating activity
2122-076	Regeneration	Regeneration	Income Target from S106 receipts and Partner contributions	300	50	250	600		Nil impact
2122-078	Regeneration	Regeneration Delivery	Capitalise - Square Mile Expert Team	500			500		Nil impact
2122-050	Regeneration	Regeneration Development	Income from Car Park on TVU (reversal of prior year saving)		(100)		(100)		Nil impact
2122-068	Regeneration	Regeneration Development	Regeneration - Income generation for Moxy Hotel	179	821	447	1,447		Nil impact
2122-069	Regeneration	Regeneration Development	Holding costs - Stoke Wharf (3 years only)	270			270		Nil impact
2122-056	Regeneration	Planning & Transport	Delivery of the Local Plan (Reversal of 2020-21 Growth)		332		332		Nil impact
TOTAL - SAVINGS				15,576	4,933	3,064	23,573		
High Risk Savings Contingency				375	1,291	785	2,451		

Appendix E - Movements Since December 2020 Budget Report

	£'000	£'000
Budget Gap Reported December 2020		8,615
Correction to opening Base Position	771	
Pay inflation and Increments	70	
Contract Inflation	90	
New Savings Identified	(6,509)	
Contingency	375	
Additional Growth and Pressures	3,317	
Covid related Pressures	(1,475)	
Treasury Items	90	
Total Expenditure		<u>(3,271)</u>
Change in CT Income (reduction in CT Base)	400	
Local Council Tax Support Grant	(2,329)	
Change in Business Rates Forecast	217	
Collection Fund Spreading of Deficit	201	
Covid Grants	1,125	
Additional Grants	696	
Non use of Reserves	4,500	
Total Income		<u>4,810</u>
Current Budget Gap 2021/22		10,154
Movement to / (from) of Reserves		2,046
Capitalisation of Revenue Expenditure (MHCLG Directive)		(12,200)
Budget Gap Adjusted for Mvmt to/(from) Reserves		<u><u>0</u></u>

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Appendix F - Slough Borough Council Housing Revenue Account(HRA) Medium Financial Plan 2021-20 to 2022-23

	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000
Income				
(1) Rent Income - Dwellings	(32,179)	(32,788)	(33,285)	(33,951)
(2) Non Dwellings- Shops, Garages, etc	(1,568)	(1,575)	(1,582)	(1,589)
(3) Charges for Services & Facilities - Tenants & Leaseholders	(1,952)	(2,428)	(2,461)	(2,490)
Total Income	(35,699)	(36,790)	(37,328)	(38,029)
Expenditure				
(4) Repairs & Maintenance	8,551	8,765	8,984	9,209
Rents, Rates, Taxes and other charges	186	187	189	191
(5) Supervision & Management	8,744	9,032	9,339	9,653
(6) Special Services- Ground Maintenance, Building Cleaning,etc	2,346	2,492	2,517	2,542
(7) Increase/Decrease in Provision for Doubtful Debts	500	1,338	1,050	731
(8) Contingency Budget	3,500	3,500		
(9) Revenue Contributions to Capital	8,750	4,783	8,020	8,162
Total Operating Expenditure	32,577	30,097	30,100	30,488
Net Cost of Service before Interest Payable on HRA Debts	(3,122)	(6,694)	(7,228)	(7,542)
10) Interest Payable on HRA Debts	5,563	6,195	6,511	6,528
	5,563	6,195	6,511	6,528
Reserves				
11) HRA Revenue balance - Brought Forward	(13,419)	(10,978)	(11,477)	(12,193)
Transfer from Reserve	2,441	(499)	(717)	(1,014)
Housing Revenue Deficit/(Surplus)	(0)	0	0	0
Balance - Carried Forward	(10,978)	(11,477)	(12,193)	(13,207)

Notes

- (1) Dwelling rents are assumed to increase by 1.50% in line with the Rent Regulation determination
- (2) Non Dwellings- Shops, Garages are assumed increase in line with Sept 2020 CPI inflation of 0.5%
- (3) Service charges are assumed to increase in line with September 2020 CPI inflation
- (4) Repairs & Maintenance are assumed to increase by 2.5% in with 30 year HRA Business Plan assumptions
- (5) Supervision & Management General relate to staff cost and operational cost. Staff salaries are assumed to increase by 2% in 2021/22 and 22/23
- (6) Special Services- Ground Maintenance, Building Cleaning,etc are assumed to increase by Sept 2020 CPI inflation of 0.5%
- (7) The bad debt provision is assumed to increase to 4% of rental income in 2021/22 based expected increased risk of higher rent arrears due the impact of Covid-19; and reduced to 3% in 2022/23 and 2% in 2023/24 to reflect target improvement
- (8) This a contingency budget includes £1.5m for potential claims for compensation to tenant re water commission
- (9) Revenue Contributions to capital, this relates to funding of HRA Capital Programme
- (10) The debt costs are based upon the assumption that new housing is funded through a increase in borrowing at 1.59% and £2m for potential pension liability relating to the RMI contract
- (11) The HRA accounts for 2018-19 and 2019/20 are still subject to audit and therefore the HRA reserves are provisional and may be subject to further changes

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Appendix G - Summary of Estimated Reserve Movements 31.03.20 to 31.03.24

	Balance 31.03.2020 £'000	Movement in Year £'000	Balance 31.03.2021 £'000	Movement in Year £'000	Balance 31.03.2022 £'000	Movement in Year £'000	Balance 31.03.2023 £'000	Movement in Year £'000	Balance 31.03.2024 £'000
General Fund Balance	(8,173)		(8,173)		(8,173)		(8,173)		(8,173)
Housing Benefits	(150)		(150)		(150)		(150)		(150)
Directorate Carry Forwards	(620)	620	0		0		0		0
Capital Fund	(200)		(200)		(200)		(200)		(200)
Housing Renewals Reserve	(91)		(91)		(91)		(91)		(91)
Trading Accounts	(79)		(79)		(79)		(79)		(79)
Proceeds of Crime Reserve	(125)		(125)		(125)		(125)		(125)
Better Care Fund	(399)		(399)		(399)		(399)		(399)
EU Exit Funding	(410)		(410)		(410)		(410)		(410)
Financial Volatility Reserve	(648)	15	(633)		(633)		(633)		(633)
Railway Project	(120)		(120)		(120)		(120)		(120)
Events	(70)		(70)		(70)		(70)		(70)
Community Cohesion	(56)		(56)	48	(8)		(8)		(8)
Restructuring Reserve	(207)		(207)		(207)		(207)		(207)
DAAT Lease Reserve	(70)		(70)		(70)		(70)		(70)
*Future Budget Requirements	(756)	282	(474)	(2,046)	(2,520)	0	(2,520)	0	(2,520)
Grants - Adults and Communities	(16)		(16)		(16)		(16)		(16)
Grants - Finance and Resources	(3,406)	3,406	0		0		0		0
Grants - ECS	(26)		(26)		(26)		(26)		(26)
Grants - Place and Development	(126)		(126)		(126)		(126)		(126)
SUR - Projected Surplus			0	(1,035)	(1,035)	(3,135)	(4,170)	(3,234)	(7,404)
Total of Earmarked Reserves	(15,748)	4,323	(11,425)	(3,033)	(14,458)	(3,135)	(17,593)	(3,234)	(20,827)
Total General Fund Revenue Reserves	(15,748)	4,323	(11,425)	(3,033)	(14,458)	(3,135)	(17,593)	(3,234)	(20,827)
HRA Reserves	(13,419)	2,441	(10,978)	(499)	(11,477)	(717)	(12,193)	(1,014)	(13,207)

Appendix G - Summary of Estimated Reserve Movements 31.03.20 to 31.03.24

*Future Budget Requirements	31.03.2020	in Year	31.03.2021	31.03.2022
2020/21	£'000	£'000	£'000	£'000
B/Fwd balance	(756)			(756)
Used to Balance 2020/21 Budget		756		756
2020-21 Underspend		(2,874)		(2,874)
Children's Trust Deficit		2,400		2,400
Balance 31.03.21	(756)	282	0	(474)
				0
2021/22				0
MHCLG Capitalisation to Fund Children's Trust Deficit			(2,046)	(2,046)
Balance 31.03.22	(756)	282	(2,046)	(2,520)

Flexible use of Capital Receipts Strategy

Purpose

1. This strategy sets out Slough Borough Council's approach to the use of the Government's Direction for the Flexible Use of Capital Receipts, in accordance with Section 15(1) of the Local Government Act 2003.

Background

2. In accordance with Section 15(1) of the Local Government Finance Act 2003, the Secretary of State is empowered to issue Directions allowing revenue 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.
3. The Secretary of State for Communities and Local Government first issued guidance in March 2016, giving local authorities greater freedoms with how capital receipts can be used to finance expenditure. This guidance, updated in 2017, allows for the following expenditure to be treated as capital, *"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."*
4. The guidance sets out that there are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:
 - Investment in service reform feasibility work, e.g. setting up pilot schemes;
 - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
 - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
 - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
 - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and
 - Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.
 - Other non-specified saving initiative
5. In January 2021, the Secretary of State announced, alongside the local government finance settlement 2021/22, the continuation of the capital receipts flexibility programme for a further 3 years (i.e. until and including 2023/24).

6. The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.
7. In order to comply with the 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. This document fulfils that requirement

Previously agreed projects

8. Officers have assessed the impact of expenditure to date on the current programme, in Annexe H (a) of this strategy.
9. For the purposes of this analysis and in accordance with the guidance:
 - Cashable savings – are deemed to be ongoing savings where sufficient costs are mitigated allowing future cash limits in service area budgets to be reduced in anticipation of these savings being realised; and
 - Non-cashable savings – are deemed to result in a reduction in demand for services in future years.

Future projects

10. Annexe H (b) sets out the projects currently underway and those programmed for 2021/22. The Council has three main strands to its current Transformation Activity:
 - **Our Futures:** We are committed to becoming a world class organisation and are changing the way we work – how we operate, our tools and our culture in order to provide a sustainable service to our customers into the future.
 - **Financial Excellence:** In these challenging financial times we are designing and implementing a range of world class financial controls to ensure that every penny counts.
 - **Integrating Public Services and Transforming Service Delivery:** Efficiently supporting the most vulnerable in our society through transformed service delivery.
12. The Council's Strategic Finance Board, which meets on a monthly basis, will be responsible for overseeing the Transformation Fund programme throughout 2021/22. Any Business Cases for future projects will be agreed at Corporate Management Team and subsequently reported to Council, in line with Government guidance.

13. The implications of adopting this strategy and its impact on the prudential indicators are considered as part of the Capital Strategy report on this evening's agenda. The adoption of this strategy does not breach any of the Council's prudential indicators.

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TRANSFORMATION FUND - SAVINGS SCHEDULE

Transformation Fund	SAVINGS 2017/18		SAVINGS 2018/19		SAVINGS 2019/20		SAVINGS 2020/21		SAVINGS 2021/22		SAVINGS Cumulative Total		Total Benefit £m	Expenditure			
	Non		Non		Non		Non		Non		Cash	Non Cash		16/17	17/18	18/19	19/20
	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m	Cash £m							
3rd & 4th Tier Restructures									3.500		3.500	0.000	2.686			0.100	0.714
Adult Social Care Reform		2.000		2.000		1.000			1.700		1.700	16.000	16.380	1.046			0.274
Agility - SCST		0.299		0.299		0.299		0.299		0.299	0.000	3.289	2.635	0.654			
Arvato Client Monitoring Resource					0.250						0.500	0.000	0.391		0.109		
Bus Lane Cameras								0.500		0.200	0.000	0.700	0.550			0.050	0.100
Capita Transformation Project				0.150							0.000	0.450	0.329			0.121	
Cemetery & Crematorium - Improvements						0.400					0.000	0.800	0.349			0.323	0.128
Children Learning & Skills					0.170	0.300	0.330	0.200	0.150	0.100	0.820	0.900	(0.796)			1.500	1.016
Council Tax and NNDR Collection			0.600								1.800	0.000	1.620	0.180			
Counter-Fraud Invest to Save				0.400	0.100		0.500				0.700	1.200	1.758		0.042		0.100
Customer & Accommodation									0.600		0.600	0.000	(1.922)			0.300	2.222
Demand Management Initiatives - SCST		2.000		2.000		2.000		2.000		2.000	0.000	22.000	15.324	2.469	3.707	0.500	
Development of Housing Company		0.200		0.200	0.200						0.400	1.400	1.699	0.055	0.046		
Development of commercial income	1.000		1.000		1.650						10.300	0.000	10.240	0.060			
Economic Development		0.080									0.000	0.320	0.280		0.040		
Commercial Contract Reviews							1.200				1.200	0.000	1.020				0.180
Head of Customer and Digital/Business Analysts											0.000	0.000	(0.337)	0.126	0.211		
Homelessness Prevention Strategy				0.300		0.300					0.000	1.500	0.887		0.100	0.513	
Housing Regulations Team - Business Dev. Manager				0.100							0.000	0.300	0.224	0.076			
Innovation Bids - SCST					0.843	0.969	0.378	0.227	0.276	0.203	2.340	2.368	2.710			1.998	
Insourcing Environmental Services				1.000	1.200						2.400	3.000	4.594	0.130	0.676		
Landlords Registration/HMO Licensing				0.050		0.050					0.000	0.250	0.167			0.050	0.033
Private Sector Acquisition Team (Housing)				0.200	0.100						0.200	0.600	0.394		0.406		
Recommissioning of major contracts					0.500	0.200	0.300		0.300		1.600	0.400	1.013	0.703	0.284		
Senior Management Restructure			0.640								1.920	0.000	0.017		0.467		1.436
Slough Academy - Reduce Agency Spend					0.500		0.750		0.750		2.500	0.000	1.741			0.150	0.609
Reducing Youth Homelessness									0.050		0.000	0.050	0.020				0.030
Public Health Research								0.025			0.000	0.025	0.017				0.008
Town Centre Improvements						1.000					0.000	2.000	1.338			0.475	0.187
Upgrade to APAS						0.100		0.100			0.000	0.300	0.264		0.036		
Waste & Environment Insourcing - Pump Prime Sales					0.150		0.285				0.585	0.000	0.085			0.200	0.300
	1.000	4.579	2.240	6.699	5.513	5.518	2.708	3.226	6.526	2.802	29.980	55.477	62.212	5.499	6.124	6.280	7.337

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Flexible Capital Receipts Strategy

Annexe H (b)

Line	Saving Description	Saving Amount £'000	Resource Required	2020/21 £'000	2021/22 £'000	Total £'000
OUR FUTURES						
1			HR transformation project team	130	65	195
			HR Business Partner (BC)			
			HR Officer (SB)			
2			South East Employers (SEEMP) - Admin Review (Consultancy one-off Fee)	38	0	38
3			Training workshops to support staff through transformation	129	0	129
4			50% funding of Education Manager (SH)	37	0	37
5	Council-wide restructure	3,500	Gate One Consultancy	1,537		2,037
6			Director of Transformation (IC)	192	44	236
7			Osborne Thomas Consultants - Phase 1 Restructure	94		94
8			Redundancy costs Phase 1	753		753
9			Redundancy costs Phase 2 and Budget to complete remaining Transformation Programme		1,975	1,975
10			Customer & Accommodation Facility Officer (AW)	22		22
11			Customer Service Subject Matter Expert (VP)	94		94
12			Culture Change Contingency		500	94
13	Reduce Agency Spend	1,500	Interim Project Manager (ST)	300	300	600
			12 month apprentices initial costs (£100K)			
			Cornerstone Training IT Platform (£40K)			
14	Transformation of Adult Social Care	1,445	Consultancy and Delivery Support	26	350	376
Financial Excellence						
15	Cross-cutting - Delivery of Savings Programme	15,976	Fundamental review of Council's Financial Governance and Controls		350	350
16	Cross-cutting - Delivery of Savings Programme		Fundamental review of Council's financial reporting and monitoring arrangements		350	350
17	Equitable Contractual Arrangements	1,500	Legal advice on seeking recompense for historic contract underperformance	200	150	350
18	Procurement & Contract Management Improvements	1,200	Consultants supporting setup of World Class contract procurement and contract management arrangements	500	320	820
19	Recommissioning and reviews of major commercial contracts (21/22)	300	Consultancy project to analyse and assess savings opportunities from existing commercial contracts	10		10
20	Recommissioning Contracts	1,200	Consultancy project to support transition of staff back to Council from Private Sector Transactional Services Provider	57		57
Integrating Public Services and Transforming Service Delivery						
21	Home to School Transport	613	Consultancy and Training to achieve cross-cutting efficiencies		147	147
22	SCST - Improvement	0	Trust/Young People's Advisor	40		40
23	SCST - Improvement		Children's Trust - Innovate Team to reduce demand at Front Door	163		163
24	Temporary Accommodation - Reduce Demand	0	Funding for SBC Housing Company Set-up (DISH)	80		80
25	Savings Programme	15,976	Contingency		500	500
TOTAL PROJECTS				4,402	4,551	9,047

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Appendix J – Council Tax Resolution

The Council is required to calculate and set its Council Tax for 2021/22 as required by law by 11th March in the preceding financial year to the year in which the charges will be made.

Recommendations:

- 1) An increase in the Council's element of the Council tax for a band D property by £70.83 for 2021/22, giving a band D Council Tax of £1,490.30 per year, excluding the precepts from Police, Fire and parishes.
- 2) This equates to an increase in the Council's general band D Council Tax by 1.99%, the maximum permitted without a referendum as previously planned; and an increase in the Council's Adult Social Care Precept by 3.00% as confirmed by Government in the Final Local Government Settlement.
- 3)
 - (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 2022 is as specified below and that the Council Tax be levied accordingly.
 - (b) That it be noted that at its meeting on 18th January 2021 Cabinet calculated the following Tax Base amounts for the financial year 2021.22 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:
 - (i) 40,828.7 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 2021/22; and
 - (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2021/22:

Parish of Britwell	810.4
Parish of Colnbrook with Poyle	1,830.3
Parish of Wexham Court	1,348.3
 - (c) That the following amounts be now calculated for the year 2021/22 in accordance with sections 31A to 36 of the Act:
 - (i) £337,395,174 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) £276,362,918 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) £61,032,256 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) £1,494.84 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 2021/22 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £185,244 representing the total of Parish Precepts for that year.
- (vi) £1,490.30 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	993.53	39.93	37.51	16.67
B	1,159.12	46.58	43.77	19.44
C	1,324.71	53.24	50.02	22.22
D	1,490.30	59.89	56.27	25.00
E	1,821.48	73.20	68.77	30.56
F	2,152.66	86.51	81.28	36.11
G	2,483.83	99.82	93.78	41.67
H	2,980.60	119.78	112.54	50.00

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 2021/22 (excluding Parish precepts) is £60,847,012.
- (ix) That it be noted that for the year 2021/22 that the Thames Valley Police Authority precept will increase by £15 for a Band D property. The Police &

Crime Panel at its meeting on 29th January 2021 endorsed the PCC's proposed 6.94% increase in the Police element of Council Tax for 2021/22. 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	154.19
B	179.88
C	205.58
D	231.28
E	282.68
F	334.07
G	385.47
H	462.56

- (x) That it be noted that for the year 2021/22 the Royal Berkshire Fire Authority has proposed increasing its precept by 1.99% in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority £
A	45.97
B	53.63
C	61.29
D	68.95
E	84.27
F	99.59
G	114.92
H	137.90

The proposed precept will be considered by the Royal Berkshire Fire Authority at its meeting on 17th February 2021 and therefore may be subject to change.

- (xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council for 2021/22 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	993.53	154.19	45.97	1,193.69
B	1,159.12	179.88	53.63	1,392.63
C	1,324.71	205.58	61.29	1,591.58
D	1,490.30	231.28	68.95	1,790.53
E	1,821.48	282.68	84.27	2,188.43
F	2,152.66	334.07	99.59	2,586.32
G	2,483.83	385.47	114.92	2,984.22
H	2,980.60	462.56	137.90	3,581.06

With the parish precepts, the Council Tax will be:

Band	Slough Unparished	Parish of Britwell	Parish of Colnbrook with Poyle	Parish of Wexham Court
	£	£	£	£
A	1,193.69	1,233.62	1,231.20	1,210.36
B	1,392.63	1,439.21	1,436.40	1,412.07
C	1,591.58	1,644.82	1,641.60	1,613.80
D	1,790.53	1,850.42	1,846.80	1,815.53
E	2,188.43	2,261.63	2,257.20	2,218.99
F	2,586.32	2,672.83	2,667.60	2,622.43
G	2,984.22	3,084.04	3,078.00	3,025.89
H	3,581.06	3,700.84	3,693.60	3,631.06

- (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, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2021/22, Statutory Resolution and council tax levels.

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Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Service	Fee Description		2020/21	2021/22
Sports Pitches	Adult Football	Single game	£68.50	£70.00
	Child Football	Single game	£39.81	£40.50
	Adult Cricket	Single game/midweek	£77.47	£78.80
Allotments	Allotments	Average fee	£5.43	£5.50
Development Management Pre-Application Fees	Householder Extensions desktop		£85.00	£100.00
	Householder Extensions desktop - follow up		£50.00	£100.00
	Householder Extensions full assessment exc. Meeting		£145.00	£150.00
	Householder Extensions full assessment exc. Meeting - follow up		£85.00	£100.00
	Householder Extensions full assessment incl meeting		£175.00	£200.00
	Householder Extensions full assessment inc. meeting - follow up		£130.00	£150.00
	Residential Development			
	1 dwelling		£345.00	£360.00
	1 dwelling - follow up		£275.00	£300.00
	2-4 dwellings		£950.00	£1,000.00
	2-4 dwellings - follow up		£650.00	£700.00
	5-8 dwellings		£1,600.00	£1,650.00
	5-8 dwelling - follow up		£1,200.00	£1,200.00
	9-14 dwellings		£1,900.00	£2,000.00
	9-14 dwellings - follow up		£1,500.00	£1,500.00
	15-20 dwellings		£2,200.00	£2,250.00
	15-20 dwellings - follow up		£1,600.00	£1,600.00
	21-30 dwellings		£2,600.00	£2,800.00
	21-30 dwellings - follow up		£2,200.00	£2,200.00
	31-49 dwellings		£3,000.00	£3,200.00
	31-49 dwellings - follow up		£2,500.00	£2,500.00
	50-149 dwellings		£4,500.00	£5,000.00
	50-149 dwellings - follow up		£3,000.00	£3,000.00
150+ dwellings (plus £1,260 per additional meeting)		Planning Performance Agreement – bespoke fee	Planning Performance Agreement – bespoke fee	
Up to 100sqm		£165.00	£200.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Development Management Pre-Application Fees	Up to 100sqm - follow up		£115.00	£115.00
	101-249sqm		£300.00	£300.00
	101-249sqm - follow up		£250.00	£250.00
	250-499 sqm		£650.00	£700.00
	250-499sqm - follow up		£450.00	£450.00
	500- 999 sqm		£1,000.00	£1,100.00
	500-999 sqm - follow up		£650.00	£700.00
	1000-2000sqm		£1,500.00	£1,500.00
	1000-2000sqm - follow up		£1,100.00	£1,100.00
	2001-5000sqm		£3,000.00	£3,200.00
	2001-5000sqm - follow up		£2,000.00	£2,000.00
	5001-9999sqm		£4,500.00	£5,000.00
	5001-9999sqm - follow up		£3,000.00	£3,000.00
	10,000+ sq.m (£980 per additional meeting)		Planning Performance Agreement – bespoke fee	Planning Performance Agreement – bespoke fee
	Other services - change of use of land and buildings		£500.00	£650.00
	Trees and landscaping		£175.00	£190.00
	Works to TPO trees/Conservation		£175.00	£190.00
	Advertisements		£115.00	£130.00
	Non-material amendments		£115.00	£125.00
	Approval of details / clearance of planning conditions		£75.00 per condition	£80.00 per condition
Variation of conditions		£75.00 per condition	£80.00 per condition	
Extensions / Alterations to listed buildings		£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis by external provider.	£60.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis by external provider.	
Local Community Group		£120.00	£125.00	
Telecoms		£500.00	£550.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Development Management Pre-Application Fees	Pre-application Advice – Minerals & Waste		£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis.	£60.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis.
	Specialist Advice		£50.00 admin fee to write instructions to obtain specialist advice. Specialist advice fee on a case by case basis.	£60.00 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		£300.00	£350.00
	Planning History Search		£100.00 per hour	£110.00 per hour
	Planning Decision Notice		£15.00	£18.00
	Administration fee - planning application validation		25% (to be deducted from the planning application fee for an invalid application)	25% (to be deducted from the planning application fee for an invalid application)
	Discharge of obligations		£175.00	£200.00
	Dropped kerb - is planning permission		£75.00	£80.00
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	£5.00	£5.00
	Home Care / Direct Payments		Assessed charge	Assessed charge
	Respite		Assessed charge	Assessed charge
	Residential / Nursing Care		Assessed charge	Assessed charge
	Day Care		£43.95	£44.79
	Day Care OP and Adults	Other LA	£67.85	£69.00
	Day Care LD	Other LA	£91.19	£92.75
	Refreshments at day centre		£1.11	£1.15
Libraries	Book (incl those with CD Rom)		Free	Free

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
	Hire Charges (For 3 Weeks)	Audio books	Free	Free
		Children's audio books	Free	Free
		E books (incl E audio)	Free	Free
	Reservations and Requests	Adults books (If in stock)	£0.50	£0.50
		Children's books (under 14) (If in stock - 2 books per visit, 25p each for more)	Free	Free
		Per book From interlibrary loan scheme (SELMS) (Adult Books)	£3.00	£3.05
		E books and E audio	Free	Free
	Overdue Charges	Adult Books (Per day the library is open, capped at £5 per item)	£0.15	£0.15
		Children's books (14+) (Per day the library is open, capped at £1.50 per item)	£0.05	£0.05
		Children's books (under 14)	Free	Free
		Children's books on adult cards (Per day the library is open, capped at £0.50 per item)	£0.05	£0.05
		Notice For overdues - post	n/a	n/a
		Notice for overdues - email	Free	Free

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
Libraries	Lost and Damaged	Books in print per item (all books)	Full cost	Full cost	
		Books out of print per item	£15.00	£15.30	
		Audio books per item	Full cost	Full cost	
		Readers Cards - Adults per card	£2.00	£2.03	
		Readers Cards - Children (under 15) per card	Free	Free	
	Photocopying (per sheet)	A4	£0.20	£0.20	
		A3	£0.40	£0.41	
		Colour A4	£0.50	£0.50	
		Colour A3	£1.00	£1.00	
	Computer Print Outs (per sheet)	Black and white A4	£0.30	£0.31	
		Black and white A3	£0.50	£0.50	
		Colour A4	£0.50	£0.50	
		Colour A3	£1.00	£1.02	
	Enforcement Agents (Bailiffs)	Fixed Fee	Passed to Enforcement Agent and letter sent		
		Enforcement visit	Plus 7.5% of balance above £1,500		
		Controlled Goods Agreement	Plus 7.5% of balance above £1,500		
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	£462.00	£470.00	
		Saturdays	£535.00	£535.00	
		Sundays	£700.00	£700.00	
	Notice Admin fee per notice	Out of hours admin fee evenings and Saturdays	£28.00	£28.00	
	Rescheduling Fee		£28.00	£28.00	
	The Elizabeth Room	Mon - Thurs	£175.00	£178.00	
		Fridays	£200.00	£203.00	
		Weekday Evening		£300.00	
Saturday		£300.00	£300.00		
Sunday		£500.00	£500.00		
Religious Buildings		£84.00	£84.00		
Citizenship Ceremony	Individual - midweek		£130.00	£130.00	
	Individual - Saturday		£180.00	£180.00	
Renewal of Marriage Vows / Baby naming ceremonies		Weekdays	£175.00	£178.00	
		Saturday	£273.00	£273.00	
		Sunday	£417.00	£417.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Approved Premises Licence	5 years		£3,242.00	£3,242.00
	Renewal		£2,366.00	£2,366.00
Burials and Cremations	<u>Slough Cemetery</u>			
	Purchase of a new grave Slough Res		£1,010.00	£1,025.00
	Purchase of a new grave Non Slough Res		£2,165.00	£2,200.00
	Digging fees (new graves)	Slough Res	£810.00	£825.00
	Digging fees (new graves)	Non Slough resident 8' 6"	£1,620.00	£1,650.00
	Digging fees (new graves)	Slough resident 6' 6"	£720.00	£730.00
	Digging fees (new graves)	Non-Slough resident 6' 6"	£1,440.00	£1,460.00
	Digging fees (new graves)	Slough resident 4' 6"	£720.00	£730.00
	Digging fees (new graves)	Non-Slough resident 4' 6"	£1,440.00	£1,460.00
	Casket additional fee	Slough resident	£205.00	£208.00
	Casket additional fee	Non-Slough resident	N/A	N/A
	Digging fees (re -opening)	Slough resident 8' 6"	£1,280.00	£1,300.00
	Digging fees (re -opening)	Non-Slough resident 8' 6"	£2,550.00	£2,600.00
	Digging fees (re -opening)	Slough resident 6' 6"	£730.00	£740.00
	Digging fees (re -opening)	Non-Slough resident 6' 6"	£1,460.00	£1,480.00
	Digging fees (re -opening)	Slough resident 4' 6"	£730.00	£740.00
	Digging fees (re -opening)	Non-Slough resident 4' 6"	£1,460.00	£1,480.00
	Weekend and bank holiday	extra fee - Slough Res	£1,280.00	£1,300.00
	Weekend and bank holiday	extra fee - Non- Slough Res	£2,005.00	£2,040.00
	Public Graves (stillborn to Age 17)	Slough resident	£325.00	£330.00
	Public Graves (Adult)	Slough resident	£625.00	£635.00
	Children's Section	Exclusive right for 50 years	£480.00	£490.00
		Slough Resident	£320.00	£325.00
Non-Slough Resident		£640.00	£650.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Burials and Cremations	Cremated Remains Graves	Exclusive right for 50 years	£670.00	£680.00
		Slough Resident	£320.00	£335.00
		Non-Slough Resident	£640.00	£670.00
		Interment booked by F/D without attendance Slough Resident	£370.00	£375.00
		Interment booked by F/D without attendance Non-Slough Resident	£740.00	£750.00
	Use of chapel for burial service		£240.00	£248.00
	Transfer / Assign Deed		£88.00	£89.00
	Copy Deed		£51.00	£52.00
	Permit - right to erect memorial	additional inscription / kerbset	£155.00	£158.00
	Chamber		£2,350.00	£2,350.00
	Direct Cremation No Chapel	Slough Resident	£580.00	£405.00
	Direct Cremation No Chapel	Non Slough resident	£610.00	£405.00
	<u>Slough Crematorium</u>			
	Cremation Fee - resident	Includes organist, medical referee, environment fees	£820.00	£835.00
	Cremation Fee - non resident	As above	£850.00	£835.00
	Cremation Fee - under 17	As above	Free	Free
	Cremation Fee - Saturday, resident	As above	£1,010.00	£1,300.00
	Cremation Fee - Saturday, non resident	As above	£1,060.00	£1,300.00
	Double Service Time		£240.00	£245.00
	Late cancellation		£51.00	£52.00
	Use of chapel for burial service		£240.00	£245.00
	Bearer		£33.00	£34.00
	Drop off coffin prior to service		£66.00	£67.00
	Scattering of remains at weekends		£66.00	£67.00
	Scattering of remains at weekends - other cremations		£85.00	£86.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Certificates	Births, Deaths and Marriages	On day of registration	£11.00	£11.00
		From current registers after the date	£11.00	£11.00
		From completed registers	£11.00	£11.00
	Civil Partnerships	On day of registration	£11.00	£11.00
		After day of registration	£11.00	£11.00
	Posted certificates -extra cost		£3.00	£3.00
	Premium Service	Within 24 hours	£35.00	£35.00
	Family personal history search	For 6 hours	£18.00	£18.00
Nationality Checking Service (Assistance in applying for British Citizenship)	Weekdays - Adults		n/a	n/a
	Weekdays - Minors		n/a	n/a
	Weekends - Adults		n/a	n/a
	Weekends - Minors		n/a	n/a
	Admin Fee	Incomplete paperwork	n/a	n/a
Court Summons	Council Tax		£108.00	£108.00
	Business Rates		£182.00	£182.00
Bulky Waste	Up to 5 items (Minimum £15)		£31.00	£35.00
Highways	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.
	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
	Sample Inspections	Per Inspection	£50.00	£50.00
		Per Defect	£50.00	£50.00
		Coring (per core)	£130.00	£130.00
	Occupation of the Highway (For storage/machinery/etc to aid private construction off the public highway)	Technical/ Admin/ Inspection/ Legal Fees		£250-£800 (Per month)

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Highways	Section 116/117 - Stopping up of the Highway	Technical/Admin/Inspection/Legal & Court Fees	£5,000.00	£5,150.00
	Developer Fees – Section 38/278 Agreements and Minor Highway Works Agreement	Inspection (Highway Works)	10% of works cost (£2000 min)	13% of works cost (£2000 min)
		Inspection (Statutory Undertakers)	1-3% value of works	2-5% value of works
		Safety Audit Review	£600-£2000	£620-£2060
		Approval of TM Plans	£200-£2000	£205-£2050
	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 Unit Soakaway - Non Standard or over 3m dia		P.O.A.
		Per Unit Catchpit		£300.00
		Per Unit Swales/Balancing Pond/SuDs Systems		P.O.A.
		Petrol/Oil Interceptor - Per Unit		P.O.A.
		Flow Control Device - Per Unit		P.O.A.
		Per m2 of Cycleway or segregated footway/cycleway		£60.00
		Per m2 of Anti-Skid	£300.00	£300.00
		Per m2 of Block Paving - Conventional		£175.00
		Per m2 of Permeable Block Paving		£195.00
		Per m2 of High PSV PMB Carriageway +£15m2 over C/way		£180.00
		Per controlled crossing unit (Headed Pole)	£10,000.00	£10,000.00
		Per traffic signal unit (Headed Pole)	£15,000.00	£15,000.00
		Traffic Signal Pole - Extra Height + £ per pole		£1,000.00
	Traffic Signal Pole - Cantilever +£ per pole		£3,000.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
		Per Pole -Zebra Crossing - (Including floodlight & belisha beacon)		£6,000.00
		Per Street Lighting column	£2,000.00	£2,000.00
Highways	Commuted Sums - Section 38/278 Agreement and Minor Highway Works Agreement - OVER 40 YEAR LIFE	Per Unit -Non-illuminated sign/Traffic bollards		£300.00
		Per Unit - CCTV Cameras		£10,000.00
		Variable message sign		£5,000.00
		Bollards - Metal		£280.00
		Bollards - Timber		£450.00
		Bins - (Depending on design, location & collection frequency)		£1,000-£5,000
		Bus stops - with shelter (depending on size & design)		P.O.A.
		Bus stops - without shelter with RTPI flag		£750.00
		-Structures (bridges/retaining walls/etc)		P.O.A.
		AQ real time monitoring equipment (highway cabinet)		£25,000.00
		AQ Sensor (lamp post mounted)		£5,500.00
		Ultra rapid charger (125kW) and bay		£25,000.00
		-Rapid charger (50kW - 125 kW) and bay		£17,500.00
		Fast charger (7kW - 22kW) and bay		£10,000.00
		On-Street resident lamp post EV charger		£8,000.00
		EV car club bay and EVCP (per space)		£14,000.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
		Cycle parking/Sheffield stands (per space)		£200.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Highways	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	£500 min
		Admin Fee	£150.00	£155.00
		Annual Fee	£300 min	£300 min
	Basic Search LLC1 & Con 29R		£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/question)	£12.00	£12.00
	Any additional enquiry (each)		£20.00	£20.00
	Extra parcels of land (each)		£15.00	£15.00
	Extra parcels of land (each) LLC1		£5.00	£5.00
	Inspection of land chgs register		free	free
	Copy of the Register		£1.00	£1.00
Selective Licence	(Houses with one family or two people who aren't related)	Part A	£200	£200
		Part B	£300	£300
Multi Occupancy Home Licences (HMO)	Initial Fee for 5 bedrooms or less	PART A	£450	£450
		PART B	£300	£300
	For houses that have over 6 rooms:	Additional Charge (per room)	£30	£30
Licences and Registrations	Sex Establishments (cinema, shop, entertainment venue)	Annual / Variation (per license)	£2,606.00	£2,606.00
		Minor Variation or Transfer (per license)	£685.00	£685.00
	Street Trading - Town Centre (per stall)	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	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Licences and Registrations	Street Trading - All other areas (per stall)	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 (per trader)	For 6 months	£500.00	£500.00
		For 1 month	£100.00	£100.00
	Ear Piercing, Electrolysis, Tattooing & Acupuncture (per trader)		£252.00	£252.00
	Hairdressers and Barbers (per trader)		£57.00	£57.00
	Pet shops / Animal boarding / Dog breeding / Riding centres (plus vets fees as applicable)	Application (per license)	£390.40	£390.40
		Renewal (per license)	£340.60	£340.60
		Variation	£183.00	£183.00
		Re-rating Visit (per license)	£158.60	£158.60
		Transfer due to death of licensee (per license)	£48.80	£48.80
	Keeping or Training Animals for Exhibition	Application (per license)	£268.40	£268.40
		Renewal (per license)	£244.00	£244.00
		Variation (per license)	£183.00	£183.00
		Transfer due to death of licensee (per license)	£48.80	£48.80
	Zoos / dangerous wild animals	Plus vet fees (per license)	£618.00	£618.00
	Scrap Metal Dealers (per license)	Site Licence - new	£479.00	£479.00
		Site Licence - renewal	£340.00	£340.00
		Site Licence - variation	£208.50	£208.50
		Collectors Licence - new	£293.50	£293.50
		Collectors Licence - renewal	£216.50	£216.50
		Collectors Licence - variation	£139.00	£139.00
Licensing - alcohol	Including "large temporary events" (per license)	Variable	Variable	
	All copy licences if lost (per copy)	£10.50	£10.50	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
Licences and Registrations	Gambling Act 2005				
		Bingo Club	New application (per license)	£2,625.00	£2,625.00
			Annual fee (per license)	£750.00	£750.00
			Application to vary (per license)	£1,315.00	£1,315.00
			Application to transfer (per license)	£900.00	£900.00
			Application for re-instatement (per license)	£900.00	£900.00
			Application for provisional statement (per statement)	£2,625.00	£2,625.00
			License application - provisional statement holders (per license)	£900.00	£900.00
			Copy of license (per license)	£25.00	£25.00
			Notification of change (per license)	£50.00	£50.00
			Betting premises - excluding tracks	New application (per license)	£2,250.00
		Annual fee (per license)		£450.00	£450.00
		Application to vary (per license)		£1,125.00	£1,125.00
		Application to transfer (per license)		£900.00	£900.00
	Application for re-instatement (per license)	£900.00		£900.00	
	Application for provisional statement (per statement)	£2,250.00		£2,250.00	
	License application - provisional statement holders (per license)	£900.00	£900.00		
	Copy of license (per license)	£25.00	£25.00		
	Notification of change (per license)	£50.00	£50.00		

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Licences and Registrations	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
	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
	Permits		FEC gaming machine / prize gaming – Application fee	£300.00
		Licensed premises gaming machine permit – Application fee	£150.00	£150.00
		Licensed premises gaming machine permit – Annual fee	£50.00	£50.00
		Licensed premises - Notification of 2 or less gaming machines	£50.00	£50.00
		Club gaming / gaming machine permit – Application fee	£200.00	£200.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
		Club gaming / gaming machine permit – Annual fee	£50.00	£50.00	
Licences and Registrations	Private Hire (PH) and Hackney Carriage (HC)	PH & HC Driver - New Application (1 year)	£179.00	£179.00	
	Combination Driver (CD) Licensing	PH & HC Driver - Renewal (1 year)	£130.00	£130.00	
		PH & HC Driver - New Application (3 year)	£266.00	£266.00	
		PH & HC Driver - Renewal (3 year)	£238.00	£238.00	
		PH & HC Driver - Replacement badge	£15.50	£15.50	
		PH & HC Driver - Replacement badge change of operator	£15.50	£15.50	
		PH & HC Driver - copy of paper licence	£15.50	£15.50	
		PH & HC Driver - DBS check	£56.50	£56.50	
		PH & HC Driver - Knowledge test	£41.20	£41.20	
		PH & HC Vehicle - New application	£226.60	£226.60	
		PH & HC Vehicle - Renewal application	£226.60	£226.60	
			PH & HC Vehicle - Transfer	£36.00	£36.00
			PH & HC Vehicle - Change of vehicle	£51.50	£51.50
			PH & HC Vehicle - Copy of paper licence	£15.50	£15.50
		PH & HC Vehicle - Replacement plate	£26.00	£26.00	
		PH & HC Vehicle - Copy of certificate of compliance	£15.50	£15.50	
		PH Vehicle - Exemption	£51.50	£51.50	
	Combination Driver Licence (CD)		CDriver - New application (1 year)	£179.00	£179.00
			CDriver - Renewal (1 year)	£130.00	£130.00
			CDriver - New application (3 year)	£266.00	£266.00
			CDriver - Renewal (3 year)	£238.00	£238.00
			CDriver - Knowledge test	£41.20	£41.20

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
	Private Hire Operators (PHO)	Chauffeurs 1 vehicle	£137.00	£137.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
Licences and Registrations	1 year grant and renewal	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 vehicles	£1,070.00	£1,070.00	
		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)	Chauffeurs 1 vehicle	£411.00	£411.00
		5 year grant and renewal	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	
	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		£36.00	£36.00	

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
Licences and Registrations	Replacement		£36.00	£36.00	
	Any other variation		£78.00/hr	£78.00/hr	
	License to sell		£500.00	£500.00	
	Street Entertainment License	Busker's license	£0.00	£0.00	
Enforcement	Immigration Inspection Fees		£122.55	£126.23	
	Littering Fines		Up to £2500	Up to £2500	
	Pest Control	Per treatment	Outsourced	Outsourced	
	Stray Dogs	In office hours		£48.19	£49.65
		Outside of office hours and weekends		£137.69	£141.85
Daily kennelling charge			£20.65	£21.35	
Careline	Alarm rental & Monitoring Fee	Weekly	£4.29	£4.29	
		Quarterly	£55.84	£55.84	
	Installation		£42.30	£42.30	
	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		£85.00	£85.00	
	Alarm System Monitoring (per annum)	Fire, Intruder, Lift car alarm, disabled toilet (via Careline systems)		£203.40	£203.40
CCTV	CCTV Project Consultancy		10% of Project Capex	10% of Project Capex	
Trading Standards	Primary Authority Partnership Scheme		£78.00	£81.00	
Public Protection/ Food Safety	Export Certificates	Per certificate	£117.50	£117.50	
	Paid for business support advice	As and when hourly rate pro rata	£75.00	£81.00	
	Food Hygiene Training	Open courses (per candidate)		£67.00	£68.00
		Food Hygiene Resit Fee (per resit)		£12.00	£12.50
		Bespoke Food Hygiene Courses (per course)		£420 plus £18 per candidate (minimum charge £600)	£420 plus £18 per candidate (minimum charge £600)
	Food Hygiene Rating Rescore visits		£210.00	£213.50	
	Provision of SFBB pack	Per pack	£12.00	£12.50	
Organic Import Certificate	Per certificate	£45.00	£46.00		

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Environment & Transport	Environment Searches	Environmental Reports prepared for clients	£200.00	£210.00
	Environmental Advice Heathrow	HSPG officer Hourly recharge	£65.00	£66.30
	Environmental Advice Heathrow	HSPG and bilateral senior officer recharge	£85.00	£86.70
	Environmental Advice Heathrow	HSPG and bilateral Service Lead/Direct recharge	£110.00	£112.20
	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

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Local Land Charges	Street Naming and numbering	1st Address	£41.20	£42.05
		2-5th Address	£77.25	£79.00
		6-10th Address	£113.30	£115.75
		Per additional Address	£15.45	£16.00
		New Street	£113.30	£115.75
		Per additional Street	£51.50	£53.00
		New Street from pre approved list	£154.50	£157.75
		Alter an existing address	£41.20	£42.05
Temporary Accommodation Housing	LHA Rate	Number of Beds		
		0	£184.11	£184.11
		1	£184.11	£184.11
		2	£230.14	£230.14
	Admin Fee	0	£63.41	£63.73
		1	£63.41	£63.73
		2	£63.14	£63.46
		3	£70.52	£70.87
Facilities Management	Hire of Venues / Premises			
Community Centre	Daytime Rate applies from			
Facilities Management - Hire of Venues/ Premises	Chalvey Centre	Main Hall	Closed for refurbishments	£44.75
		Main Hall - Weddings & Parties (until 11pm)	Closed for refurbishments	£52.00
		Main Hall - Room 1 or 2	Closed for refurbishments	£15.90
		Half Main Hall - Room 3 or 1& 2 together	Closed for refurbishments	£23.40
		Half main Hall - Weddings & Parties (3 or 1& 2)	Closed for refurbishments	£31.60
		POD	Closed for refurbishments	£7.70
		Meeting Room 4 or 5	Closed for refurbishments	£16.40
		Outside Decking Area	Closed for refurbishments	£10.00
		Kitchen	Closed for refurbishments	£10.00
		Smart Board, Laptop and projector	Closed for refurbishments	£20.00
		Flip chart & Stand	Closed for refurbishments	£10.00
		Projector	Closed for refurbishments	£10.00
		Facilities Management - Hire of Venues/ Premises		Laptop

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
	Chalvey Centre	Smart Board	Closed for refurbishments	£10.00
		Teas, Coffees & Biscuits (per person)	Closed for refurbishments	£1.40
		Stage set up	Closed for refurbishments	£20.00
		Storage per square metre	Closed for refurbishments	£3.00
	Chalvey Pavilion	Room 1	Closed for refurbishments	£22.00
		Room 2	Closed for refurbishments	£14.40
		Room 3	Closed for refurbishments	£13.00
		Kitchen	Closed for refurbishments	£5.50
		Teas, Coffees & Biscuits	Closed for refurbishments	£1.40
		Storage per square metre	Closed for refurbishments	£3.00
	Britwell Centre	Main Hall	£40.29	£40.29
		Main Hall Weddings & Parties	£52.00	£52.00
		Main Hall (Two Thirds)	£27.20	£27.20
		Main Hall (Two Thirds) Weddings & Parties	£34.50	£34.50
		Main Hall (One Third)	£17.00	£17.00
		Main Hall (One Third) Weddings & Parties	£27.00	£27.00
		Commercial Kitchen	£10.00	£10.00
		Training Kitchen - Room 1	£20.00	£20.00
		Room 8	£10.00	£10.00
		Room 9	£10.00	£10.00
		Room 8 & 9 without partition	£15.50	£15.50
		Meeting Room 4	£14.66	£14.66
		Practical Learning Area - Meeting Room 3	£14.66	£14.66
		Interview Room 7	£7.50	£7.50
		IT Room (with Smart Board)	£16.15	£16.15
		Stage set up	£20.00	£20.00
		Sound System & Projector	£25.00	£25.00
		Sound System	£15.00	£15.00
	Facilities Management - Hire of Venues/ Premises	Smart Board, Laptop and projector	£20.00	£20.00
		Flip chart & Stand	£10.00	£10.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
	Britwell Centre	Projector	£10.00	£10.00
		Laptop	£10.00	£10.00
		Smart Board	£10.00	£10.00
		Teas, Coffees & Biscuits (per person)	£1.10	£1.40
		Storage per square metre	£3.00	£3.00
	Langley Pavilion	Main Hall	£33.15	£33.15
		Main Hall - Weddings & Parties	£52.00	£52.00
		Small Hall	£15.30	£15.30
		Small Hall - Weddings and Parties	£20.00	£22.50
		Meeting Room 1 and 2	£9.35	£9.35
		Kitchen	£10.00	£10.00
		Teas, Coffees & Biscuits	£1.10	£1.40
		Storage per square metre	£3.00	£3.00
	Cippenham Centre	Main Hall	£40.29	£40.29
		Main Hall - Weddings & Parties		£52.00
		Small Hall 1 or 2	£17.00	£17.00
		Small Hall 1 or 2 - Weddings and Parties	£27.00	£27.00
		Kitchen	£10.00	£10.00
		Teas, Coffees & Biscuits	£1.10	£1.40
		Storage per square metre	£3.00	£3.00

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Facilities Management - Hire of Venues/ Premises	Weekes Drive	Main Hall	£36.38	£36.38
		Main Hall - Weddings & Parties	£52.00	£52.00
		Small Hall 1 or 2	£15.30	£15.30
		Small Hall 1 or 2 - Weddings and Parties	£22.50	£22.50
		Kitchen	£10.00	£10.00
		Teas, Coffees & Biscuits	£1.10	£1.40
		Storage per square metre	£3.00	£3.00
		Upton Lea Centre	Main Hall	£33.15
	Main Hall - Weddings & Parties		£52.00	£52.00
	Small Hall		£15.30	£15.30
	Small Hall - Weddings and Parties		£22.50	£22.50
	Meeting Room 1 and 2		£9.35	£9.35
	Kitchen		£10.00	£10.00
	Teas, Coffees & Biscuits (per person)		£1.10	£1.40
	Storage per square metre		£3.00	£3.00
	Westfield Centre	Main Hall	£17.00	£17.00
		Main Hall - Weddings & Parties	£27.00	£27.00
		Meeting Room 1	£7.34	£7.34
		Kitchen	£5.50	£5.50
		Teas, Coffees & Biscuits (per person)	£1.40	£1.40
		Storage per square metre	£3.00	£3.00
	Manor Park Centre	Main Hall	£25.93	£25.93
		Main Hall - Weddings & Parties	£35.00	£35.00
		Foyer		
		Outdoor Hardcourt Area	£14.45	£14.45
		Kitchen	£5.30	£5.30
		Teas, Coffees & Biscuits (per person)	£1.10	£1.40
		Storage per square metre	£3.00	£3.00
Facilities Management - Hire of Venues/ Premises		Small Hall	£21.51	£21.51

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges					
Venues/ Premises	Manor Park Pavilion	Small Hall - Weddings & Parties	£30.30	£30.30	
	Cippenham Library	Meeting room	£7.50	£7.50	
		Flipchart & Stand	£10.00	£10.00	
	Langley Library	Meeting room			
	The Curve	Gallery			
		Meeting Room 4- GF	£14.66	£14.66	
		Green Room	£7.34	£7.34	
		The Venue	£9.78	£9.78	
		Combined (The Venue and Green Room)	£50.15	£50.15	
		Plaza (only available if the venue or one other room at the Curve is booked, so long as it is a substantial booking the Plaza would be provided for free)	£55.04	£55.04	
		IT Suite (Room 3) not using equipment First Floor	£19.55	£19.55	
		Meeting Room 1-2nd Floor	£17.21	£17.21	
		Meeting Room 2-2nd Floor	£17.21	£17.21	
		Meeting Room 1 & 2 combined package	£17.21	£17.21	
		Teas, Coffees & Biscuits (per person)	£29.33	£29.33	
		Smart Board, Laptop and projector	£1.10	£1.40	
		Flip chart & Stand	£20.00	£20.00	
		Projector	£10.00	£10.00	
		Laptop	£10.00	£10.00	
	Smart Board	£10.00	£10.00		
	Stage set up	£10.00	£10.00		

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Facilities Management - Hire of Venues/ Premises	Arbour Park	Medical room	£25.00	£25.00
		Room 1 including South Terrace - 1st Flr (carpeted room)	£15.00	£15.00
		Room 2 including North Terrace - 1st Floor	£17.25	£17.25
		Additional one off cost for each of the North and South terraces (i.e.) set up tables/chairs etc	£17.25	£17.25
		Club Room	£30.00	£30.00
		Kitchen Ground Floor Next to club room - (if hired with pitch or room)	£14.66	£14.66
		Kitchen Ground Floor Next to club room (if hiring on its own without Pitch or Room)	£10.00	£10.00
		Function Space only	£30.00	£30.00
		Training Room 1 or 2 - Wedding & Parties	£21.50	£21.50
		Function Space - Weddings & Parties		£30.00
		Whole of first floor	£40.00	£40.00
		Whole of first floor - Weddings & Parties	£51.00	£51.00
		Function Space & Training Room 1 or 2 Weddings & parties	£95.00	£95.00
		Teas, Coffees & Biscuits (per person)	£70.00	£70.00
		Smart Board, Laptop and projector	£1.40	£1.40
		Flip chart & Stand	£20.00	£20.00
		Projector	£10.00	£10.00
		Laptop	£10.00	£10.00
		Smart Board	£10.00	£10.00
		Stage set up	£10.00	£10.00
Coach Parking	£20.00	£20.00		

Appendix K - Fees and Charges Schedule

2021/22 Fees and Charges				
Facilities Management - Hire of Venues/ Premises	Observatory house - Council Chambers	Room hire	£165.00	£165.00
		AV equipment	£50.00	£50.00
		Laptop	£10.00	£10.00
		Projector	£10.00	£10.00
		Lecton	£10.00	£10.00
		Flip chart & Stand	£10.00	£10.00
		Stage set up	£20.00	£20.00
	Observatory House - Council Chambers & Groundfloor Large Meeting Room (ES2) for Canapes	Room hire	£215.00	£215.00
		AV equipment	£50.00	£50.00
		Laptop	£10.00	£10.00
		Projector	£10.00	£10.00
		Lecton	£10.00	£10.00
		Flip chart & Stand	£10.00	£10.00
		Stage set up	£20.00	£20.00
	Observatory House - Enceladues Suite 2	Room Hire	£132.00	£132.00
		AV equipment	£50.00	£50.00
		Laptop	£10.00	£10.00
		Projector	£10.00	£10.00
		Lecton	£10.00	£10.00
		Flip chart & Stand	£10.00	£10.00
		Stage set up	£20.00	£20.00
	Observatory House - Enceladues Suite 3&4	Room Hire		£148.50
		AV equipment		£50.00
		Laptop		£10.00
		Projector		£10.00
		Lecton		£10.00
		Flip chart & Stand		£10.00
		Stage set up		£20.00
** All venue hire bookings are exempt from VAT. VAT for security costs for Weddings and Parties will be applied.				
**We have a corporate security contract in place and the charge per hours dependant on the type of security required is £9.27 and £12.50				
Minibus Hire	Minibus Hire		£43.00	£44.00
	Mileage rate 1st 50		£0.45	£0.46
	Subsequent miles		£0.30	£0.30
	Driver rate per hr		£13.50	£13.90
	Typical 2hr 100 mile hire		£107.50	£109.80
Early Years and Prevention Service Parent Paid or externally funded			Hourly rate	Hourly Rate
Chalvey Grove Children's Centre Elliman Avenue Children's Centre Monksfield Way Children's Centre Orchard Avenue Children's Centre Penn Road Children's Centre Romsey Close Childrens Centre St Andrew's Way Childrens Centre Vicarage Way Children's Centre Wexham Road Childrens Centre Yew Tree Road Children's Centre	PVI	Under 2	£6.59	£6.79
	PVI	2 Year Old	£5.97	£6.15
	PVI	3 & 4 Year Old	£5.36	£5.52
	PVI	Over 5's	£4.53	£4.66

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DEDICATED SCHOOLS GRANT 2021/22

1. Background

- 1.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local Authority, and with specific regulations on what each block of funding can be spent on:
- **Schools Block (SB)**– funds primary and secondary schools through the school’s funding formula, and growth funding for new and growing schools/bulge classes.
 - **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.
 - **Early Years Block (EYB)**– funds the free entitlement for 2, 3, & 4-year olds in all early year’s settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream schools.
 - **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.
- 1.2 The allocations for the 2021-22 financial year were published by the Department for Education (DfE) on 17th December 2020. Adjustments to the allocations are made throughout the year for academy schools recoupment, high needs provisions and for early year’s provisions. The CSSB is generally fixed for the year.
- 1.3 The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the Education Funding & Skills Agency (EFSA).
- 1.4 Transfers between the individual blocks of the DSG are allowed providing they meet the regulations. The Schools Forum, at its meeting in December agreed to transfer 0.07% (£100,000) of the schools block allocation to the Central Services Block to fund additional resources in the Admissions service.
- 1.5 Schools Forum meets four times a year and the papers for the meetings can be found on the following link: [Schools Forum](#).

2 DSG Allocation and Budgets for 2021-22

2.1 Table 1 sets out the detailed DSG allocations for 2021-22 as published by the DfE on December 17th 2020. It also shows the agreed transfers between the blocks of the DSG as agreed by schools through consultation, the 5-16 task group and schools forum. All transfers comply with the regulations.

Table 1 DSG Allocation 2021-22

Application of 2021-22 DSG	Total £m	Academy Recoupment £m	Net £m
Schools Block			
Schools Budget Share	149,702,689		149,702,689
Total	149,702,689		149,702,689
Transfer to CSSB	-100,000		-100,000
Adjusted Grand Total SB	149,602,689		149,602,689
Central School Services Block			
Historic and Ongoing Commitments	707,798		707,798
Total	707,798		707,798
SB	100,000		100,000
Transfer from HNB	207,172		207,172
Adjusted Grand Total CSSB	1,014,970		1,014,970
High Needs Block			
	28,264,986		28,264,986
DfE Direct funded places		-7,562,000	-7,562,000
Total	28,264,986	-7,562,000	20,702,986
Transfers to CSSB	-207,172		-207,172
Adjusted Grand Total HNB	28,057,814		20,495,814
Early Years Block			
Early years budget Share (2, 3 & 4 Yr olds)	15,229,885		15,229,885
Total	15,229,885		15,229,885
Total DSG	193,905,358		186,343,358

Schools Block

2.2 The schools block allocation is primarily based on Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These units are then multiplied by the pupil numbers on the October 20 census. The Primary Unit of Funding (PUF) and the Secondary Unit of Funding (SUF) unit values were increased by 6.56% and 7.19% respectively against the 2020-21 unit values.

2.3 An allocation for growth and premises is also added to the PUF and SUF allocations to complete the funding for the schools block.

2.4 In 2021-22 the schools block funding will include an element for the Teachers Pay Grant (TPG) and the Teachers pension employer contribution grant (TPEG). Schools will no longer receive separate payments for these grants.

2.5 Table 2 shows the comparisons between the schools block funding for 2020-21 and 2021-22.

Table 2 Schools Block Funding

Final Settlement 2020-21				Final Settlement 2021.22				Variance	Unit Rate	funding rates % increase	Pupil Nos	Funding Variance 2020-21 to 2021-22	TOTAL
		Final Pupil Nos	Final Funding			Final Pupil Nos	Final Funding						
PUF	£4,215.78	16,768	£70,690,199	PUF	£4,492.16	16,609	£74,608,039	PUF	£276.38	6.56%	-160	-£716,500	
SUF	£5,706.43	11,173	£63,755,089	SUF	£6,116.68	11,663	£71,338,839	SUF	£410.25	7.19%	491	£3,000,232	
		27,218	£134,445,288			28,272	£145,946,878					£2,283,732	£2,283,732
Premises			£2,667,922	Premises			£2,471,365	Premises				-£196,557	
Growth			£1,871,785	Growth			£1,284,445	Growth				-£587,340	
			£4,539,707				£3,755,810					-£783,897	-£783,897
TOTAL SETTLEMENT			£138,984,995	TOTAL SETTLEMENT			£149,702,688	TOTAL INCREASE/DECREASE over 2020-21 *					£1,499,835

* Total doesn't take account of all the pupils just the variance

2.6 The approach to setting the schools funding formula for 2021-22 has been to mirror the full national funding formula rates without utilising the mobility factor. This is a forward movement from 2020-21 where the authority moved 85% of the way to reflecting the NFF but without utilising the mobility factor and keeping a separate lump sum for primary and secondary schools.

2.7 The schools block budget has been set based on the criteria agreed on at Schools Forum meeting in December which took into consideration recommendations from the 5-16 task group and consultation with the schools. The final budgets were agreed at the January meeting of the Schools Forum based on the settlement received from Government on 17th December.

2.8 Annexe 1 shows the final allocations against the NFF factor rates

2.9 Annexe 2 shows the Indicative funding formula allocations for each school for 2021-22 and compares this to the final allocations for 2020-21.

2.10 Four schools have seen a reduction in funding due mainly to reductions in pupil numbers. Two schools, Grove Academy and Langley primary Academy are still new and growing and are funded on estimated pupils. From 2022-23 both of these schools will no longer be classified as new and growing as they will have pupils in each year group and will be funded as per the October census.

Central Schools Services Block

3.0 The central schools services block is split into two elements, historical commitments and ongoing commitments. From 2020-21 the ESFA have

included a mandatory reduction of 20% in the historical elements of this block. Slough has already reduced its historical elements by more than 20% so the additional funding can be utilised within the ongoing commitments area. Funding for ongoing commitments is calculated using 2 factors, a basic per-pupil factor, through which LAs receive the majority of funding, and a deprivation per-pupil factor.

- 3.1 The central services budget allocation has increased by £43,000 from £664,798 in 2020-21 to £707,798 in 2021-22. This is mainly due to an overall increase in pupil numbers for which the ongoing element is calculated on.

Early Years Block

- 3.2 The early years block is made up of specific elements for funding of the two year old entitlement, a total of £1,285,267 and the three and four year old entitlement for both the universal 15 hours and the additional 15 hours for eligible children of working parents, which is a total of £13,084,571.
- 3.3 In addition to the above elements the Early Years National Funding Formula allocates funding for the early years pupil premium at a rate of £0.53 per eligible child per hour, a total of £86,652 and disability access fund at £615 per eligible child per year, a total of 51,045 and a maintained nursery lump sum, a total of £722,350. The Maintained Nursery Lump Sum (MNS) for 2021-22 is allocated, for the first time on both an indicative and conditional basis. The element from April 2021 to August 2021 is indicative and the element from September 2021 to March 2022 is allocated on a conditional basis. Details on how the conditional element may change are not yet available and authorities are required to treat that element as unconfirmed.
- 3.4 The regulations regarding the funding flow to providers mandate that 95% of the total blocks allocation received for early years has to be allocated directly to provisions and a maximum of 5% of can be utilised by the authority for central expenditure. All providers are consulted annually on the distribution of the early years funding formula and the central spend is agreed at Schools Forum.
- 3.5 The final allocation for early years is not available until the July of the calendar year of which the financial year falls into as the final adjustment for early years funding is based on the variance between the current and preceding years January census.

High Needs Block

- 3.6 The authority receives the funding for the high needs block based on a formula set by the DfE. The formula provides for every authority to receive an increase of at least 8% per head of the age 2 to 18 populations based on what authorities received in 2020-21.

- 3.7 Like the schools block allocation, the high needs block allocation has a factor in it for Teachers Pay Grant (TPG) and the Teachers Pension Employer Contribution Grant (TPECG).
- 3.8 The allocation for the high needs block has increased by £2,615,956 from £25,649,030 in 2020-21 to £28,264,986 in 2021-22. There will be a total net adjustment to the import/export element in July to reflect actual movement. This is a net adjustment to reflect the difference between high needs pupils and students living in one local authority and attending a school or college in another.
- 3.9 The authority funds pre 16 special units and resource bases on 2 elements, a core (place) element and top up (per pupil) element.
- 4.0 As the authority’s DSG is in a deficit budget position, a Management Plan had to be completed for the DfE, more detail can be found in the next part of this report.

The Management Plan

- 4.1 Prior to 2020-21 all local authorities with an overall deficit on their DSG had to submit a recovery plan to the DfE detailing what action they were taking to bring the overspent budgets back in to balance. In 2020-21 the DfE in response to feedback from authorities introduced a management plan template to help authorities to develop evidence based and strategic plans covering the provision available for children and young people with special education al needs and disabilities. Authorities are required to present their management plans to schools forum and high needs sub groups on at least a termly basis. The conditions of grant also require the LA to meet with officials of the DfE as and when they request to discuss the LA’s plan and financial situation. It is a live document and requires updating throughout the year to reflect the most up to date forecast position.
- 4.2 The high needs block has carried a deficit for a number of years. The deficit is predominantly due to the increase in the number of EHCP’s issued and the increase in the number of placements made in the independent and non-maintained sector. Slough has developed a detailed management plan utilising the DfE’s template. It was presented at the January Schools Forum and can be viewed here
<http://democracy.slough.gov.uk/mgChooseDocPack.aspx?ID=6676>
- 4.3 Table 3 shows a summary position of Slough DSG deficit over the last 4 years, as reported in the authorities Section 251 return.

Table 3

	DSG Deficit	Annual In year change
2017-18	4,904,000	
2018-19	7,195,765	2,291,765
2019-20	12,328,000	5,132,235
2020-21 Forecast	16,960,000	4,632,000

Annexe 1

Final Formula Factor Values 2020-21 to 2021-22

	Element	2020/21 DfE –	NFF with ACA applied (1.05694)	Slough Current Rates 2020/21	2021/22 DfE –	NFF with ACA applied (1.05694)	Slough Current Rates 2021/22
		NFF Factor Value			NFF Factor Value		
1	AWPU: Primary per pupil	£2,857.00	£3,019.68	£3,249.33	£3,123.00	£3,300.82	£3,458.32
2	AWPU: KS3 per pupil	£4,018.00	£4,246.78	£4,419.49	£4,404.00	£4,654.76	£4,876.86
3	AWPU: KS4 per pupil	£4,561.00	£4,820.70	£4,936.20	£4,963.00	£5,245.59	£5,495.88
4	FSM: Primary per pupil	£450.00	£475.62	£604.58	£460.00	£486.19	£486.19
5	FSM: Secondary per pupil	£450.00	£475.62	£475.62	£460.00	£486.19	£486.19
6	FSM6: Primary per pupil	£560.00	£591.89	£591.89	£575.00	£607.74	£607.74
7	FSM6: Secondary per pupil	£815.00	£861.41	£1,016.18	£840.00	£887.83	£887.83
8	IDACI Band A: Primary per pupil	£600.00	£634.16	£634.16	£620.00	£655.30	£655.30
9	IDACI Band A: Secondary per pupil	£840.00	£887.83	£887.83	£865.00	£914.25	£914.25
10	IDACI Band B: Primary per pupil	£435.00	£459.77	£611.84	£475.00	£502.05	£502.05
11	IDACI Band B: Secondary per pupil	£625.00	£660.59	£992.24	£680.00	£718.72	£718.72
12	IDACI Band C: Primary per pupil	£405.00	£428.06	£560.77	£445.00	£470.34	£470.34
13	IDACI Band C: Secondary per pupil	£580.00	£613.03	£871.64	£630.00	£665.87	£665.87
14	IDACI Band D: Primary per pupil	£375.00	£396.35	£500.19	£410.00	£433.35	£433.35
15	IDACI Band D: Secondary per pupil	£535.00	£565.46	£810.86	£580.00	£613.03	£613.03
16	IDACI Band E: Primary per pupil	£250.00	£264.24	£355.57	£260.00	£274.80	£274.80
17	IDACI Band E: Secondary per pupil	£405.00	£428.06	£635.26	£415.00	£438.63	£438.63
18	IDACI Band F: Primary per pupil	£210.00	£221.96	£221.96	£215.00	£227.24	£227.24
19	IDACI Band F: Secondary per pupil	£300.00	£317.08	£317.08	£310.00	£327.65	£327.65
20	LPA: Primary per pupil	£1,065.00	£1,125.64	£1,113.48	£1,095.00	£1,157.35	£1,157.35
21	LPA: Secondary per Pupil	£1,610.00	£1,701.67	£1,806.75	£1,660.00	£1,754.52	£1,754.52
22	EAL3: Primary per pupil	£535.00	£565.46	£565.46	£550.00	£581.32	£581.32
23	EAL3: Secondary per pupil	£1,440.00	£1,521.99	£1,521.99	£1,485.00	£1,569.56	£1,569.56
24	Mobility: Primary per pupil	£875.00	£924.82	N/A	£900.00	£951.25	N/A
25	Mobility: Secondary per pupil	£1,250.00	£1,321.18	N/A	£1,290.00	£1,363.45	N/A
26	Lump Sum	£114,400.00	£120,913.94		£117,800.00	£124,507.53	£124,507.53
	Lump Sum Primary			117,777.85			
	Lump Sum Secondary			125,277.85			

Annexe 2

School Budget Allocations

School	School Budget Allocation (APT) 2020-21	Pupil Numbers (Oct 2019)	Indicative School Budget Allocation (APT) 2021-22	Pupil Numbers (Oct 2020)	Variance between 2020-21 and 2021-22 Indicative Budget Allocations	Pupil Number Change Oct 2019- Oct 2020	School Budget Allocation Percentage change 2020-21 to 2021-22
Wexham Court Primary School	2,734,146	622.0	2,858,172	622.0	124,026	0.0	4.54%
Penn Wood Primary and Nursery School	3,361,861	649.0	3,488,416	646.0	126,555	-3.0	3.76%
Claycots School	6,921,066	1,561.0	7,233,024	1,556.0	311,958	-5.0	4.51%
St Mary's Church of England Primary School	2,757,651	613.0	2,888,430	614.0	130,779	1.0	4.74%
Our Lady of Peace Catholic Primary and Nursery	2,312,417	546.0	2,228,508	499.0	-83,909	-47.0	-3.63%
Khalsa Primary School	1,864,088	442.0	1,963,544	452.0	99,456	10.0	5.34%
Iqra Slough Islamic Primary School	2,640,327	626.0	2,763,139	622.0	122,812	-4.0	4.65%
Priory School	3,109,793	740.0	3,237,094	718.0	127,301	-22.0	4.09%
Holy Family Catholic Primary School	1,742,957	424.0	1,839,651	421.0	96,694	-3.0	5.55%
Pippins School	816,718	176.0	840,586	173.0	23,868	-3.0	2.92%
Wexham School	4,692,057	718.0	5,078,159	743.0	386,102	25.0	8.23%
St Bernard's Catholic Grammar School	3,436,353	669.0	3,746,558	679.0	310,205	10.0	9.03%
Langley Hall Primary Academy	3,046,361	751.0	3,212,494	757.0	166,133	6.0	5.45%
Willow Primary School	1,950,524	443.0	1,904,818	411.0	-45,706	-32.0	-2.34%
James Elliman Academy	3,104,776	716.0	3,288,930	717.5	184,154	1.5	5.93%
Colnbrook Church of England Primary School	936,626	185.0	952,607	180.0	15,981	-5.0	1.71%
Foxborough Primary School	1,097,052	215.0	1,145,906	216.0	48,853	1.0	4.45%
Montem Academy	3,779,853	834.0	3,889,245	820.0	109,391	-14.0	2.89%
Western House Academy	2,602,866	622.0	2,668,537	608.0	65,671	-14.0	2.52%
The Langley Heritage Primary	2,273,064	524.0	2,269,070	499.0	-3,994	-25.0	-0.18%
The Langley Academy Primary	2,051,921	510.6	2,490,812	592.0	438,890	81.4	21.39%
The Godolphin Junior Academy	2,089,079	467.0	2,128,689	454.0	39,610	-13.0	1.90%
Cippenham Infant School *	1,071,267	254.0			-1,071,267	-254.0	-100.00%
Phoenix Infant Academy	1,396,035	293.0	1,483,700	297.0	87,665	4.0	6.28%
St Ethelbert's Catholic Primary School	1,780,180	400.0	1,814,986	390.0	34,806	-10.0	1.96%
St Anthony's Catholic Primary School	2,393,648	545.0	2,243,131	485.0	-150,517	-60.0	-6.29%
Marish Primary School	3,065,440	730.0	3,141,087	718.0	75,647	-12.0	2.47%
The Cippenham School **	3,224,812	798.0	4,476,434	1,048.0	1,251,623	250.0	38.81%
Castleview Primary School	1,809,926	469.0	1,819,990	433.0	10,064	-36.0	0.56%
Lynch Hill School Primary Academy	3,571,259	836.0	3,756,726	839.0	185,467	3.0	5.19%
Ryvers School	2,662,473	638.0	2,707,520	618.0	45,047	-20.0	1.69%
Ditton Park Academy	5,081,030	891.0	5,450,689	897.0	369,659	6.0	7.28%
Eden Girls' School, Slough	3,364,592	565.0	3,726,639	589.0	362,047	24.0	10.76%
Lynch Hill Enterprise Academy	3,774,146	617.0	4,723,929	731.0	949,783	114.0	25.17%
Baylis Court School	4,598,180	791.0	4,866,012	786.0	267,831	-5.0	5.82%
Beechwood School	4,958,238	719.0	5,234,366	724.0	276,128	5.0	5.57%
Slough and Eton Church of England Business and	5,827,877	896.0	6,218,147	913.5	390,270	17.5	6.70%
St Joseph's Catholic High School	4,387,933	781.0	4,691,714	785.0	303,781	4.0	6.92%
Langley Grammar School	4,376,361	854.0	4,854,619	878.0	478,258	24.0	10.93%
Herschel Grammar School	3,755,057	728.0	4,117,095	739.5	362,038	11.5	9.64%
Upton Court Grammar School	4,007,898	772.0	4,526,317	807.0	518,419	35.0	12.93%
The Westgate School	5,565,099	987.0	6,470,534	1,064.0	905,435	77.0	16.27%
The Langley Academy	5,263,924	908.0	5,590,639	911.0	326,715	3.0	6.21%
Grove Academy	3,128,484	573.5	4,822,029	819.0	1,693,546	245.5	54.13%
Total	138,385,415	28,099	148,852,689	28,472	10,467,274	372	7.56%

* Cippenham Infant School shown for reference as this was a separate school for part of the 2020-21 financial year

** The Cippenham school has had the pupil numbers added to it as per the amalgamation

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Appendix M - Statement on The Robustness of Estimates and Reserves (the “Section 25” statement)

1. Scope

- 1.1. Under Section 25 of the Local Government Act 2003 there is a requirement for the Council’s Chief Financial Officer (Section 151 Officer) to report to Council on:
 - the robustness of the estimates made for the purposes of the calculations of the budget; and
 - the adequacy of the proposed level of financial reserves.
- 1.2. Section 26 of the same Act places an onus on the Chief Finance Officer to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.
- 1.3. This report has been prepared by the CFO (The Executive Director of Corporate Services) to fulfil this duty and gives the required advice relating to the 2021/22 financial year and Medium Term Financial Strategy. It includes consideration of the budget proposals as a whole and the financial risks facing the Council. It identifies the Council’s approach to budget risk management.
- 1.4. The Council, in considering the Budget and Medium Term Financial Strategy, is required to take into account the advice set out below.

2. Policy Context

- 2.1. This budget is set during a period of considerable uncertainty in the short and medium term, due to the Covid-19 pandemic, Brexit and also future funding levels for councils. The ongoing situation regarding Covid-19 has meant the government have only provided certainty over funding for a one-year period (2021/22). The government’s Fair Funding Review has been delayed for a second time and is now expected to be implemented from April 2022 at the earliest. As Slough has benefitted from Business Rates growth over the last few years, the business rates reset is likely to have a negative impact on funding as this growth will be moved into the baseline. CIPFA’s resilience index highlights this as high risk for Slough BC compared to other councils.

- 2.2. Like many councils, Slough faces considerable financial challenges, particularly increasing numbers and costs of supporting vulnerable people and children in care. However, the Council's level of reserves are very low which means that it has less time and potentially fewer options than others to bring its budget into balance.
- 2.3. The Council has made a substantial commitment to the regeneration of Slough town centre and to the development of the local economy. To fund this important investment, borrowing has substantially increased, with the Capital Financing Requirement for the General Fund estimated to be £585m at 31.03.21 increasing to £732m by 31.03.24 which is impacting on the revenue budget. CIPFA's resilience index highlights that the level of interest payable as a proportion of net revenue is a high risk for Slough BC compared to other Councils.
- 2.4. The Council have also been impacted by two large one-off costs that it will have to fund in 2021/22. A backdated Business Rates refund of £5.3m and an element of the Slough Children's Trust Company deficit, with the Council's share estimated to be £2.4m, although this depends on a contribution from the DfE of £3m that has still to be confirmed.
- 2.5. It has also been negatively impacted by an increase in claimants for Council Tax Reduction Support, individuals who have lost their jobs due to Covid. This has meant a reduction in the Council Tax base for 2021/22 compared with 2020/21 of 5% when the Council had assumed 2.5% growth in its previous MTFS from new housing. The difference between the two costing an estimated ongoing reduction in income of approximately £4.6m pa with no reduction in costs. The impact of this more than negates the 4.99% increase in Council Tax proposed for 2021/22.
- 2.6. Slough's low Council Tax base impacts its ability to increase income compared with other Councils. With government grants reducing this has an impact on its resilience compared with other Councils. As an example Wokingham Council, the least deprived Council in the country, has a tax base 80% larger than Slough's although its population is just 10% larger. This means, a 1% increase in Council Tax in Wokingham will increase income by £1.2m, whereas for Slough a 1% increase will generate an additional £0.6m. Wokingham's proposed Council Tax at Band D is also higher at £1,620 per annum compared with Slough's proposed £1,490 per annum for 2021/22. Wokingham's estimated income from Council Tax in 2021/22 is £119m, Slough's £61m.

- 2.7. Because of these pressures the Council would have been unable to set a robust budget for 2021/22 without reducing reserves to below a minimum level. It, therefore, like other Councils, approached MHCLG for permission to capitalise elements of its revenue expenditure in 2021/22 until it can reduce expenditure or increase income to a sustainable level in the Medium-Term.
- 2.8. Although MHCLG have been positive in discussions and other Councils have been granted the funds they have requested it is unlikely the directive will have been approved before the dispatch of papers although an update will be given at the Cabinet and the Full Council Budget meeting. This report has been prepared on the basis that the Council will be granted a directive of £12.2m that it will fund from increased Capital Receipts or reductions in the Capital programme.
- 2.9. The granting of the directive will have certain conditions that have been explained in this MTFS report. I am confident the authority has sufficient 'surplus assets' capable of being disposed of over the next five years to fund this capitalisation direction without any material impact on the Council's future borrowing requirements.
- 2.10. Given the scale of the financial challenge over the next two years it is essential that the council takes advantage of the flexibility to increase its council tax by a total of 4.99% (including the ASC precept). Reducing Council Tax by 1% would result in loss of £0.6m in income in 2021/22 and reduce the base level for future years.

3. Robustness of the estimates in the MTFS

- 3.1. 2020/21 has been very challenging to deliver the savings committed to in February 2020 due to the impact of Covid-19. Although one-off grant support for Covid-19 has been provided by government to partially address the impact of non-delivery or slippage of savings in year; officers have been required to reassess savings options going forward in the midst of the pandemic without an end date in sight.
- 3.2. Budget forecasts are based on the current information available, but it is important that the Council is aware of the significant risks it faces in terms of central funding and business rates in the medium term.
- 3.3. The Council's approach to the deliverability of savings for both 2021/22 and future years is still evolving. A level of contingency has been built into the budget

to cover this. In particular it must be noted the Adult Social Care (ASC) Transformation savings have been calculated by independent experts, based on national benchmarking and known best practice. Detailed business cases will need to be drawn up, agreed, and implemented quickly if this level of savings is to be achieved. However the budget does contain a £2m ASC contingency which could be released if these proposed savings were not immediately forthcoming.

- 3.4. It should also be noted the Council is in the midst of a fundamental restructure programme affecting all its staff. The restructure, although needed, obviously has an impact on the availability of staff to implement savings proposals. It is expected the restructure will be implemented from 1 April 2021 and a transition plan is currently being developed to ensure there is continuity of service provision. The future budget also assumes staff savings of £3.5m arising from the restructure and a further £1.5m reduction in Agency Staffing. These savings will need to be closely monitored going forward and ultimately delivered.
- 3.5. The budget process has identified significant budget pressures for 2021/22 of £17.766m plus additional Covid pressures of £6.025m. The process reflects a thorough review of Council expenditure that takes into account:
 - a) Non-delivery and slippage of savings due to Covid-19
 - b) Structural deficits – right-sizing service budgets
 - c) Demographic growth for both Adults and Children’s services
- 3.6. Whilst a thorough review of budgets has been made to identify all pressures, the ongoing situation with Covid-19 means there is uncertainty in the short-term. Therefore a contingency of £6.025m has been set aside to fund pressures arising directly from Covid-19 and it is expected that these pressures will be contained within further government grants.
- 3.7. The Council has identified a significant savings programme of £15.576m for 2021/22 with a further £7.997m of savings for the following two years. These have been fully assessed and business cases produced. The full amount of the Covid-19 grant from government, £6.025m has been set aside for potential costs of Covid-19 and as a contingency for non-delivery of savings in 2021/22. In addition contingency provision has been provide of £0.375m in 2021/22, £1.666m in 2022/23 and £2.451m in 2023/24.

- 3.8. Savings will need to be further reviewed during 2021/22 and additional ones identified to close the budget gap. The level of contingency will also be reviewed at this time.
- 3.9. Following central government's announcement in November 2020 concerning a public sector pay freeze, there has been no allowance made for a general pay award in 2021/22, although a provision has been included of £0.200m for staff on the lowest pay. The MTFS allows for a 2% pay award in 2022/23 and 2023/24.
- 3.9 The Council has a substantial capital programme; and as noted in the Treasury Management Strategy the authority is currently holding £349.5m in short term loans paying an average interest rate of 0.48%. If this were replaced by a 25 year Equal Instalment of Principal (EIP) loan from the PWLB on the same date this loan would charge interest at 1.35%. Although replacing short term funding with a loan term loan would reduce interest rate risk this would amount to an extra cost to the Council of approximately £3m over the next year.
- 3.10. Longer term the Council will need to consider a move away from short term financing to more predictable and sustainable arrangements. A fundamental review of the Capital Programme will be undertaken during 2021/22.
- 3.11. Despite the uncertainty, Slough BC's record of delivering within budget without recourse to reserves is good and the pressures and level of contingency built into the revenue budget mean that the estimates provided are seen to be robust.

4. Capitalisation Direction

- 4.1. Whilst deciding whether the particular financial circumstances facing the Council in 2021/22 were sufficiently 'exceptional' to allow a Capitalisation Direction to be granted, MHCLG undertook an independent review of the Council's budget and concluded (emphasis added):

*The Council has limited resources in terms of revenue reserves to balance the 21/22 revenue budget. **Without the two unexpected items in terms of business rates and the children's trust the budget would have been balanced.** For 22/23 Savings plans need to be developed like many other Councils and in the timescales available these are unlikely to produce a balanced budget without the assistance of a capitalisation directive.*

The Council is still in development stage with regard to developing a long-term plan to address the emerging budget gap over the next three to four years to address the underlying drivers of risk and securing longer term financial stability. It is now aware of

the issues including the need for a robust capital strategy, longer term planning with regard to Treasury management and the need for an asset usage and disposal policy but these proposals are in their infancy and need further work to deliver long term sufficiency.

The issues that have caused the request are not solely Covid related and are due to two external factors which have meant that the Council is not able to fund these in 21/22. This is combined with the increase in debt in recent years and the change to funding MRP direct from revenue rather than from capital receipts. The generalised sector wide support package does provide sufficient support for Covid costs

5. High Needs Block (Dedicated Schools Grant) Deficit

- 5.1 As noted in the main report, 13.2 the DSG has a forecast deficit at the end of 2020/21 of £16.960m, which is a £4.632m increase since 31st March 2020 due to the overspend on the High Needs Block. Slough has developed a detailed management plan for the deficit, as required by the Department for Education [DfE], which was presented to Schools' Forum in January 2021.
- 5.2 DfE guidance states that "...DSG is a ring-fenced specific grant separate from the general funding of local authorities, and that any deficit an authority may have on its DSG account is expected to be carried forward to the next year's schools budget and does not require to be covered by the authority's general reserves." Therefore I have not taken the size of this deficit into account for the purposes of this S25 report. Nevertheless, the detailed management plan for reducing the deficit will need to be closely monitored going forward.

6. Adequacy of Reserves and Balances

- 6.1. Members are well aware the Council's reserves are one of the lowest in the Country as a proportion of its net revenue budget compared with other Unitary Councils. This meant they were not adequate to cover the one-off issues referred to above and the impact of Covid-19 on the 2021/22 budget without seeking a capitalisation directive from MHCLG. Although the 2021/22 budget balances there is no planned increase in reserves via the general fund over the period of the MTFS. It can be seen, however, that the reserves will increase as 'profits' are realised from various schemes under SBC's joint venture with Morgan Sindall, Slough Urban Renewal (SUR). It is important that the level of these expected 'profits' are continually monitored, given the potential benefit to Slough BC's future financial resilience, and it is proposed that this monitoring will be undertaken by the Council's Commercial Committee going forward.

- 6.2. The Capitalisation Directive provides the Council with time to identify further savings to mitigate the underlying pressures within the budget.
- 6.3. In previous years, the Council has not been reliant on the use of reserves to set a balanced budget and this will have to be the case moving forward.
- 6.4. The level of savings required to balance the 2022/23 budget is currently £13.025m and Slough BC does not have sufficient reserves available to fund this amount. I welcome, however, recent discussions with the political and officer leadership of the Council, and acknowledge that all parties recognise the size and significance of the funding issue and are committed to develop savings plans to close this gap before the end of the 2021/22 year. Regular monitoring of the Council's approach to closing the gap will be included as part of future Lead Members' and Directors meetings.

7. The Finance Team

- 7.1. S114 of the 1988 Local Government Act is often referred to in the context of being unable to set a balanced budget. It also places a responsibility on the Council to provide its chief finance officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
- 7.2. The financial issues faced by the Council over the past 12 months has highlighted weaknesses across the finance team in the Council; financial reporting, controls and financial oversight need to be improved. Senior interim staff have been brought in to provide short-term resilience to the team and it has become apparent that without these additional resources the Council would have struggled to produce a robust MTFS, Capital Strategy and Treasury Management Strategy in line with the statutory timetable.
- 7.3. As such the Council will be undertaking an in-depth Financial Reporting and Governance review during 2021/22 to ensure future staff resources are adequate and processes are improved.

8. Conclusion of S151 Officer

- 8.1. The S151 Officer considers:
 - a) the estimates in 2021/22 to be robust subject to the risks set out in the main report; and
 - b) the level of reserves are currently barely adequate to cover unforeseen demands and will need to be increased going forward.
- 8.2. The MTFS is not currently sustainable and further action is urgently required to develop additional savings plans to reduce spending in 2022/23 and 2023/24.
- 8.3. Cabinet and the Corporate Management Team are committed to this work and realise that this remains an ongoing challenge for the Council that cannot wait until the next 2022/23 budget setting process but needs to start immediately.
- 8.4. The S151 Officer will closely monitor and report the delivery of the savings and the viability of further transformation plans to Cabinet as part of budget monitoring.
- 8.5. New items in the capital programme will be subject to further business cases, S151 Officer sign-off and Cabinet approval before proceeding.
- 8.6. To be clear, and to avoid any ambiguity, in the opinion of the S151 Officer the Council does not need to issue a S114 notice i.e. in the event that the Council does not have sufficient resources to fund its statutory duties, as it still holds a minimum level of reserves and its estimates are robust.
- 8.7. The Council is, like many authorities, in an extremely challenging financial position and is reliant on identifying significant savings and the results of the government's review of local authority funding, anticipated in 2021/22, in order to have a sustainable MTFS in the future.

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 18th February 2021

CONTACT OFFICER: Neil Wilcox; Executive Director Corporate Services
(S151)

(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

CAPITAL STRATEGY AND CAPITAL PROGRAMME: 2021/22 TO 2023/24**1 Purpose of Report**

- 1.1 To provide the Overview & Scrutiny Committee with an opportunity to scrutinise the Capital Strategy and Capital Programme 2021/22 to 2023/24. The Cabinet will be requested to recommend approval to Full Council of the capital strategy and capital programme for 2021/22 to 2023/24. Before individual schemes under this programme are commenced sign-off of robust business cases by the S151 Officer and approval from Cabinet will be required.
- 1.2 The Cabinet will be asked to consider this report and, subject to any proposed changes it wishes to make, submit the Capital Strategy and Capital Programme 2021/22 to 2023/24 to Full Council for approval at its Budget Setting meeting on 8th March 2021.

2 Recommendation(s)/Proposed Action

The Committee is requested to scrutinise and comment on the Capital Strategy and Capital Programme 2021/22 to 2023/24 and make any references to Cabinet prior to it being recommended to Council on 8th March 2021:

Cabinet will be asked to recommend to Full Council:

- (a) The General Fund capital programme 2021/22 to 2023/24 of £147.557m and the associated Minimum Revenue Provision.
- (b) The Housing Revenue Account (HRA) capital programme 2021/22 to 2023/24 of £161.743m, including £147.248m for Affordable Housing schemes.
- (c) The principles underpinning the capital programme in paragraph 5.1.2 and the Minimum Revenue Provision principles in Section 7.

- (d) The notional funding allocations for individual schemes as highlighted in Appendix A (General Fund), Appendices B and C (HRA and Affordable Housing) for the period 2020-2024.
- (e) The Prudential Indicators, as set out in Section 6 of the report, and the Operational Boundary and Authorised Limit as set out in Tables 1.7 and 1.8. in order to provide increased flexibility to fund the Council's Capital Expenditure plans.

Members are asked to note:

- (f) The estimated interest costs of borrowing £119.4m to fund the entire capital programme, assuming an interest cost of 1%, excluding the Minimum Revenue Provision, is £1.194m pa. These costs have been included within the Medium Term Financial Strategy.
- (g) The Council will withdraw from its reliance on using capital receipts to fund the Minimum Revenue Provision over the lifetime of this capital programme. The revenue impact of this decision results in a £6.573m pressure by 2023/24. These costs have been included within the Medium Term Financial Strategy.
- (h) The Capital cashflow forecast in Appendix D

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

The report helps achieve the Five Year Plan by contributing to the Council's overall financial planning processes.

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 Programme of £309.300m and the Minimum Revenue Provision is approved and recommended to Full Council	The Capital programme should be both affordable and Prudent and there are Prudential Indicators in Section 6 that demonstrate these criteria being met. The Capital programme is	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. The Prudential	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

	supported by £119.400m 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 escalating capital costs and overspends against budget. This could also impact on the Revenue budget going forward.	Indicators are controls. We report an update to Cabinet on the Capital Programme on a quarterly basis and to Council every 6 months.		but will reduce risk in the medium term.
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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 Strategic Finance Board and quarterly review by Cabinet and Overview & Scrutiny Committee	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 arise 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 Medium Term Financial Strategy and the Treasury Management Strategy are also on this agenda. 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
- 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 aims to maintain education and transport capital expenditure 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

5.2 **Current Medium Term Financial Position**

5.2.1 As detailed in the Council's Medium Term Financial Strategy 2021/22 – 2023/24 on this agenda the Council is facing a significant reduction in its anticipated financial resources and will face a number of demand and policy led pressures.

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 funding set aside to pay back potential future borrowing or assume greater investment returns. 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. The Council is currently utilising short-term borrowing rates as these are currently at historically low levels and anticipated to remain low for the next 3 years. 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 works closely with its 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 interest rate risk.

5.2.3 The summarised capital programme can be seen in Table 1.1 below. This table highlights the key expenditure areas and the financing requirement for the capital programme over the period of the strategy. The Council's capital strategy is now over a three-year period, and it is over this period that the Council needs to consider if additional borrowing is required. 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

	Forecast	Capital Programme 2021/22 to 2023/24			
		Budget	Budget	Budget	Total
		2021/2022	2022/2023	2023/2024	21/22 to 23/4
2020/2021	2021/2022	2022/2023	2023/2024	21/22 to 23/4	
£000	£000	£000	£000	£000	
Total Adults & Communities	4,230	3,863	2,537	3,299	9,699
Total Childrens, Learning & Skills Services	3,614	9,004	3,914	280	13,198
Total Place & Development	4,861	13,574	7,461	1,261	22,296
Total Regeneration	51,923	49,497	13,895	2,371	65,763
Total Finance & Resources	12,158	24,501	6,050	6,050	36,601
TOTAL GENERAL FUND CAPITAL	76,786	100,439	33,857	13,261	147,557
Total RMI Capital Programme	15,585	4,823	4,823	4,849	4,849
Total Affordable Homes	47,473	35,849	49,051	62,348	62,348
Total Housing Revenue Account CAPITAL BUDGET	63,058	40,672	53,874	67,197	67,197
GF Financed by					
Borrowing	62,995	46,154	13,354	7,131	66,639
Grants	9,299	29,114	8,003	830	37,947
S106	90	2,364	0	0	2,364
Capital Receipts in Cap Prog	4,402	22,808	12,500	5,300	40,608
	76,786	100,439	33,857	13,261	147,557
HRA Financed by					
Borrowing	44,468	19,424	31,589	1,748	52,761
Capital Receipts	2,000	7,500	5,000	3,438	15,938
Institutional Funding	-	-	-	49,000	49,000
Revenue Contributions to Capital	1,871	4,783	8,020	8,162	20,965
Major Repairs Reserve	14,719	8,965	9,265	4,849	23,079
	63,058	40,672	53,874	67,197	161,743

5.2.4 The total general fund revenue financing required to fund the capital strategy's borrowing requirement of £66.639m by 2023/24 is £1.723m. The revenue required to fund the HRA's borrowing requirement of £52.761m by 2023/24 is

£1.787m this cost is included in the HRA business plan and is expected to be covered by rents from new properties.

5.2.5 There is a strong alignment between the treasury management strategy and the capital strategy, also on this evening's Cabinet agenda. On the latest estimates in the Treasury Management strategy, the actual cash available to fund the capital programme, once reserves and grants received, but not applied, have been taken into account. The Council must set aside revenue funding to finance long term capital commitments during the life of the capital strategy, this is linked to the Minimum Revenue Provision policy detailed below in this report.

5.3 Key elements

5.3.1 As can be seen in Table 1.1 above, of the capital programme funded via general sources, broadly 52% relates to expenditure through the Housing Revenue Account and 48% on other General Fund activity.

5.3.2 The proposed capital programme includes:

General Fund

Capital Scheme	Proposed Budget 2021/22 £'000	Proposed Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Total £'000
Cemetery Extension	2,500	2,315	1,233	6,048
Schools Modernisation Programme	996	600	200	1,796
Special School Expansion – Primary, Secondary and Post 16	5,323	2,484	0	7,807
Secondary Expansion Programme	1,510	500	0	2,010
Chalvey Extra Care Housing	6,313	6,000	0	12,313
Major Infrastructure Projects	19,537	3,000	0	22,537
Environmental Initiatives	3,668	1,206	1,371	6,245
Hub Development	8,072	5,000	0	13,072
Youth Hub	5,000	0	0	5,000
Thames Valley University Site	3,000	0	0	3,000
James Elliman Homes	5,000	0	0	5,000
Community Investment Fund	840	840	840	3,150

HRA

Capital Scheme	Proposed Budget 2021/22 £'000	Proposed Budget 2022/23 £'000	Proposed Budget 2023/24 £'000	Total £'000
Boiler Replacement and Heating	500	500	330	1,330
Kitchen & Bathroom Replacement	700	700	700	2,100
Garage & Environmental Improvements	2,000	2,000	2,000	6,000
Windows and Door Replacement	700	700	700	2,100
Affordable Homes	35,849	49,051	62,348	147,248

5.4 Financing the capital programme & prudential code

5.4.1 The Council has a variety of sources of funding for the capital programme and these are summarised in Charts 1.1 and 1.2 below:

Chart 1.1: General Fund Capital Financing 2021/22 to 2023/24

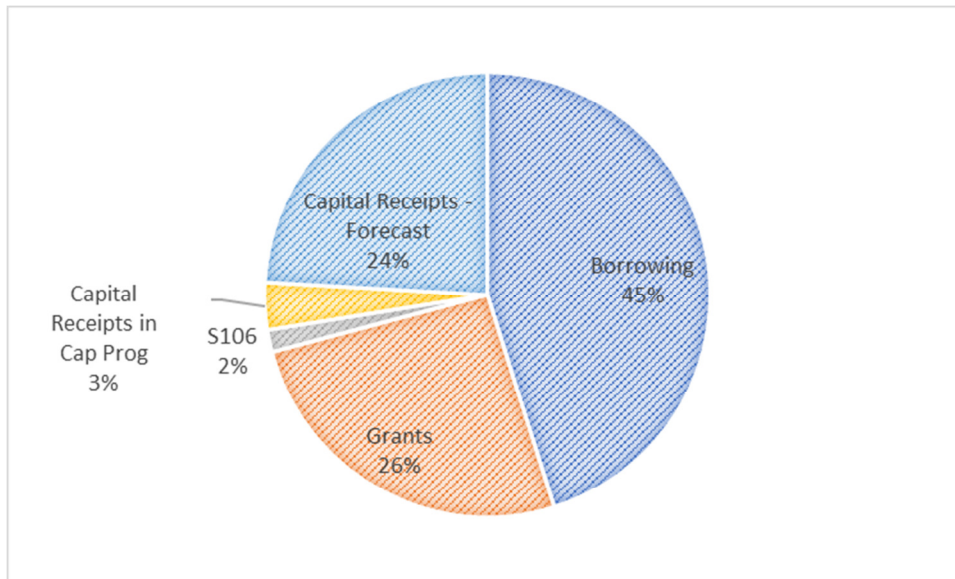
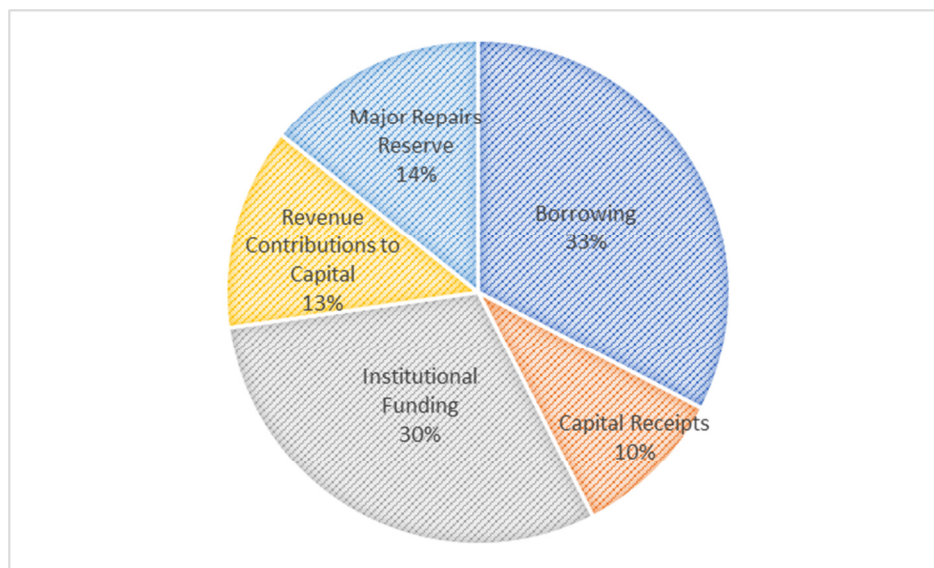


Chart 1.2: HRA Capital Financing 2021/22 to 2023/24



5.4.2 The majority of the Council's General Fund Capital Funding will be derived from grants and capital receipts. The HRA Capital Programme is funded from borrowing, institutional funding, the Major Repairs Reserve, revenue contributions and capital receipts.

5.5 Main sources of income

5.5.1 Capital Receipts

The majority of General Fund capital receipts in recent years has come from land receipts received via the Slough Urban Renewal Partnership (SUR). Receipts are derived from the various sites included within the initial Option Agreement with SUR (the Ledgers Road site and Wexham Nursery site respectively). Additional capital receipts will be realised when loans given to

the SUR Old Library Site LLP to support the residential element of the scheme are repaid.

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

5.5.3 Grant Funding

The Council receives a variety of capital funding grants from various government departments. The Capital strategy is based on the assumption that all transport related expenditure is funded entirely from central government grant funding and the intention going forward is for all school capital costs to be funded via grant as well. 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.

5.5.4 Section 106 receipts

The Council partially funds its capital programme from Section 106 receipts. The Council holds approximately £10.453m of S106 receipts, which can be used on various projects over the next 10 years. It is planned to use £0.4m of Section 106 Contributions to fund the 2020/21 Capital Programme, with a further £2.4m to be used to part fund the 2021/22 to 2023/24 Capital Strategy. Additional section 106 Contributions are likely to be received during the period covered by the 2021/22 to 2023/24 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 are shown in Table 1.2 below.

Table 1.2 Section 106 Contributions

	Total Deposited	Total Spent	Current Balance	Committed	Uncommitted
	£000	£000	£000	£000	£000
Open Space maintenance	1,358	61	1,297	1,297	0
Open Space Capital	1,684	128	1,557	1,557	0
Public Realm	255	255	0	0	0
Town Centre	40	40	0	0	0
Affordable Housing	5,514	4,281	1,233	1,233	0
Education	8,420	8,206	214	214	0
Highways & Transport	1,274	351	923	573	349
Windsor Road/Conference Centre	232	0	232	232	0
Transport Vision	669	0	669	669	0
RTPI	457	361	96	96	0
Cycleway	615	325	290	271	19
Stoke Road	1,866	0	1,866	1,866	0
Mass Rapid Transport	655	655	0	0	0
Travel Plan	246	30	215	178	38
Bus Service	1,296	0	1,296	1,296	0
Highway Cleansing Maintenance	49	49	0	0	0
Parking	208	43	165	143	23
Air Quality/Electric Vehicle & Car Club	494	114	380	380	0
Employment & Skills	4	0	4	0	4
Monitoring Fee	16	0	16	16	0
Total	25,353	14,899	10,453	10,020	433

5.5.5 *Capitalisation Direction*

For 2021/22, the Council has sought a 'capitalisation directive' from the Ministry of Housing, Communities and Local Government (MHCLG) to allow it to capitalise £12.2m of revenue expenditure to deal with the exceptional one-off financial pressures arising from a required repayment of Business Rates receipts, backdated to 2010, following a ruling of the Valuations Office Agency (VoA); and the Slough Children's Services Trust's financial deficit. This direction allows the Council to act contrary to the usual principle that revenue costs should be funded entirely out of revenue income. It is likely this dispensation, if approved, will include a number of conditions, including:

- (i) the Authority may only capitalise expenditure when it is incurred;
- (ii) where expenditure is capitalised, the Authority shall charge annual Minimum Revenue Provision using the asset life method with a proxy 'asset life' of no more than 20 years, in accordance with the Department's Statutory Guidance on Minimum Revenue Provision issued by the Secretary of State under section 21(1A) of the Local Government Act 2003; and
- (iii) where the authority's capital financing requirement is increased as a result of the capitalisation of expenditure under this direction, any further borrowing from the date of the capitalisation letter up to and including, but not exceeding, the increase in the financing requirement must be obtained from the PWLB (Public Works Loan Board), and must be subject to an additional 1 percentage point premium on the interest rate above the rate the loan would otherwise be subject to. This requirement does not apply to borrowing in relation to the Housing Revenue Account. Where any borrowing to which these conditions initially apply is refinanced, the conditions must continue to apply to the resulting borrowing.

5.5.6 *Flexible Use of Capital Receipts.*

Revenue expenditure forecast to 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 £26.2m of additional capital receipts have been identified for this purpose. This scheme has been extended, by central government at the Final Local Government Settlement, to the end of 2024/25.

5.5.7 *Revenue Contributions*

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 receive 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.

5.5.8 *Borrowing*

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. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) prudential code governs how the 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 CIPFA'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 (now Ministry of Housing, Communities & Local Government) Guidance on Minimum Revenue Provision.

5.5.9 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.

5.5.10 *Capitalisation of Borrowing Costs*

For 2018/19 the Council changed its accounting policy for borrowing costs incurred where items of property, plant and equipment take a substantial period of time to become available for their intended use. The Council has adopted this accounting policy because it believes that the capitalisation of borrowing costs better reflects the costs of property, plant and equipment and helps ensure that those benefiting from the use of the asset meet those costs. Qualifying assets are those assets that necessarily take a substantial period of time to get ready for their intended use.

Taking into account materiality, the Council has determined that qualifying assets are those where the approved capital budget at inception was at least £4m and will take over 12 months to create. Estimates of interest capitalisation for the period of the capital strategy are as follows:

Estimates of Capitalisation of Borrowing Costs 2020-24

2020-21	2021-22	2022-23	2023-24
£000	£000	£000	£000
2,005	260	110	0

5.5.11 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 relating to council housing. 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.

5.5.12 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 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.
- 6.2 The Council's planned capital expenditure and financing is summarised in Table 1.3 below:

Table 1.3: Capital Programme

Capital Expenditure and Financing	2020/21 Revised	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	Total
	£m	£m	£m	£m	£m
General Fund	77	100	34	13	147
HRA	63	41	54	67	162
Total Expenditure	140	141	88	80	309
Capital Receipts	6	30	18	9	57
Grants & Contributions	9	31	8	50	89
Revenue	2	5	8	8	21
Reserves	15	9	9	5	23
GF Borrowing (incl. internal)	63	46	13	7	66
HRA Borrowing (incl. internal)	44	19	32	2	53
Total Financing	140	141	88	80	309

6.3 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose and is set out in Table 1.4 below.

Table 1.4 Estimates of Capital Financing Requirement:

Capital Financing Requirement	31.03.21 Revised	31.03.22 Estimate	31.03.23 Estimate	31.03.24 Estimate
	£m	£m	£m	£m
General Fund	585	685	719	732
HRA	197	238	292	359
Total CFR	782	923	1,011	1,091

6.4 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to use useable reserves and working capital to finance capital expenditure where possible to enable external borrowing to be kept below the CFR and reduce investment levels (known as internal borrowing).

As the CFR rises and short term loans mature in 2021 and 2022 the ability to finance the CFR through usable reserves and working capital will reach capacity and there will be a need to borrow externally. The majority of this need will be due to the replacement of short term loans as they mature rather than the expanding capital programme.

6.5 The CFR is forecast to rise by £195m 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.

6.6 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 1.5 Estimates of Gross Debt

Debt	31.03.21 Estimate	31.03.22 Estimate	31.03.23 Estimate	31.03.24 Estimate
	£m	£m	£m	£m
Borrowing	780	845	890	899
Leases	5	25	25	25
PFI liabilities	32	31	29	29
Total Debt	817	901	944	951

6.7 Total debt is expected to remain below the CFR over the forecast capital strategy period.

6.8 **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 1.6 Operational Boundary

Operational Boundary	2020/21 Limit	2021/22 Limit	2022/23 Limit	2022/23 Limit
	£m	£m	£m	£m
Borrowing	780	845	890	899
Other long-term liabilities	59	64	63	62
Total Debt	839	909	953	961

- 6.9 **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 1.7 Authorised Limit

Authorised Limit	2020/21 Limit	2021/22 Limit	2022/23 Limit	2023/24 Limit
	£m	£m	£m	£m
Borrowing	800	888	921	935
Other long-term liabilities	59	64	63	62
Total Debt	859	952	984	997

- 6.10 **Ratio of Financing Costs to Net Revenue Stream:** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 1.8 Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing Costs to Net Revenue Stream	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£000	£000	£000
Financing costs	1,821	2,896	3,523
Proportion of net revenue stream %	1.48%	2.38%	2.80%

- 6.11 **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 Code's 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 2020/21 would not be subject to a MRP charge until 2021/22.
- 7.10 Based on the Council’s latest estimate of its Capital Financing Requirement on 31st March 2021, the budget for MRP is shown in Table 1.10 below. The table below differs from Table 1.2 as it includes the charging of MRP on unfinanced capital expenditure incurred prior to the 2021-22 financial year. A summary of the estimate of MRP over the life of the capital strategy and the intended use of capital receipts to fund MRP is shown in the table below. The capital strategy proposes withdrawing from the use of funding MRP via capital receipts over the next three years. The revenue implications of this policy change are included within the Medium Term Financial Strategy.

Table 1.9 MRP Method – Option 3 (Annuity)

	2020-21	2021-22	2022-23	2023-34
	£000	£000	£000	£000
50 year Annuity MRP charge	4,454	5,466	6,579	6,933
Over provision of £3.6m spread over 10 years	(360)	(360)	(360)	(360)
MRP Charge	4,094	5,106	6,219	6,573
Funded from Revenue	(40)	(40)	(3,105)	(6,573)
Funded from Capital Receipts	(4,054)	(5,066)	(3,104)	0
Total MRP Funding	(4,094)	(5,106)	(6,219)	(6,573)

8 Community Investment Fund

- 8.1 The Community Investment Fund programme for 2021/22 has an indicative budget of £1.050m with the majority to be spent on neighbourhood enhancements identified by Councillors in each of their wards across the Borough. All elected Councillors will have £20,000 each to spend on Capital projects of their choosing and Cabinet has an additional Community Investment Fund Capital Allocation of £210,000. The only stipulation is that the expenditure 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

- 9.1 This report will be considered by the Cabinet on 22nd February 2021 and will consider any comments of the Overview & Scrutiny Committee.

10 **Conclusion**

The Committee is requested to scrutinise this report and make any references to Cabinet which is are requested to approve the capital strategy and recommend it to Council on 8th March 2021.

11 **Appendices Attached**

- 'A' Detailed schemes in 2021/22 to 2023/24 General Fund Capital Programme
- 'B' Detailed schemes in 2021/22 to 2023/24 HRA Capital Programme
- 'C' Proposed Affordable Housing Schemes 2021/22 to 2023/24

12 **Background Papers**

- Medium Term Financial Strategy 2021/22 to 2023/24
- Treasury Management and Investment Strategy 2021/22 to 23/24
- Asset Management Strategy
- Other working papers held within the Finance Department

Proposed General Fund Capital Programme 2021/22 to 2023/24

Capital Programme 2021/22 to 2023/24		Capital Programme 2021/22 to 2023/24					Financed by				
COST CENTRE CODE	Forecast	Budget	Budget	Budget	Total	Borrowing	Grants & Cont	S106	Capital Receipts	TOTAL	
		2020/2021	2021/2022	2022/2023	2023/2024	21/22 to 23/4					
		£000	£000	£000	£000		£'000	£'000	£'000	£'000	£'000
Adults & Communities											
<i>Adult Social Care Operations</i>											
P331	Care Act: Social Care IT Developments	383	0	0	0	0	0	0	0	0	
P577	Learning Disability Change Programme	901	700	0	0	700	700	0	0	700	
P133	Extra Care Housing	0	0	0	1,844	1,844	1,844	0	0	1,844	
P195	Autism Capital Grant	6	0	0	0	0	0	0	0	0	
P395	HOLD Capital Project	393	0	0	0	0	0	0	0	0	
<i>Communities & Leisure</i>											
P107	Repairs to Montem & Ice	20	0	0	0	0	0	0	0	0	
P166	Community Leisure Facilities/Small Capital Neighbourhood F	30	222	222	222	666	666	0	0	666	
P141	Langley Leisure Centre	100	10	0	0	10	10	0	0	10	
P969	Salt Hill Leisure	150	10	0	0	10	10	0	0	10	
P165	Leisure Centre Farnham Road	245	100	0	0	100	100	0	0	100	
P164	New Ice	230	0	0	0	0	0	0	0	0	
P880	Parks & Open Spaces	0	321	0	0	321	0	0	321	321	
<i>Regulatory Services</i>											
P083	Cemetery Extension	1,500	2,500	2,315	1,233	6,048	6,048	0	0	6,048	
P873	Crematorium Project	24	0	0	0	0	0	0	0	0	
P875	CCTV	110	0	0	0	0	0	0	0	0	
P198	Allotment Improvement Project	138	0	0	0	0	0	0	0	0	
Total Adults & Communities		4,230	3,863	2,537	3,299	9,699	9,378	0	321	9,699	
Childrens, Learning & Skills Services											
<i>Schools</i>											
P051	Primary Expansions (Phase 2 for 2011)	300	170	0	0	170	0	170	0	170	
P093	Schools Modernisation Programme	600	996	600	200	1,796	0	1,796	0	1,796	
P101	SEN Resources Expansion	1,000	100	0	0	100	0	100	0	100	
P153	Special School Expansion-Primary,Secondary & Post 16	300	5,323	2,484	0	7,807	0	7,807	0	7,807	
P095	Secondary Expansion Programme	1,000	1,510	500	0	2,010	0	2,010	0	2,010	
P783	Schools Devolved Capital	90	80	80	80	240	0	240	0	240	
P673	DDA/SENDA access Works	0	50	0	0	50	50	0	0	50	
P139	323 High St/Haybrook	20	25	0	0	25	25	0	0	25	
P207	Refurbishment of Wexham House	80	0	0	0	0	0	0	0	0	
<i>Early Years & Prevention</i>											
P749	Children's Centres Refurbishments	98	0	0	0	0	0	0	0	0	
P196	Early Years Service Capital Development Programme	10	750	250	0	1,000	1,000	0	0	1,000	
P221	Delegation Portal	36	0	0	0	0	0	0	0	0	
P222	Children & Families Portal	80	0	0	0	0	0	0	0	0	
Total Childrens, Learning & Skills Services		3,614	9,004	3,914	280	13,198	1,075	12,123	0	13,198	
Place and Development											
<i>Building Manangement</i>											
P146	Arbour Park Community Sports Facility	16	0	0	0	0	0	0	0	0	

Proposed General Fund Capital Programme 2021/22 to 2023/24

COST CENTRE CODE		Forecast	Budget	Budget	Budget	Total	Borrowing	Grants & Cont	S106	Capital Receipts	TOTAL
		2020/2021	2021/2022	2022/2023	2023/2024	21/22 to 23/4					
		£000	£000	£000	£000		£'000	£'000	£'000	£'000	£'000
P191	Fire Risk Assessment Works	69	0	0	0	0	0	0	0	0	0
P193	Purchase of new Corporate HQ	1,000	1,000	0	0	1,000	1,000	0	0	0	1,000
	Environmental Services										
P580	Mayrise Insourcing	10	0	0	0	0	0	0	0	0	0
P581	Domestic Wheeled Bins & Containers	100	125	125	125	375	375	0	0	0	375
P176	Refuse fleet & Grounds Plant equipment	86	86	86	86	258	258	0	0	0	258
P220	Urban Tree Challenge Fund	300	700	0	0	700	350	350	0	0	700
P223	Recycling Initiatives	0	500	0	0	500	500	0	0	0	500
	Housing People Services										
P006	Disabled Facilities Grant	550	550	550	550	1,650	0	1,650	0	0	1,650
P184	Purchase of 34 herschel St and 2 Victoria St	60	0	0	0	0	0	0	0	0	0
P216	New Housing Management	300	0	0	0	0	0	0	0	0	0
	Housing Development & Contracts										
P194	Compulsory Purchase Order Reserve	150	500	500	500	1,500	1,500	0	0	0	1,500
P230	Bringing Long Term Empty Property back into Residential use	50	200	200	0	400	400	0	0	0	400
P181	Fire Risk Assessment (Nova House)	1,600	3,600	0	0	3,600	3,600	0	0	0	3,600
P208	Chalvey Extra Care Housing	570	6,313	6,000	0	12,313	12,313	0	0	0	12,313
	Total Place & Development	4,861	13,574	7,461	1,261	22,296	20,296	2,000	0	0	22,296
	Regeneration										
	Major Infrastructure projects										
P102	Local Sustainable Transport Fund	0	188	0	0	188	0	188	0	0	188
P149	A332 Windsor Road Widening Scheme LEP/Other	15	0	0	0	0	0	0	0	0	0
P192	LTP Implementation Plan	100	638	0	0	638	0	638	0	0	638
P160	LED Upgrade	50	303	0	0	303	0	303	0	0	303
P881	Colnbrook By-pass	14	115	0	0	115	0	115	0	0	115
P186	Bridge Capital Works	48	445	0	0	445	100	345	0	0	445
P187	Flood Defence Measures SBC/EA Partnership	0	98	0	0	98	0	98	0	0	98
P209	Zone 1 - Sutton Lane Gyrotory (MRT)	409	2,500	2,000	0	4,500	0	4,500	0	0	4,500
P210	Zone 2 - Foxborough (MRT)	1,455	1,500	0	0	1,500	0	1,500	0	0	1,500
P211	Zone 3 - Park & Ride (MRT)	949	4,000	0	0	4,000	0	4,000	0	0	4,000
P212	Zone 4 - Stoke Road	1,157	5,000	1,000	0	6,000	1,000	5,000	0	0	6,000
P213	Zone 5 - Slough Station	363	700	0	0	700	0	700	0	0	700
P214	Zone 6 - Wexham	139	2,000	0	0	2,000	0	100	1,900	0	2,000
P215	Zone 7 - Off Road Cycle Route	184	0	0	0	0	0	0	0	0	0
P157	Burnham Station LEP	0	50	0	0	50	0	50	0	0	50
P053	Langley Station LEP	210	0	0	0	0	0	0	0	0	0
P235	Langley High Street Improvements LEP	828	2,000	0	0	2,000	471	1,529	0	0	2,000
P579	A4 Cycle	0	0	0	0	0	0	0	0	0	0
P188	Community Transport Fleet	2	181	0	0	181	181	0	0	0	181
	Environmental Initiatives										
P155	Air Quality Monitoring	80	32	0	0	32	0	0	32	0	32
P125	Electric Vehicle Network	40	498	400	400	1,298	1,207	80	11	0	1,298
P170	Carbon Management-Fleet Challenge	50	400	150	265	815	815	0	0	0	815
Pxxx	Carbon Management - Public Sector Decarb. Scheme	0	1,100	0	0	1,100	0	1,100	0	0	1,100

Proposed General Fund Capital Programme 2021/22 to 2023/24

COST CENTRE CODE		Forecast	Budget	Budget	Budget	Total	Borrowing	Grants & Cont	S106	Capital Receipts	TOTAL
		2020/2021	2021/2022	2022/2023	2023/2024	21/22 to 23/4					
		£000	£000	£000	£000		£'000	£'000	£'000	£'000	£'000
P168	Re-fit Programme	50	850	456	406	1,712	1,712	0	0	0	1,712
P203	Car Club	10	288	200	300	788	688	0	100	0	788
P225	Environmental Initiatives - Match Funding	1,000	500	0	0	500	500	0	0	0	500
	Planning & Transport										
P174	Highways Maintenance Annual Programme	400	524	524	0	1,048	0	1,048	0	0	1,048
P111/P728	Major Highways Programmes	1,865	1,265	1,265	0	2,530	0	2,530	0	0	2,530
P224	Minor Highway Pavements & Street Improvement	150	450	0	0	450	450	0	0	0	450
	Regeneration Delivery										
P180	Capital Works following Stock Condition Survey (Childrens C	2,400	2,300	2,400	1,000	5,700	3,300	0	0	2,400	5,700
P228	Asbestos Removal (GF)	1,000	500	500	0	1,000	1,000	0	0	0	1,000
	Regeneration Development										
P204	Hub Development	2,000	8,072	5,000	0	13,072	8,072	0	0	5,000	13,072
P226	Youth Hub	0	5,000	0	0	5,000	0	0	0	5,000	5,000
P127	Demolitions	1,799	0	0	0	0	0	0	0	0	0
P171	Slough Basin (Stoke Wharf)	50	0	0	0	0	0	0	0	0	0
P135	Plymouth Road (dilapidation works)	105	0	0	0	0	0	0	0	0	0
P172/P173	Thames Valley University Site	1,122	3,000	0	0	3,000	3,000	0	0	0	3,000
P156	Strategic Acquisition fund	5,000	0	0	0	0	0	0	0	0	0
P159	Development Old Library Site	15,364	0	0	0	0	0	0	0	0	0
P206	Refurbishment of 32 Chalvey Road East	65	0	0	0	0	0	0	0	0	0
P229	St Martins Place	250	0	0	0	0	0	0	0	0	0
P179	James Elliman Homes	13,200	5,000	0	0	5,000	5,000	0	0	0	5,000
	Total Regeneration	51,923	49,497	13,895	2,371	65,763	27,496	23,824	2,043	12,400	65,763
	Finance & Resources										
	Digital & Strategic IT										
P161	Financial System Upgrades/Agresso Phase 2	1,500	1,000	0	0	1,000	1,000	0	0	0	1,000
P183	Management Information Centre	31	0	0	0	0	0	0	0	0	0
P084	IT Infrastrucure Refresh	5,000	5,000	5,000	5,000	15,000	5,000	0	0	10,000	15,000
	Finance										
P871	Community Investment Fund	840	840	840	840	2,520	1,563	0	0	957	2,520
P218	Community Investment Fund-Cabinet	385	210	210	210	630	630	0	0	0	630
Pxxxx	Reading Archives - Extension (SBC Contribution)	0	200	0	0	200	200	0	0	0	200
Pxxxx	Transformation Fund	4,402	5,051	0	0	5,051	0	0	0	5,051	5,051
Pxxxx	Capitalisation Direction	0	12,200	0	0	12,200	0	0	0	12,200	12,200
	Total Finance & Resources	12,158	24,501	6,050	6,050	36,601	8,393	0	0	28,208	36,601
	TOTAL GENERAL FUND CAPITAL	76,786	100,439	33,857	13,261	147,557	66,639	37,947	2,364	40,608	147,557
	GF Financed by										
	Borrowing	62,995	46,154	13,354	7,131	66,639					
	Grants	9,299	29,114	8,003	830	37,947					
	S106	90	2,364	0	0	2,364					
	Capital Receipts in Cap Prog	4,402	22,808	12,500	5,300	40,608					
		76,786	100,439	33,857	13,261	147,557					

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		HRA Capital Programme 2021/22 to 2023/24				
Capital Code	Forecast	Budget	Budget	Budget	TOTAL	
	2020/2021 £'000	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	21/22 to 23/24 £'000	
RMI Capital Programme						
P406	Stock Condition Survey	750				
P408	Brooms & Poplar Fire Compliance Upgrade Works	500				
P409	Boiler Replacement and heating	918	500	500	330	
P413	Kitchen & Bathroom Replacement	700	700	700	700	
P415	Electrical Systems	120	120	120	120	
P419	Garage & Environmental Improvements	2,000	2,000	2,000	2,000	
P431	FRA & Asbestos Removal Works (bring forward £3m years 6/7)	1,000				
P547	Major Aids & Adaptations	250	250	250	324	
Planned Maintenance Capital						
P405	Tower and Ashbourne	2,193				
P412	Windows and Door Replacement	700	700	700	700	
P417	Roof Replacement				615	
P422	Security & Controlled Entry Modernisation					
P433	Capitalised voids	60	60	60	60	
P432	RMI Remodelling and Investment	5,911				
Total RMI Capital Programme		15,585	4,823	4,823	4,849	
Affordable Homes						
P575	Affordable Homes	47,473	35,849	49,051	62,348	
Total Affordable Homes - See Appendix C		47,473	35,849	49,051	62,348	
Total Housing Revenue Account CAPITAL BUDGET		63,058	40,672	53,874	67,197	
HRA Financed by						
	Borrowing	44,468	19,424	31,589	1,748	
	Capital Receipts	2,000	7,500	5,000	3,438	
	Institutional Funding	-	-	-	49,000	
	Revenue Contributions to Capital	1,871	4,783	8,020	8,162	
	Major Repairs Reserve	14,719	8,965	9,265	4,849	
		63,058	40,672	53,874	67,197	
					161,743	

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HRA - AFFORDABLE HOMES SCHEDULE

Affordable Homes Scheme	No. Social/Affordable Units	TOTAL Indicative Units	2021/22	2022/23	2023/24	Total	Commentary
			£'000	£'000	£'000	£'000	
Akzo Nobel development	340	850	500	164	18,298	18,962	Assumes 40% Social/Affordable Properties
Phase 4 - Belfast Avenue	12	12	1,000	-	-	1,000	100% Social/Affordable Properties
GF land Purchase - Weekes Drive etc.		-	7,000	-	-	7,000	Assumes £7m land value to reflect 60% private sales
Tower & Ashbourne	193	193	10,000	30,000	15,000	55,000	100% Social/Affordable Properties
SMP	64	64	6,250	6,250	-	12,500	100% Social/Affordable Properties
Montem	10	10	500	1,250	250	2,000	100% Social/Affordable Properties
Trelawney Avenue			3,000	2,000	-	5,000	100% Social/Affordable Properties
Quantock Close	8	8	1,800	-	-	1,800	100% Social/Affordable Properties
Broom House	4	4	1,800	-	-	1,800	100% Social/Affordable Properties
Weekes Drive	33	84	300	2,600	5,200	8,100	Assumes mixed development with 40% social/affordable and 60% market/private sale.
Langley College	42	120	500	100	6,000	6,600	Assumes mixed development with 35% social/affordable and 65% market/private sale.
Rochford Gardens	4	19	250	600	-	850	Assumes mixed development with 20% social/affordable and 80% market/private sale.
Langley Police Station	20	20	120	1,250	1,250	2,620	100% Social/Affordable Properties
London Road	35	70	500	2,600	7,900	11,000	Assumes mixed development with 50% social/affordable and 50% market/private sale.
Poplar House (Langley)	6	6	250	1,500	-	1,750	100% Social/Affordable Properties
Garrick House	12	60	450	100	1,650	2,200	Assumes mixed development with 20% social/affordable and 80% market/private sale.
12 Small sites	14	28	500	-	5,800	6,300	Assumes mixed development with 50% social/affordable and 50% market/private sale.

			2021/22	2022/23	2023/24	Total	Commentary
Affordable Homes Scheme	No. Social/Affordable Units	TOTAL Indicative Units	£'000	£'000	£'000	£'000	
Affordable Homes - Design, Project Development & Planning Fees			1,129	637	1,000	2,766	Design & Development fees for the remaining 'small' sites
TOTAL CAPITAL EXPENDITURE			35,849	49,051	62,348	147,248	
CAPITAL FUNDING (NON BORROWING)							
Retained 1-4-1 RTB Receipts			(2,500)	(2,000)	(2,000)	(6,500)	
Slippage from 2020/21 Affordable Housing Capital Budget			(2,500)	0	0	(2,500)	
Tower & Ashbourne - Institutional Funding			0	0	(49,000)	(49,000)	40 Year lease through DISH RP to Institutional Funder
Weekes Drive - sale of private units			0	0	(263)	(263)	Assumes £25k per private sale income return (42 units)
Langley College - sale of private units			0	0	(375)	(375)	Assumes £25k per private sale income return (60 units)
Rochford Gardens - sale of private units			0	0	(375)	(375)	Assumes £25k per private sale income return (15 units)
London Road - sale of private units			0	0	(438)	(438)	Assumes £25k per private sale income return (35 units)
Garrick House - sale of private units			0	0	0	0	Assumes £25k per private sale income return (48 units)
Small Sites - sale of private units			0	0	(175)	(175)	Assumes £25k per private sale income return (14 units)
Akzo Nobel - sale of private units			0	0	0	0	Assumes £40k per private sale income return (255 units)
SMP - commuted contribution from Montem			0	(1,500)	0	(1,500)	Contribution from Montem
Disposals - Contribution towards SMP development			(2,500)	(1,500)	0	(4,000)	Land disposals
TOTAL Receipts			(7,500)	(5,000)	(52,625)	(65,125)	
Total Notional Borrowing Required			28,349	44,051	9,723	82,123	

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 18th February 2021

CONTACT OFFICER: Neil Wilcox, Executive Director Corporate Services (S151)
(For all enquiries) (01753) 875358

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

TREASURY MANAGEMENT & INVESTMENT STRATEGY 2021/22**1 Purpose of Report**

To provide the Overview & Scrutiny Committee with an opportunity to scrutinise the Treasury Management Strategy 2021/22.

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. The council is also required to produce an investment strategy to meet the requirements of statutory guidance issued by the government in January 2018

2 Recommendation(s)/Proposed Action

The Committee is requested to scrutinise and comment on the Treasury Management Strategy for 2021/22 and the Investment Strategy 2021-22 and make any references to Cabinet prior to the Strategy being recommended to Council on 8th March 2021.

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

The report helps achieve the Five Year Plan by contributing to the Council's overall financial planning processes.

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 2021-22 and the Investment Strategy for 2021-22	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 2021/22 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 On 31st January 2021, the Authority had £702.7m of borrowing and held an average investment balance of £84.862m 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.
- 7.2 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 £1,091m. The total debt at the end of 2021/22 is forecast to be £901m. The Council will therefore comply with this recommendation during 2021/22.
- 7.3 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 Treasury Management Strategy 2021/22 and the Investment strategy 2021/22 are will be considered by Cabinet on 22nd February 2021 and by Council on 8th March 2021.

9 Conclusion

The Committee is requested to scrutinise the Treasury Management Strategy for 2021/22 and Investment Strategy prior to consideration by Cabinet on 22nd February and Full Council on 8th March 2021.

10 Appendices Attached

'1' Treasury Management Strategy 2021/22 (containing Investment Strategy 2021/22 as Appendix C)

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

Appendix 1-Treasury Management Strategy Statement 2021/22

Slough Borough Council

1. Introduction

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority 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 financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in Appendix C, the Investment Strategy.

2. External Context

- 2.1 **Economic background:** The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22. The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month.
- 2.2 UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market.
- 2.3 GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak.

- 2.4 **Credit outlook:** After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.
- 2.5 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 2.6 **Interest rate forecast:** The Authority’s treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. Further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.
- 2.7 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon.
- 2.8 Arlingclose’s interest rate forecast for Base Rate, 10 and 20 year gilts is shown in table 1 below.

Table 1: Interest rate forecast

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Official Bank Rate													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.00	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
10yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.40	0.45	0.50	0.50	0.55	0.55	0.60	0.60	0.65	0.65	0.70	0.70	0.70
Downside risk	0.15	0.20	0.25	0.25	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.85	0.85	0.90	0.90	0.90	0.95	0.95	0.95	1.00	1.00	1.00	1.00	1.00
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.45	0.50	0.50	0.50	0.50	0.50

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

3. Local Context

3.1 On 31st January 2021, the Authority held £702.7m of borrowing and £39.7m of treasury investments. Of the £702.7m borrowed £349.5m is borrowed short term (with less than a year to maturity) from other local authorities. This is set out in further detail in the appendix. Forecast changes in these sums are shown in the balance sheet analysis in table 2 below.

Table 2: Balance sheet summary and forecast

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	505	585	685	719	732
HRA CFR	164	197	238	292	359
Total CFR	669	782	923	1,011	1,091
Less: Other debt liabilities *	(39)	(37)	(56)	(54)	(54)
Loans CFR	630	745	867	957	1,037
Less: External borrowing **	(629)	(527)	(316)	(306)	(296)
Internal borrowing	1	218	551	651	741
Less: Usable reserves	(81)	(85)	(89)	(93)	(97)
Less: Working capital	(6)	(6)	(6)	(6)	(6)
Cumulative Treasury investments / (new borrowing)	86	(127)	(456)	(552)	(638)
In year new investments / (borrowing)	-	(127)	(329)	(96)	(86)

* leases and PFI liabilities that form part of the Authority's total debt

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

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to use useable reserves and working capital to finance capital expenditure where possible to enable external borrowing to be kept below the CFR and reduce investment levels (known as internal borrowing). As the CFR rises and short-term loans mature in 2021 and 2022 the ability to finance the CFR through usable reserves and working capital will reach capacity and there will be a need to borrow externally. The majority of this need will be due to the replacement of short-term loans as they mature rather than the expanding capital programme. Overall the Council will need to borrow up to £638m over the forecasted period, including the replacement of short-term loans.

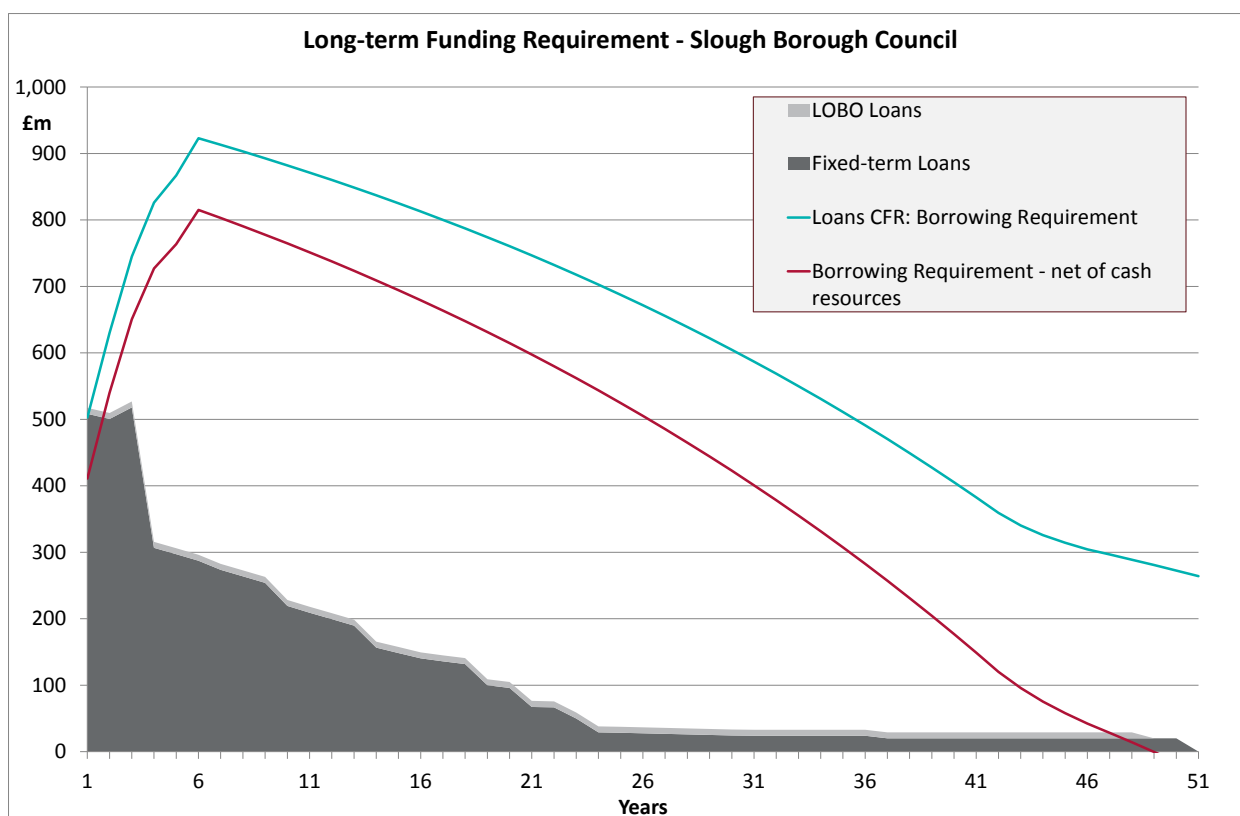
- 3.3 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Authority expects to comply with this recommendation during 2021/22.
- 3.4 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 2 above, but that cash and investment balances are kept to a minimum level of £15m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 3: Liability benchmark

	31.3.20 Actual £m	31.3.21 Estimate £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
Loans CFR	630	745	867	957	1,037
Less: Usable reserves	(81)	(85)	(85)	(85)	(85)
Less: Working capital	(6)	(6)	(6)	(6)	(6)
Plus: Minimum investments	15	15	15	15	15
Liability benchmark	558	669	791	881	961

- 3.5 The liability benchmark is projected on a longer-term basis in the chart below where it is indicated by the red line:

Chart 1: Liability benchmark / Borrowing Requirement



3.6 This assumes no further capital expenditure funded by borrowing beyond 2023/24 as income from other council schemes may go to meet some of these costs in future. Even if this is unrealistic in practice current borrowing decisions will not be based on as of yet unknown expenditure that may occur many years in the future so a zero assumption is prudent at this time. After 2023/24 minimum revenue provision on new capital expenditure is assumed to be based on a 40 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year.

3.7 The grey shaded areas in the chart above represent debt and are below the liability benchmark representing an expected future borrowing need for the Council. Slough is therefore expected to retain a substantial, long term need to borrow externally.

4. Borrowing Strategy

4.1 At 31st January 2021 the Council held £702.7m of loans as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 shows that the Authority expects to borrow up to £456m in 2021/22, including the replacement of short-term loans.

Table 4: Borrowing position as at 31st January 2021

	Principal £m	Average Rate	Years to Final Maturity
PWLB fixed maturity	167.3	3.4%	18.3
PWLB fixed EIP	162.9	1.9%	16.6
PWLB variable maturity	10.0	0.5%	1.2
Total PWLB	340.2	2.63%	17.0
LOBO loans	9.0	3.88%	45.2
Other long-term loans	4.0	4.76%	33.4
Local authority loans	349.5	0.48%	0.4
Total borrowing	702.7	1.59%	9.2

- 4.2 **Objectives:** The Authority’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 Authority’s long-term plans change is a secondary objective.
- 4.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority’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.
- 4.4 As an illustration as at 31st January 2021 the authority held £349.5m in short term loans paying an average interest rate of 0.48%. If this were replaced by a 25 year Equal Instalment of Principal (EIP) loan from the PWLB on the same date this loan would charge interest at 1.35%. Although replacing short term funding with a loan term loan would reduce interest rate risk this would amount to an extra cost to the Council of approximately £3m over the next year.
- 4.5 Many local authorities hold large amounts of cash investments, at September 2020 the aggregate amount invested by all UK local authorities stood at £51bn. This large pool of surplus cash remains an attractive source of funding, with around £13bn of this total deposited in the inter local authority market. Rates in this “local to local” market are typically closely correlated with Bank Rate and while liquidity can fluctuate, this source of funding has proved reliable over the past decade.
- 4.6 Arlingclose anticipate sufficient levels of liquidity in the “Local to local” market will remain, and rates will continue to average just a few basis points above Rank Rate for the foreseeable future. With Bank Rate projected to stay at 0.1% for the

next three years, this form of funding is expected to prove significantly cheaper than PWLB “certainty rate” debt. Current rates are shown below.

Table 5: Current Loan Rates (11th February 2021)

Lender	Term (Maturity Loan)	Rate
Local Authorities	1 month	0.02%
Local Authorities	6 months	0.08%
Local Authorities	12 months	0.21%
PWLB	1 Year	0.75%
PWLB	10 Year	1.32%
PWLB	50 Year	1.72%

- 4.7 In October 2019 HM Treasury (HMT) increased the margin applied to PWLB loans by 1.0% to 1.8% above the UK government’s cost of borrowing, subsequently the authority paused the process of gradually closing out interest rate and refinancing risk with PWLB debt as this became relatively expensive. HMT’s consultation on future lending terms has now concluded, the margin on PWLB debt has reverted to 0.80%; accordingly, the authority will now recommence the process of incrementally closing out some of the risk within the debt portfolio.
- 4.8 The benefits of short-term 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. Analysis showing the expected cost of continually renewing a series of short-term loans, effectively at variable rates, versus the cost of locking in fixed rate PWLB debt, is shown in Appendix B.
- 4.9 Arlingclose will assist the Authority with this ‘cost of carry’ and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.10 Alternatively, the Authority may arrange forward starting loans, 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.
- 4.11 In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

- 4.12 **Capitalisation Direction:** The government may approve the council's application for a £12.2m capitalisation direction to fund revenue expenditure incurred by the council. Conditions of this support are likely to include a requirement that, where additional expenditure is capitalised, this must be borrowed from the PWLB, at 1% above the normal rate.
- 4.13 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except our own Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority debt issues
- 4.14 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
- 4.15 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues financial instruments on the capital markets and lends the proceeds to local authorities. Any decision to borrow long-term debt from the Agency will therefore be the subject of a separate report to Cabinet.
- 4.16 **LOBOs:** The Authority 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 at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOs have options during 2021/22, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.
- 4.17 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Financial derivatives may be used to manage this interest rate risk (see section below).

- 4.18 **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 Authority 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.

5. Treasury Investment Strategy

- 5.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £42m and £103m. Levels are expected to decrease during the forthcoming year in order to finance an expanding capital programme.
- 5.2 The Authority is currently under a Direction from the Department for Education (DfE) relating to its Children's Services function. The DfE have directed the Council to create a Local Authority Company, Slough Children First, from 1 April 2021. In order to provide the new company with initial liquidity, the Council will be providing a long-term loan of £5m at the start of the new contract to ensure the new company has sufficient liquidity to cover its first two months trading. The loan will be repayable at contract end.
- 5.3 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority'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 of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority 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.
- 5.4 **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will 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. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. 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.
- 5.5 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more

secure and/or higher yielding asset classes during 2021/22. 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 to around 27% 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 35 days.

5.6 Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.7 Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 5 below, subject to the limits shown.

Table 6: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£7m	Unlimited
Secured investments *	20 years	£7m	Unlimited
Banks (unsecured) *	13 months	£4m	Unlimited
Building societies (unsecured) *	13 months	£4m	£7m
Registered providers (unsecured) *	5 years	£5m	£5m
Money market funds *	n/a	£7m	Unlimited
Strategic pooled funds	n/a	£15m	£35m
Real estate investment trusts	n/a	£7m	£20m
Other investments *	5 years	£4m	£7m

This table must be read in conjunction with the notes below

5.8 * Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit

rating is no lower than A-. 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.

- 5.9 For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.
- 5.10 **Government:** Loans to, and 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 generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 5.11 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 5.12 **Banks and building societies (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. See below for arrangements relating to operational bank accounts.
- 5.13 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 5.14 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. The Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

- 5.15 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority 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 Authority's investment objectives will be monitored regularly.
- 5.16 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 5.17 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 5.18 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.19 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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.
- 5.20 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") 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.

- 5.21 **Other information on the security of investments:** The Authority 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, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.22 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority 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 Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 5.23 **Investment limits:** The Authority's revenue reserves available to cover investment losses are forecast to be £8.4 million on 31st March 2021. This relatively small figure means that the Council must take care to diversify investments across a number of counterparties and avoid too high a balance with a single counterparty. Limits must however not be so small as to be impractical to manage or to find suitable and liquid investment counterparties for.
- 5.24 Based on Arlingclose recommendations the investment limits for unsecured banks and buildings societies are set to a maximum of £4m which is around 5% of the maximum in year investment balances the Council has. Investments with other local authorities and money market funds are set to £7m which is around 10% of maximum in year investment balances. A group of entities under the same ownership will be treated as a single organisation for limit purposes. In the event of being unable to find enough suitable secure investment counterparties the Council can invest unlimited amounts with the UK Government through the Debt Management Account Deposit Facility.
- 5.25 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1 million in operational bank accounts count against the relevant investment limits.

- 5.26 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 7: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Foreign countries	£7m per country

- 5.27 **Liquidity management:** The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.
- 5.28 The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6. Treasury Management Indicators

- 6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 8: Credit risk indicator

Credit risk indicator	Target	As at 31.12.21
Portfolio average credit score	6.0	4.8

- 6.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments on demand, without additional borrowing.

Table 9: Liquidity risk indicator

Liquidity risk indicator	Target
Total cash available to meet unexpected payments on demand	£15m

- 6.4 **Interest rate exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise in interest rates will be:

Table 10: Interest rate risk indicator

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1.75m

- 6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

- 6.6 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 11: Refinancing rate risk indicator

Refinancing rate risk indicator	Level as at 31.01.2021 £m	Level as at 31.01.2021	Lower limit	Upper limit
Under 12 months	364.1	51.8%	0%	70%
12 months and within 24 months	20.6	2.9%	0%	50%
24 months and within 5 years	35.9	5.1%	0%	50%
5 years and within 10 years	78.6	11.2%	0%	50%
10 years and within 15 years	61.2	8.7%	0%	50%
15 years and within 20 years	67.2	9.6%	0%	50%
20 years and within 25 years	40.0	5.7%	0%	50%
Over 25 years	35.1	5.0%	0%	50%

- 6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
- 6.8 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 12: Price risk indicator

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£45m	£45m	£45m

7. Related Matters

- 7.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 7.2 **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).
- 7.3 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.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

- 7.6 **Housing Revenue Account:** 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.
- 7.7 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 2.63% interest on this amount or £263,000 per annum.
- 7.8 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers. This allows it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

8. Financial Implications

- 8.1 The budget for investment income in 2021/22 is £4.124 million, based on an average investment portfolio of £90.714 million at an interest rate of 4.57%. The budget for debt interest paid in 2021/22 is £13.002 million, based on an average debt portfolio of £801 million at an average interest rate of 1.62%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different. Of the £13m £6.233m would be interest in respect of the General Fund and £6.769m to the HRA.
- 8.2 In order to alleviate pressure on the Revenue Budget the Council will Capitalise Borrowing Costs for qualifying assets. A qualifying asset constitutes an asset that takes a substantial period of time to get ready for its intended use (commonly Assets under Construction).

9. Other Options Considered

- 9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial 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.

Table 13: Other options considered

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 – Existing Investment & Debt Portfolio Position

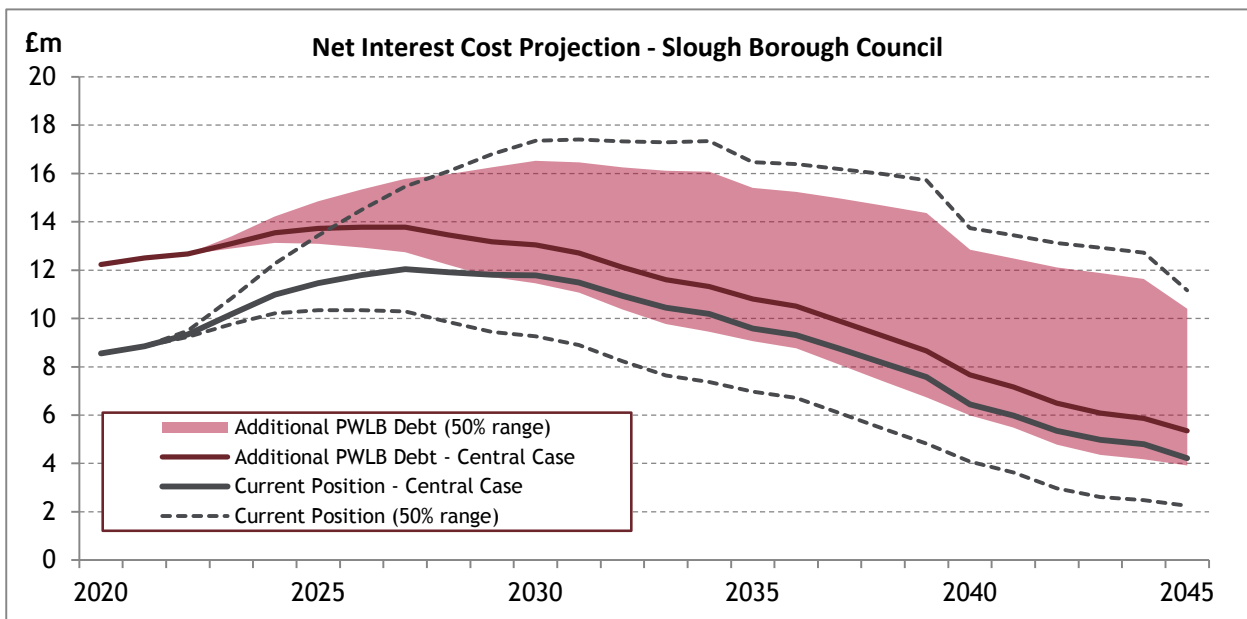
	31.01.2021 Actual portfolio £m	31.01.2021 Average rate
External borrowing:		
Public Works Loan Board	340.2	2.63%
Local authorities	349.5	0.48%
LOBO loans from banks	9.0	3.88%
Other loans	4.0	4.76%
Total external borrowing	702.7	1.59%
Other long-term liabilities:		
Private Finance Initiative	31.9	
Leases	5.0	
Total other long-term liabilities		
Total gross external debt	739.6	
Treasury investments:		
Local authorities	15.0	0.60%
Banks (unsecured)	5.0	0.13%
Money market funds	0.4	0.00%
Strategic pooled funds – property funds	10.5	-0.12%
Strategic pooled funds – bond funds	5.3	5.87%
Strategic pooled funds – multi-asset funds	3.5	-1.56%
Total treasury investments	39.7	0.81%
Net debt	699.9	

Appendix B – Existing Investment & Debt Portfolio Position

The fan chart below shows expected net treasury costs, debt interest less investment income, based on the underlying borrowing requirement identified in the main body of this report.

This analysis compares the cost of borrowing a £250m Equal Instalment of Principal (EIP) Certainty Rate PWLB loan at 1.70% with the implied cost of short-term floating rate debt.

Chart 2: Net Treasury Cost Projection



The solid grey line shows the expected cost assuming that no further fixed rate borrowing is undertaken and all funding is taken on a short-term / variable basis. The interest rates associated with this source of funding are based on implied forward rates. The two grey shaded dotted lines shows the range of expected outcomes based on 50% probability. This shows projected net interest cost of just over £8m, with a 75% probability that the net treasury cost will be below £13.5m by 2025 (50% of outcomes within the dotted lines plus 25% below the lower dotted line). UK bank rate is expected to remain at low levels over the next few years, resulting in a relatively narrow fan and range of outcomes. This expands out over time, as uncertainty over the prospect for interest rates increases the further into the future we project.

The dark red line represents the net treasury cost, assuming £250m is borrowed for 50 years at 1.70% on a reducing balance basis. It shows an immediate increase in interest cost in 2021, as £250m of debt at expected variable rates of 0.23% (market implied rate of 0.03% plus an assumed margin of 0.20%) is replaced with fixed rate debt at 1.7%. This equates to an additional annual cost of £3.6m in the first year. Closing out approximately half of the future borrowing requirement with fixed rate debt does reduce the potential range net treasury costs will move in. But because this involves taken relatively expensive PWLB debt, that includes at 0.80% margin paid to central government, there is also a known, substantial, and immediate increase in costs.

Interestingly, the analysis indicates that by 2025 the new central case for net interest costs is actually very close to the upper bound indicated if the council continues to borrow at variable rates. As only approximately half of the funding requirement has been fixed some upside risk remains, resulting in a scenario whereby there is a 75% probability that fixing £250m debt will not result in lower net treasury costs by 2025.

It should be noted that this type of analysis does have drawbacks; the probabilities and expected outcomes are based on historic data; these may not provide a useful guide to the future. In addition, there are a range of interest outcomes above the upper bounds shown, covering the remaining 25% of expected outcomes; rates could prove to be higher than the outcomes shown. Accordingly, this is just one analytical tool the Council uses, assisted by Arlingclose, to monitor interest rate risk and inform decision on when to fix in interest rates.

Other factors considered include the requirement to deliver a degree of certainty in net treasury costs. Market movements will also be tracked, with opportunities to lock in rates taken when there is deemed to be value in long-term rates, for example, during periods of market nervousness that can drive down rates as investors seek safe havens for cash.

Appendix C- Investment Strategy

1 Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

2 Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £42m and £100m during the 2021/22 financial year.

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Further details: Full details of the Authority's policies and its plan for 2021/22 for treasury management investments are covered in the main report above.

3 Service Investments: Loans

Contribution: The Council lends money to its subsidiary James Elliiman Homes and to Slough Urban Renewal (SUR) a Limited Liability Partnership. The Council has made loans totalling £51.7m to James Elliiman Homes a wholly owned subsidiary of the council. The aims of James Elliiman 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.

The Council has entered into a partnership with Morgan Sindall, a Private Sector developer, for the regeneration of Slough and for the construction of community assets. Under this partnership, 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 up to 7%. This has included housing developments at Ledgers Road and Wexham Nursery where loans notes for land worth £3.2m and £9.7m respectively were transferred to the SUR for development. Both the loans notes and interest have been repaid in full. To support the residential element of the development of the Old Library Site, the Council has lent to the SUR Old Library residential LLP through a mixture of loans, land transfers and a Senior Debt Facility a total of £11.875m for which interest of at least 5% is earned. By increasing the supply of temporary accommodation, affordable housing the council meets service objectives as well as being able to use interest receipts and the resulting capital receipts for service delivery. Private dwellings for sale are also built by the SUR for sale with the council receiving an equal share of any profit generated thereby providing further funds to support service delivery.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have

Category of borrower	31.3.2020 actual			2021/22
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiary- James Elliman Homes	51,700	(3,907)	47,793	65,900
SUR Old Library Site LLP	11,875	(253)	11,622	13,558
TOTAL	63,575	(4,160)	59,415	79,458

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: 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.

4 Commercial Investments: Property

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. Subsequently, a further £50m budget for Strategic acquisitions was approved by Full Council in June 2018 and a further £20m was approved by Full Council in February 2020 respectively. 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.

However, in November 2020, HM Treasury published details of new PWLB lending terms following the consultation process that closed in July 2020. As a condition of accessing the PWLB, local authorities will be asked to confirm there is no intention to buy investment assets primarily for yield in the current or next two financial years. Authorities will be able to access the PWLB immediately, without submitting further information, assuming they have completed the “certainty rate” return and can confirm they do not expect to purchase investment assets primarily for yield over the next three years. The council will be able to access the PWLB immediately, without submitting further information, assuming they have completed the “certainty rate” return and can confirm they do not expect to purchase investment assets primarily for yield over the next three years. Local Authorities will be asked to confirm plans are current and the section 151 officer is content plans are within acceptable use of PWLB. Authorities that have purchased “investment assets primarily for yield” already in this financial year, will not be restricted from accessing PWLB loans as a result. The council would be able to refinance existing loans regardless of purchasing investment assets primarily for yield. Acceptable uses of funding obtained from PWLB include:

- Service delivery
- Housing
- Regeneration
- Debt refinancing

Of the £20m made available for the purchase of Strategic income generating assets in 2020-21 only £2.353m had been spent as at the end of December 2020. The current year budget has now been reduced to £5m from £20m and any future purchases will not be funded from borrowing.

How investments were 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 was 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 were proactive and considered off market acquisitions and the use of Compulsory Purchase Orders as required.

How decisions were 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 met on a monthly basis and is chaired by the Assistant Director Assets, Infrastructure & Regeneration. The standing members of the SAB included the:

- Leader of the Council
- Lead Member for Housing
- Director of Place

- Director of Transformation
- Commercial Finance Manager

The SAB had 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 had 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 was 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 applied 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 were supported by a financial appraisal and business case. Before approving any acquisition, the SAB required confirmation that the acquisition would 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 would be financed. They:

1. Considered if the investment achieves corporate objectives.
2. Confirmed that for the acquisition of land the price was reasonable (allowing for a special purchase consideration) and supported by an independent valuation.

3. Confirmed that for the acquisition of a standing investment the price was reasonable and supported by an independent valuation (reference will be made to previously identified added value opportunities).
4. Confirm there was a market requirement.
5. Where appropriate, there was 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. Identified the most appropriate funding source(s) and confirm availability.
8. Clarified 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 identified all costs and assumed income to assist informed decision making on whether the acquisition was 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, potential acquisitions were agreed with the Section 151 Officer. However following the change in the PWLB lending terms, the SAB no longer meets; although the Council will continue to hold commercial property with the purpose of generating rental income to contribute towards the service delivery objectives of the authority.

SAB Commercial Investment Portfolio by Type:

Property Type	Actual	31.3.2020 actual		Rental Income
	Purchase cost £000	Gains or (losses) £000	Value in accounts £000	£000
Office	47,392	(597)	46,795	3,076
Retail	27,609	(807)	26,802	1,855
Distribution	12,745	398	13,143	774
TOTAL	87,746	(1,006)	86,740	5,705

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

Appendix D – Non-Treasury Investments- Strategic Acquisitions

Property	Capital Expenditure	Annual Rent Due	% Return on Investment	Type	Purchase Date
174-178 High Street (WH Smith)				Retail	30/01/2016
5 Hillersdon				Strategic	24/04/2016
Halfords 380 Bath Road				Warehouse-retail	28/07/2016
Land at Norway Drive				Strategic	02/11/2016
Waitrose Gosport - Stoke Road				Retail	08/01/2017
Wickes West Street Wolverhampton				Warehouse-retail	22/01/2017
Leaseplan 165 Bath Road				Office	02/05/2017
Land South Side Stoke Road (Stoke Wharf)				Strategic	14/06/2017
Purchase of Cornwall House				Office	29/06/2017
Leasehold interest of the 5th Floor, Hatfield Car Park				Strategic	16/08/2017
100A Wexham Road				Strategic	06/06/2018
Gala Bingo, 3 Bath Road				Strategic	22/08/2018
Lego, 33 Bath Road				Office	27/09/2018
Upton Lodge 2A Yew Tree Road				Office	17/12/2018
Unit 26 Wexham Business Village				Office	21/01/2019
Odeon, Churchill Way, Basingstoke				Retail	30/05/2019
Acquasulis House, 12-14 Bath Road				Office	07/07/2019
Freehold interest of 21, Roydsdale Way, Euroway Industrial Estate, Bradford, West Yorkshire				Distribution	09/07/2019
Purchase 233-249 High Street				Retail	04/08/2019
Unit 27.28 Wexham Business Village				Office	18/08/2020
10 - 12 Wheelwrights Place, Colnbrook				Strategic	13/10/2020
	105,368,529	6,095,527	5.78%		

James Elliman Homes

<u>James Elliman Homes</u>		
Date of Loan	Principal	Annual Interest Due at 3% Interest
17/07/2017	2,223,610.00	66,708.30
19/07/2017	2,000,000.00	60,000.00
12/01/2018	2,500,000.00	75,000.00
17/04/2018	3,200,000.00	96,000.00
20/07/2018	3,000,000.00	90,000.00
09/08/2018	5,000,000.00	150,000.00
28/09/2018	5,000,000.00	150,000.00
19/12/2018	2,000,000.00	60,000.00
08/02/2019	1,500,000.00	45,000.00
15/03/2019	1,500,000.00	45,000.00
15/03/2019	2,000,000.00	60,000.00
16/04/2019	876,390.00	26,291.70
23/05/2019	3,000,000.00	90,000.00
04/07/2019	2,950,000.00	88,500.00
08/11/2019	2,950,000.00	88,500.00
02/01/2020	2,000,000.00	60,000.00
06/02/2020	3,000,000.00	90,000.00
07/03/2020	3,000,000.00	90,000.00
04/05/2020	2,000,000.00	60,000.00
14/07/2020	1,000,000.00	30,000.00
16/09/2020	1,000,000.00	30,000.00
	51,700,000.00	1,551,000.00

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 £51,700,000. For this sum the council receives interest, payable at 3% on the principle sum loaned.

SUR Old Library Residential LLP					
Senior Debt					
Principal £000	Start Sate	End date	No.of Days	Interest Rates	Total Interest Due
300	16/12/2019	13/06/2021	545	5.09%	23
900	17/01/2020	13/06/2021	513	5.00%	63
800	21/02/2020	13/06/2021	478	5.08%	53
700	13/03/2020	13/06/2021	457	5.00%	44
830	14/04/2020	09/04/2021	360	5.00%	41
490	19/05/2020	15/05/2021	361	5.00%	24
470	17/06/2020	17/06/2021	365	5.00%	24
1,090	14/07/2020	10/07/2021	361	5.00%	54
400	10/08/2020	06/08/2021	361	5.00%	20
1,090	20/08/2020	20/08/2021	365	5.00%	55
400	16/09/2020	06/08/2021	324	5.00%	18
580	16/10/2020	06/08/2021	294	5.00%	23
340	19/11/2020	06/08/2021	260	5.00%	12
380	16/12/2020	14/12/2021	363	5.00%	19
220	16/01/2021	14/12/2021	332	5.00%	10
160	17/02/2021	14/12/2021	300	5.00%	7
9,150					489
Loan B 5%					
Principal	Start Sate	End date	No.of Days	Interest Rates	Interest Due
185	27/06/2019	01/04/2021	644	5.00%	16
213	24/06/2019	01/04/2021	647	5.00%	19
234	24/09/2019	01/04/2021	555	5.00%	18
145	27/08/2019	01/04/2021	583	5.00%	12
493	18/12/2019	01/04/2021	470	5.00%	32
325	23/10/2019	01/04/2021	526	5.00%	23
475	21/11/2019	01/04/2021	497	5.00%	32
2,070					152
Loan A 7%					
Principal	Start Sate	End date	No.of Days	Interest Rates	Interest Due
314	20/06/2019	01/04/2021	651	7.00%	39
501	03/06/2019	01/04/2021	668	7.00%	64
815					103
12,035					744