

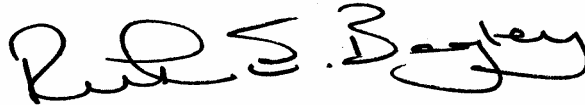
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Date of issue: 29th January, 2008

MEETING	OVERVIEW & SCRUTINY COMMITTEE (Councillors Swindlehurst (Chair), Anderson, Arnold, Bal, P Choudhry, Coad, Dhillon, Shine and Small)
DATE AND TIME:	THURSDAY, 7TH FEBRUARY, 2008 AT 6.30 PM
VENUE:	COUNCIL CHAMBER, TOWN HALL, BATH ROAD, SLOUGH
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	KEVIN BARRETT (01753) 875014

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



RUTH BAGLEY
Chief Executive

NOTE TO MEMBERS

This meeting is an approved duty for the payment of travel expenses.

AGENDA

PART 1

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

Apologies for absence.

AGENDA
ITEM

REPORT TITLE

PAGE

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CONSTITUTIONAL MATTERS

1. Declarations of Interest.

(Members are reminded of their duty to declare personal and personal prejudicial interests in matters coming before this meeting as set out in the Local Code of Conduct)

2. Minutes of Scrutiny Panels - 1 - 48

(a) Education & Children's Services of 23rd October, 2007
(b) Green & Built Environment of 25th October, 2007
(c) Health of 29th October, 2007
(d) Community & Cultural Services of 30th October, 2007
(e) Joint Green & Built Environment and Health of 13th November, 2007
(f) Education & Children's Services of 29th November, 2007
(g) Green & Built Environment of 5th December, 2007
(h) Health of 6^h December, 2007

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12.	Date of Next Meeting - Thursday, 28th February, 2008.		
13.	Exclusion of the Press and Public.		

It is recommended that the press and public be excluded from the meeting during consideration of the item in Part II of the agenda as it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information) as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

PART II

14.	Office Accommodation Strategy - Next Steps (Confidential Appendix).	295 - 296	
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Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Special facilities may be made available for disabled or non-English speaking persons. Please contact the Democratic Services Officer shown above for further details.

Minicom Number for the hard of hearing – (01753) 875030

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Education and Children's Services Scrutiny Panel – Meeting held on Tuesday, 23rd October, 2007.

Present:- Councillors P Choudhry (Chair), Dhillon, Jenkins, E Khan, Maclsaac, Mann, O'Connor and Pabbi.

Also present under Rule 30:- Councillors Munkley and Howard

Education Voting Co-opted Members:-

Pat Parker, Diocese of Northampton
Melvin Pearce, Parent Governor Representative

Apologies for Absence:- Councillor Finn, Roy Davey

PART I

16. Declaration of Interest

None were received.

17. Minutes of the Meeting held on 3rd September 2007

The minutes of the meeting held on the 3rd September 2007 were agreed as a correct record subject to the list of attendees being amended to include Councillor O'Connor.

18. Minutes of the Slough Schools Forum meeting held on 19th September 2007

The minutes of the Slough Schools Forum Meeting on 19th September 2007 were noted.

19. Corporate Parenting

Ellis Rivers presented a comprehensive report on Corporate Parenting which provided key information about children in the care and Children's and Family services in Slough. The report showed a clear picture of Slough's performance as a corporate parent and was intended to help Members develop an understanding of the issues for children & young people in care. The information and statistics presented were designed to address information requirements from the DfES. The report included information on a range of topics including children in care & leaving care, celebration of successes, reasons why children are in care, Education and Offending and activities for children in care.

Members raised a number of issues including:

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- What the reasons were for a large number of placements for a few children in care. Some of the children had been placed in short term care before moving onto adoption. Others were care leavers who were 'testing the water' when moving on to independence. However a few cases occurred due to the breakdown of placements, these instances were being actively addressed.
- A Member queried the ethnicity statistics breakdown – it was noted that the category of Sikh was included as it was defined as an ethnic group. A breakdown on religious grounds was possible but statistics were constrained by how they were collected by the government. The statistics showed that Asian or Asian British children are slightly underrepresented as Looked After Children based on Slough's population.
- The ages of children in care provided a wide spread. However there was a significant group of very young children – to be placed for adoption and a number of older children – reflecting the numbers of unaccompanied asylum seekers in Slough.
- Although the report focused on the government's measure of educational achievement. Slough had different means of recognising young peoples achievements and were due to host an achievement awards event for Looked After Children; who were given positive encouragement through excellent support and schemes. An Education Support Team had gone into schools to look at achievements and provide targets. Tutoring, after school activities, mentoring schemes and stable placements had helped to improve educational attainment.
- Care Leavers were assisted by a post 16 worker to help them remain in education or move on to work or training. Stable placements and support had meant that the numbers of these were rising.

Resolved - That the report be noted

20. Schools' OfSTED Inspections

Bill Alexander presented the latest OfSTED inspections to the panel. He clarified that Montem primary School had received a Grade 4 only because it had received a Grade 4 for achievement and therefore the schools overall effectiveness is categorised as unsatisfactory. However the school was judged as providing an acceptable standard of education.

Members raised the following points:

- The results overall were extremely good and something to be proud of but it was asked how they compared on a national scale. Slough ranked tenth nationally for GCSEs and was also high achieving for key stage 3. However the key stage 2 results needed some improving.
- Members noted the most recent high achieving OfSTED inspections reported in the local press and praised the schools involved.
- A Member asked what the reasons were for Montem's results and the measures taken to address these. There were a number of issues involved including a high number of pupils with EAL needs and high levels of mobility. The LEA had drawn up an action plan with the school

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to tackle issues raised in the report. A Statutory Action Group would meet on a monthly basis to monitor progress. OfSTED would re-inspect the school in January to assess the development.

Resolved -

- (a) That the report be noted.
- (b) That congratulations be conveyed to the schools and officers involved.

21. Impact of Immigration on Schools and Availability of School Places within the Borough

The Panel heard details of the report which included information on new arrivals and the planning strategy for ensuring sufficient places. The pupil population in Slough was rising and had been for a number of years but surplus places were not spread evenly across the Borough. The main area of concern in this regard was Cippenham. A major housing developer in the area was to fund a further form of entry in one of two primary schools. The aim was to create an overall surplus of 3% of places in Slough. Current projected places should exceed demand.

A Member requested further information regarding the financial implication for schools of children moving into the area. It was suggested that a report that pulled together present and future financial information on the impact of immigration across School Services be presented to the meeting in January. An Officer commented that a major issue was that of movement within the UK and that Slough had a significantly transient population but schools funding was based on the number of pupils in a particular school at just one point in the year.

Resolved - That the report be noted and a further report on the financial impact of immigration on Schools be provided for the January meeting.

22. Information on Youth Services within the Borough

The panel were presented a report by Ellen O'Farrell which provided information on the activities provided by Slough Borough Council for young people aged between 13 -19. There was a wide range of activities and services decided in conjunction with young people and provided at a number of different locations throughout the Borough. Various different components comprised youth service provision including schools, religious organisations and voluntary organisations. A detached team was used to reach out to those who didn't attend regular activities and a programme was devised for them.

Members asked a number of questions including:

- A breakdown of the age ranges and ethnic composition of the youth service users. The young people were generally fairly reflective of the

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ethnic diversity within Slough although this obviously varies between each venue. The bulk of users were in the 14-17 age range. The panel was informed that the service was aware of the need to reach out to the newer communities but this had to be balanced with the needs of existing users.

- A Member asked what was being done to encourage integration among different groups. A number of sporting events had taken place over the summer and at one venue two groups had been encouraged to both attend on the same evening. Further work was necessary but could be very challenging.
- There were several youth centres in the Borough but these had relatively short opening hours. Other authorities had chosen to close youth centres to offer longer opening hours. However youth centres within easy reach of young people was a priority in Slough. Opening hours were generally 6-9 p.m. - suitable for most teenagers.
- Members noted that the youth centres were not distributed evenly and there was a lack of provision on the Eastern side of the Borough. The panel were informed that different venues had been looked into to increase provision and that the extended schools agenda provided out of hours activities. This afforded a slightly better distribution. It was agreed that a further report would be submitted concerning the provision in the East of the Borough.
- A Member requested further information on the Connexions Summer timetable. The meeting was informed that there was an up to date full time table available and the Officer undertook to provide this for the member concerned.

Councillors were provided with a leaflet from the Slough Youth Service, which provided information on activities and provision.

Resolved - That the report be noted and that a further report be submitted to a future meeting of the Panel providing information on Youth Service Provision in the East of the Borough.

23. Slough Local Safeguarding Children's Board - Annual Safeguarding Report

Nicky Rayner reminded the panel of the important work of the Slough Safeguarding Children's Board. It was noted that Slough Schools had embraced the safeguarding agenda and Bill Alexander had acted as an excellent lead for schools. All social workers, foster carers and other key members of staff had received Child Protection training. Slough's aim was to increase the number of staff who attended training by 20% each year until 100% was achieved. Nicky Rayner invited feedback from Members. A Member suggested that further publicity of the Board would be beneficial in informing the public of their role. Officers agreed that further public information would also be useful in making the public aware of what to do regarding the safeguarding of children.

Resolved: That the report be noted.

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24. LEA Governor Vacancy Rate

The Panel considered the update report on Governor Vacancies.

Resolved: That report be noted.

25. Forward Work Programme

Details of the work programme for the Panel were noted and amended to include reports on:

- Youth Service Provision in the East of the Borough.
- Financial impact of Immigration on School Services

Resolved - That the report be noted and additional items be added to the Forward work programme.

Chair

(Note: The Meeting opened at 6.30 p.m. and closed at 7.50 p.m.)

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GREEN AND BUILT ENVIRONMENT SCRUTINY PANEL – Meeting held on Thursday, 25th October, 2007.

Present:- Councillors Hewitt (Chair), Coad, Dhillon, Parmar, Plimmer, Small and Swindlehurst (until 8.05 p.m.).

Also present under procedure rule 30:- Councillors Maclsaac and Smith.

Apologies for absence:- Councillor Finn.

PART I

26. Declarations of Interest

None were declared.

27. Minutes

The minutes of the last meeting of the Panel held on 4th September, 2007 were approved as a correct record.

28. Flooding – July, 2007

The Assistant Director, Transport and Planning presented a report outlining the consequences of the exceptionally heavy rainfall that fell in Slough on 20th July, 2007 which, whilst it did not result in widespread flooding, did give rise to problems in a number of locations around the town. The report detailed the various problem areas in question and outlined whether the responsibility for remedial action was on with the Borough Council, Thames Water, the Environment Agency or Buckinghamshire County Council. The report also outlined the causes of the flooding in each case and commented that the incapacity of Thames Water's public sewer system clearly contributed to the majority of the flooding incidents. Many of the problems were considered to be preventable with routine maintenance and clearing of problems already highlighted by the Council prior to the flooding. Some flooding resulted from known and "difficult" or costly to resolve capacity problems. However, in some cases lack of maintenance or mitigation measures exacerbated the problem. A few problems were unexplained and required further investigation but were likely to reveal a significant underlying capacity problem with both the foul and surface water systems in the Borough which, despite supposed separation, were linked at times of peak capacity.

The two water courses directly linked to flooding Huntercombe Stream and Salt Hill Stream were "taken over" by the Environment Agency from the Council in 2006. Particular concerns over the management of the Huntercombe Stream had been raised with them prior to the flooding. In addition, the management of the Haymill dam had only transferred to them in April and again concerns over the lack of routine maintenance had already been raised.

The highway drainage system appeared to have functioned well with the only obvious problem being related to soakaway capacity.

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The report identified a number of matters requiring resolution including the fact that alternative communication methods were required at an operational level with both Thames Water and the Environment Agency when their call centres were overwhelmed as in this case. Moreover, the adequacy of the emergency response from both TW and EA had proved insufficient and their apparent policy of referring the public to the Council reinforced the perception that the Council was responsible for the failure of their assets. On this point, protocols had been agreed for handling future situations. The lack of maintenance on behalf of both TW and EA had proved to be a contributory factor to the flooding and there was also a need for a joint approach to surface water drainage with all relevant agencies. This would be pursued through a partnership group and a prioritised programme of work. The report also identified the fact that key infrastructure at risk needed identification and, where appropriate, a contingency plan outlined. There was a need for more training and preparation to ensure that the unavailability of an individual in an emergency situation did not reduce the level of response available.

Since the flooding incident, significant progress had been made in many of the areas outlined. However, the large majority of the localised flooding incidents needed to be actioned by Thames Water and Officers were taking this work forward with a structured action plan.

Members made specific reference to a number of particular problem areas. In respect of the problems at Five Points, Burnham Lane and Lammas Road, there had been extensive carriageway flooding for much of the day caused by water pouring down from the Burnham area. Officers accepted that this had been a particular problem and negotiations would be taking place with Buckinghamshire County Council on this as the area in question was close to the Buckinghamshire boundary.

With regard to the carriageway flooding in Cippenham Green which had been exacerbated by wood chippings washing off planting areas, Officers would look into the possibility of some form of barrier being put in place to prevent this happening in future.

Members also sought clarification as to who was responsible for ensuring that local streams and watercourses were kept clear of dumped rubbish as this had clearly contributed to flooding in places. The Officers responded that the Environment Agency had been given strategic responsibility but that they had no additional resources to carry out such works. In addition, it was not always clear who was responsible for particular pieces of land. It was suggested that, if Members were aware of particular problem areas where dumped refuse was causing a problem to watercourses, they should advise Officers accordingly with a view to ensuring that a community clean-up or other initiative was organised to tackle the problem.

Given that many of the problems that had arisen were the responsibility of Thames Water, the Committee requested that they be invited to attend a future meeting of the Panel to explain their programme for carrying out improvements to the drainage system to avoid similar problems occurring in the future. In addition, Officers were asked to write to the Environment Agency on those issues that were clearly their responsibility seeking confirmation of the remedial actions that they would be taking.

Resolved –

- (a) That the report be noted.
- (b) That Thames Water be invited to a future meeting of the Panel to discuss the action they are taking to alleviate the flooding problems in Slough and to comment on their areas of responsibility.
- (c) That Officers write to the Environment Agency seeking their comments on those areas falling within their strategic responsibility.

29. Pavement Obstruction Enforcement Policy

A report was considered setting out the problems arising from the Council's current policy in respect of goods and other obstructions placed on pavements. Currently, where businesses used the pavement for displaying goods or similar activities, and a problem of obstruction was being caused, the Council wrote to the businesses asking them to refrain from doing so but did not take any further action. This policy had been generally ineffective and it was now proposed that, in future, where businesses were obstructing the pavement and did not move items upon request, then further action would be taken against them in the form of a request to a Magistrate under the Highways Act to allow the Council to remove the obstruction. This proposed new policy was being considered by the Cabinet at its next meeting and the Panel was asked for its views on the proposals.

Consultation had been undertaken with all businesses and other interested parties which had given rise to an inconclusive outcome with some shops being in favour and others opposed to the new policy. However, the view of Officers was that improving the environment for pedestrians was a key factor in promoting walking as a viable transport mode and the new policy would assist the more vulnerable users, particularly the elderly and the young. The new policy would do away with the existing position and allow certain licensed areas to display goods on the pavements only where this was considered to be appropriate.

Members were generally in favour of the new policy and supported its adoption by the Cabinet. However, it was considered essential that it was properly and fairly enforced and there was some concern that, without additional budgetary or other resources, it may not be possible to carry out proper enforcement. Officers commented that it was intended to undertake the work within existing resources and that the Highways Inspectors along with the Food Safety Team would include this work within their existing roles. However, Members felt that the Cabinet should be requested to ensure that the new policy was appropriately resourced to ensure that it could be adequately and fairly enforced.

Resolved - That the report be noted and welcomed and that the Cabinet be advised of the Panel's support for the proposals, subject to an assurance that appropriate resourcing is put in place to ensure adequate enforcement of the new policy.

30. Transport Scheme Priority List

The Assistant Director, Transport and Planning presented the recently produced Transport Scheme Priority List which provided a means of prioritising the various traffic and safety schemes in the town, given that there were never sufficient resources to carry out all of the work. The schemes were assessed and prioritised based upon selection criteria including casualty rates, Local Transport Plan objectives and targets together with achievement of corporate priorities. It was proposed that the list would be updated and reported annually to Members.

A Member asked whether it was possible to indicate how many of the schemes on the list were likely to be undertaken in the current year, given the available resources. However, Officers did not have detailed financial information available at the meeting but would happily discuss the matter with the Member elsewhere.

A Ward Member expressed surprise that the scheme relating to “Langley High Street – Rat Running” appeared so low on the list given that there had been a large petition on the matter and an understanding that some action would be taken by the Council. Officers explained that the prioritisation had to be based upon a number of factors including casualty figures. However, Officers would speak to the Member concerned about this issue outside of the meeting.

Reference was also made to problems with children having to cross Northborough Road to get to school and the Officer undertook to discuss this meeting with the Ward Councillor concerned.

Resolved - That the Panel support the adoption of the Transport Scheme Priority List, subject to Officers discussing the individual issues raised with the Members concerned.

31. Doorstep Crime Initiative Update

The Panel considered an information report on “doorstep crime” initiatives in the Borough. Members welcomed the work being undertaken and suggested that consideration be given to using local churches to reach elderly or other vulnerable people.

Resolved - That the report be noted.

32. Safe Food Award and Healthy Eating Award – “Catering for Health”

The Panel considered a report giving details of the enhancement of the existing Safe Food Award Scheme with the “Catering for Health” Award which encouraged and recognised healthy catering practices and menu choices at restaurants and other eating places within the town. Given the health profile of Slough, with high rates of circulatory disease, diabetes and a lower life expectancy than other surrounding Boroughs, it was considered to be essential that the authority aimed to reduce health inequalities by encouraging caterers to play their part in health promoting practices by reducing the number of fatty, salty and sugary foods served or added as ingredients to dishes without consumer knowledge. It was envisaged that publication of the scheme and findings on the Council’s website and by regular

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award ceremonies would bring additional motivation to improve standards of hygiene and extend the range of healthy foods offered within the Borough.

In welcoming the initiative, Members noted that there were still a large number of premises that were not meeting the full food safety requirements and Officers explained the work that was taking place to bring all premises up to the necessary standards. This included a risk rating system so that those premises with the biggest problems received the most attention. In addition, if breaches were serious enough, notices would be served or premises closed.

A Member asked whether any research had been undertaken into whether there was a correlation between those areas with the highest levels of poor food safety and healthy choices and the areas of greatest deprivation in the Borough. Officers responded that this was an area that was currently being looked into so that targeting of the most deprived areas could be undertaken.

A Member was concerned that some of the data on health was somewhat out of date. It was pointed out that this was a problem generally in that statistical information was often several years old. However, work was being undertaken to obtain more up to date statistics where possible.

A Member asked whether there was resistance in Slough to healthier school meals as there had been in some parts of the country. Officers responded that there had been a very good take up in Slough's schools with a better take up than average.

Resolved - That the report be noted and welcomed.

33. Fraud Act 2006 and Trading Standards

The Panel considered an information report setting out details of changes in Trading Standards enforcement of fraud related investigations brought about by the Fraud Act 2006.

Resolved - That the report be noted.

34. Forward Agenda Plan

The Panel noted its Forward Agenda Plan for future meetings.

It was noted that the Cabinet had not accepted the Panel's recommendations concerning the traffic calming measures in Northern Road and Cumberland Avenue and the view was expressed that the matter should be reconsidered by the Panel. It was noted that it would not be possible to reconsider the issue under the six months rule before March, 2008 and Members asked that it be included in the Forward Plan for the March meeting.

A Member suggested that, when Thames Water attended the Panel to discuss the issues arising from the flooding, they also be asked for their comments on whether there was adequate drainage capacity in the town for the increasing number of housing units being provided under the Local Development Framework.

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A Member asked for a report back to the January or March meeting on the outcome of the consultation exercise on refuse and recycling options.

A Member suggested the future presentation to the meeting on issues relating to the canal.

35. Exclusion of the Press and Public

Resolved - That the press and public be excluded from the remainder of the meeting as the item to be considered contained exempt information relating to the financial or business affairs of any particular person (including the authority holding that information) as defined in Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

PART II

(The following is a summary of the matter considered in Part II of the meeting)

36. Slough Concessionary Bus Fares

The meeting considered a report setting out the changes required to the Slough concessionary bus fares scheme to bring it into line with recommended practice and to prepare for the start of the free national concession from 1st April, 2008 and agreed a number of recommendations for the Cabinet's consideration.

Chair

(The meeting opened at 6.30 p.m. and closed at 9.05 p.m.)

HEALTH SCRUTINY PANEL – Meeting held on Monday, 29th October, 2007

Present:- Councillors Plimmer (Chair), Dhillon, Maclsaac, O'Connor, Shine and Small.

Also present:- Dr Sadhana Bose and Viki Wadd (Berkshire East PCT), and Nasreen Bhatti (Non-Executive Director, Berkshire East PCT)

Apologies for absence:- Councillors Dodds and Eshaq Khan.

PART I

23. Declarations of Interest

None.

24. Minutes

The minutes of the meeting of the Panel held on the 25th September, 2007 were approved as a correct record.

25. South East England Health Strategy

Members of the Panel expressed concern that there were no senior Council Officers present to comment on how the five themes of the South-East England Health Strategy could be adapted into the Local Partnership Agreement to effect improvement in health care in Slough. Panel Members felt that this was a really significant item for the Borough and that Council Officers should be present to contribute to the debate.

Dr Bose introduced the item and explained that the Health Strategy had been developed for all organisations and groups that had a role to play to ensure that the region became the healthiest place to live in the UK and one of the healthiest regions in Europe by improving the health and wellbeing of the whole population, addressing the underlying causes of ill health in a sustainable way and reducing inequalities in health that exist between different geographical areas and population groups across the region. The Strategy had been shared widely to promote discussion and was a working document. There were five key themes in the strategy:-

- Reducing health inequalities.
- Promoting healthy, sustainable communities and sustainable activities.
- Increasing the positive relationship between employment and health.
- Improving outcomes for children and young people,
- Improving outcomes for older people.

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The Panel agreed that it would be useful to have a detailed debate around the five key themes and joint working towards key objectives. The Panel was particularly interested in how the five themes of the South-East England Health Strategy could be adapted into the Local Partnership Agreement to effect improvement in health care in Slough.

The Panel felt that due to the non-attendance of a Council officer who could contribute to the debate in this matter it could not progress this any further at this particular meeting and it was agreed that the Chair would write to the Chief Executive to explain that the Panel considered this to be an unacceptable position and asking that a senior Officer attend the meeting of the Panel in December so that this item could be debated fully.

Resolved - That the Chair write to the Chief Executive in the terms detailed above and this item be rescheduled for the meeting in December 2007 with appropriate Officer representation.

26 Practice Based Commissioning – A GP's View

Dr O'Donnell from the Farnham Road surgery attended the meeting and the Chair invited him to address the Panel.

Dr O'Donnell explained that he was from the largest practice in Slough which served 23,000 patients and that he was the locality lead representing GPs in Slough.

Practice Based Commissioning (PBC) was about service redesign to give better care to patients closer to home in an efficient and cost effective manner with the aim of improving the level of care. In order to achieve PBC there was a need to do things differently and get people to change and this in itself could cause difficulties. There was a need to identify and phase out what was inefficient. GPs were in an ideal position to identify what was in a patient's best interest both individually and collectively.

Dr O'Donnell believed that the PCT had difficulty with the acute trust in dismantling barriers. He believed that whilst there had been pilot schemes placing GPs in A&E to triage patients these schemes had been opposed by those with vested interests. In his view patients could be looked after more effectively by better trained staff at GP level rather than at A&E. The PCT had tried to work with the acute trust but as the trust was powerful and had vested interests the PCT was not being able to make a difference and money was being spent unnecessarily.

Dr O'Donnell explained that PBC had been slow to get off the ground as the Government documentation had not been well thought through and there had been a failure to involve GPs at the formative stage.

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GPs had 'day jobs' and this made it difficult for them to get involved without having their day jobs backfilled. Proper resources needed to be allocated and this had held up progress. This was not down to the PCT and in his view the PCT had been plagued by the failure to retain good quality staff. The Government had "foisted" management consultants on the PCT which was in fact a misdirected resource when what was needed was money to backfill GPs to enable GPs' time to get involved in PBC.

A number of good things had come out of PBC which included:-

- An excellent pharmaceutical advisory department within the PCT which provided cost effective prescribing without limiting clinical freedom unduly.
- Good work in chronic obstructive pulmonary disease prevention and reduced hospital admissions.
- Reducing unnecessary A&E admissions.

Following Dr O'Donnell's presentation the Panel Members raised the following issues/questions in the debate:-

- There was a generally held perception that A&E was the best place to go if you were ill as that was the place that there was expertise and equipment. It was not generally felt that the GP was the best place to go and there was therefore a need to change this perception. Dr O'Donnell agreed that this perception was widely held. However people did not realise that when they went to A&E they were likely to see a junior doctor with much less experience than a GP. The level of expertise and testing available in primary care had come on in 'leaps and bounds' and the Out of Hours Care Service in East Berkshire was second to none. Many patients however were not aware of the telephone number to call.
- Dr O'Donnell had referred to the PCT losing talented staff and Members requested further information on this. Dr O'Donnell indicated that he had referred to the PCT 'failing to retain talented staff'. He advised that he had chosen his words carefully and had indicated that if people came to work for the PCT and saw barriers in place talented people chose not to stay. In his view PCTs were not really accountable other than to local people. He urged the Panel to ask the PCT and draw their own conclusions. The PCT representatives at the meeting reminded the Panel Members that the PCT had recently been reconfigured and three PCTs had been merged and were now working in localities. Talented staff were always likely to move on.
- Panel Members asked what the doctor had referred to as a resource shortage. Dr O'Donnell advised that the PCT budget for health care was £475m. The amount he had referred to was the £194,000 of this that was spent on funding the East Berkshire GP

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consortium which was the money available for redesigning care pathways for patients. The consensus of GPs across the patch was this needed to be nearer £600,000 to enable GPs to become fully involved in the PBC project. Viki Wadd advised that if funding of this order was to be found it would need to come out of patient care.

- Dr O'Donnell was asked what could be done to improve the relationship between primary/secondary care and deal with the vested interests to which Dr O'Donnell had alluded. Dr O'Donnell advised that the consultants were entrenched in their position although the number of people responsible was very small. He argued that the PCT felt that it was not strong enough to deal with the acute trust as it had foundation status and within the acute trust there was a lack of commitment. The Panel agreed that the Chief Executive of the Berkshire East PCT and the Wexham Park and Heatherwood Foundation Trust be invited to attend a future meeting of the Panel to discuss these issues further.
- Dr O'Donnell was asked how the Mental Health Service fitted in with PBC. Dr O'Donnell advised that Mental Health Services were supplied by a different trust. They would hopefully come within the ambit of PBC within the next 12 months.
- In answer to a question as to whether all GPs were on board with PBC, Dr O'Donnell advised that every GP realised that it was a good idea as long as there was expertise.
- Dr O'Donnell was asked whether GPs realised that it was often difficult to get appointments. Dr O'Donnell advised that it was a real challenge to have someone answering the telephone particularly in small GP practices. He acknowledged that training was essential.
- Dr O'Donnell was asked how it was proposed that quality would be maintained particularly with regard to those GPs who were perhaps not quite so competent. He advised that education and training to keep and raise standards would be critical. There would be teaching practices and practices would be audited.
- Working hours and the Out of Hours Service were discussed. Dr O'Donnell advised that doctors worked long hours but there was an exceptional Out of Hours Service in East Berkshire. His surgery alone accepted 300 new patients each month. Whilst immigration brought enormous benefits in the long term it stretched the services provided today.
- In answer to a question about the opportunity for PBC for paediatrics Dr O'Donnell advised that this was not one of the areas covered at present.

Following the discussion the Panel agreed:-

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- (a) That the Chief Executive of the Berkshire East PCT and the Wexham Park and Heatherwood Foundation Trust be invited to attend a future meeting of the Panel to answer specific questions on matters raised at the meeting with regard to Practice Based Commissioning.
- (b) That the Out of Hours Service number be advertised in The Citizen with an article advertising the Service.
- (c) That Dr O'Donnell be thanked for his time and for his contribution to the debate that evening which the Panel Members had all found very valuable and informative.

27 Forward Work Programme

Resolved - That the Forward Work Programme be agreed.

28 Date of Next Meeting

Noted that there would be a joint meeting with the Green and Built Environment Panel on Tuesday, 13th November, 2007 at 6.30 p.m.

Chair

(The meeting opened at 6.30 p.m. and closed at 9.00 p.m.)

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Community and Cultural Services Scrutiny Panel – Meeting held on Tuesday, 30th October, 2007.

Present:- Councillors Small (Chair), Dhillon, Grewal, Jenkins, L Khan and Shine.

Co-opted Member Present:- Glynys Higgins

Apologies for Absence:- Councillor Aziz and Dhaliwal.

PART I

17. Declarations of Interest

Councillors Small and Latif Khan declared a personal interest in agenda item 5 – ALMO Update, in that they were Board Members of People 1st (Slough) Ltd. Both Members stated that they would remain and speak during the consideration of this item.

18. Minutes

The minutes of the meeting of the Panel held on the 18th September, 2007 were approved as a correct record.

19. Maintenance of Trees and Park Ground Maintenance within the Borough

The Head of Environmental Services and Quality outlined a report to update Members on issues surrounding the arboricultural service. The Officer discussed the areas of work that the arboricultural service covered which included the maintenance and pruning of trees. Members noted the arrangements for arboricultural budgets and that on occasion, tree planting could be funded by Section 106 planning agreements. It was noted that recruitment to the Community Tree Officer post would take place in November, 2007 and the temporary Tree Officer would continue to provide two days per week cover and remain in post until the permanent position was filled.

The Officer discussed service issues including the £10,000 cost of works carried out in relation to the trees that were lost during the high winds in January, 2007. Members noted emerging service issues that included cases where some owners of residential property bordering park land areas were complaining about the height of trees bordering their properties and also the encroachment of vegetation. It was noted that common law allowed neighbouring land owners to remove overhanging vegetation provided this did not result in serious damage to shrubs or trees and off-cuts could be returned to the landowner. A draft policy would be presented to Cabinet in early 2008 in order to deal with the overgrowth issue and it was recognised that some additional resources would be required to fund the related works.

Members raised a variety of questions as follows:-

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- The Officer was asked whether the Council would take enforcement action against a neighbour where roots and overgrown shrubbery was causing a problem for the neighbouring property. Members were advised that the tree service was not an enforcement agency and the Council would not take enforcement action against private owners, and was only involved in cases where there was a danger to the highway.
- A Member asked what action was taken in cases where trees were blocking daylight and was advised by the Officer that the Council would only intervene in areas where there was a health and safety or prevention of crime issue. It was noted that in some areas pruning work was being carried out so that CCTV cameras could work more effectively.
- A co-opted Member asked for the relevant contact phone number for Members of the public and was advised that the relevant Officer could be contacted on Slough 875255.
- In relation to Marunden Green a Member referred to an area of land that was 60m by 20m in size and in his opinion the area was severely overgrown. He advised that the Council had been informed of this problem in the past but nothing had been done. The Officer advised that the land in question belonged to People 1st and the Interim Director of Community and Cultural Services advised that he would look into this.
- A Member asked how many members of staff assisted the Tree Officer and was advised that this was a stand alone post but the physical work was done by Slough Accord. A Member asked who was responsible in a situation where a Council tenant was suffering from tree/overgrowth problems from a private tenant and Interim Director of Community and Cultural Services agreed that he would discuss this with the Head of People 1st and report back to the Member.
- A co-opted Member asked who was responsible in cases where there was an overgrowth of ivy and the building concerned was occupied partly by Council and partly by private tenants. The Officer advised that the growth of ivy could present problems on footways and buildings and People 1st estate managers should be consulted where problems existed.
- Members asked what the policy of People 1st was in relation to trees and shrubs and requested that a report on this be brought to the next Panel meeting.

Resolved -

- (a) That the report be noted and that the Panel supports the creation of a draft policy to deal with the issue of overgrown areas of tree planting and shrubbery.
- (b) That a report on the People 1st policy on the maintenance of trees and shrubs be submitted to the next meeting of the Panel.

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20. ALMO Update

The Interim Director of Community & Cultural Services provided a verbal update on the findings of the recent ALMO inspection and Members noted that the formal results of the inspection would not be received until the end of November. Feedback received had indicated that significant progress had been made since the last inspection and it was noted that more than 150 strengths had been identified as against 40 areas of identified weakness. It was noted that the inspection had highlighted that not enough progress had been made in the area of resident involvement and supported housing schemes did not comply with the requirements of the Disability Act. It was anticipated that £200,000 may be needed to correct these shortcomings. Members were advised that in relation to the customer handling centre the 88% target had not been met and in the month before the visit the target had slipped to below 70%. The Officer was confident however that significant progress had been made and the ALMO would be advised at the end of November whether it had achieved two stars. Members were advised that if this rating was not achieved then an appeal could be lodged which would take two to three months, or a request could be made for the ALMO to be re-inspected in six months time. The Officer suggested that the Panel may wish to consider details of the inspection in depth.

Resolved - That a report on the findings of the ALMO inspection would be reported to the Panel in January, 2008.

21. Customer Service Centre - Performance Update

The Customer Service Centre Manager outlined statistics relating to the call centre trends, including queuing times, call volumes answered and offered, and average queuing times. The Officer advised that she had worked hard to address issues of concern and referred to specific areas that were identified during the recent ALMO inspection. Members noted that the statistics submitted were not designed specifically for the Panel meeting and that these could be presented in a re-designed format for a future meeting.

Members noted the submitted statistics and raised a number of concerns as follows:-

- A Member advised that when making a call to the Council he did not want to press a selection of buttons or have to wait 15 or 20 minutes for someone to answer his call.
- A Member asked what effort was being made to inform the public about ways in which they could contact the Council by e-mail. The Officer advised that work was being done in this area and it was also noted that within two or three years it may be possible to have digital interaction with the Customer Service Centre.
- A Member was worried about members of the public not being able to access the CSC in a reasonable time.

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- A Member advised that she had stopped calling the CSC because it always took over 20 minutes to have her call answered. She now visited Landmark Place personally to avoid calling.
- A Member stated that when she had phoned the CSC the call duration was over 20 minutes and during that time she was given a verbal recorded apology six times. She advised that her neighbour had visited MyCouncil and it took five hours to be seen and have her query resolved.
- A Member advised that many people had told her they could not get through to the CSC so did not bother to try. She had tried personally and it took over 20 minutes and was an annoying experience. She noted that the recorded message offered a number of numbers to press; for example a caller could push a button if they wanted to speak to People 1st. She was concerned that in many cases members of the public would not be aware that their particular query would for example be dealt with by People 1st. These individuals were therefore forced wait in a queue for an operator to answer the call.
- A member was concerned that the Britwell satellite office did not offer customer satisfaction and the building was inadequate with no room for prams and narrow passageways. The Officer replied that the premises complied with all statutory requirements and was also subjected to a rigorous test as part of the ALMO inspection. The only area cited as problematic was in relation to the door of the premises. The Officer advised that the number of customers using the satellite office had not reduced.

The Officer advised that she had recruited a further nine members of staff who would soon be working on the shop floor. This would increase the number of staff to 55. Members were advised however that there was a limited budget and the customer experience two years earlier was less satisfactory than it was now.

Members were not convinced that the members of the public were always receiving good service from the Customer Service Centre and requested that a report on the performance of the Centre be considered at future meetings of the Panel.

Resolved - That a Customer Service Centre performance report be submitted to future meetings of the Panel and added to the work programme.

22. ALMO Performance at a Glance to the 30th September, 2007

The Housing Performance Manager, Community and Culture, outlined a monthly update flier showing performance against the 12 key business functions. It was noted that seven indicators had improved but that the average relet for void properties had gone down. Members discussed the

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trends relating to relet properties, repairs and the numbers of properties receiving decent homes work. A Member questioned whether People 1st were responsible for the internal decoration of properties and the Officer advised that he would obtain this information.

Resolved - That the report be noted.

23. Work Programme

The work programme was amended as follows:-

- People 1st's policy in relation to the maintenance of trees and shrubs was added to the programme.
- The outcome of the ALMO inspection was added to the programme for the meeting in January, 2008.
- A report on the performance of the Customer Service Centre was added to the programme for each future meeting of the Panel.
- The agenda items relating to the closure of shops within the Borough and the update relating to the Housing Revenue Account funding of the Neighbourhood Wardens Scheme were moved to the unprogrammed section of the work programme.

Chair

(Note: The Meeting opened at 6.30 p.m. and closed at 10.05 p.m.)

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JOINT GREEN & BUILT ENVIRONMENT AND HEALTH SCRUTINY PANELS – Meeting held on Tuesday, 13th November, 2007.

Present:- Councillors Plimmer (Chair), S Chaudhry (until 7.40 p.m.), Dhillon, Hewitt (until 9.20 p.m.), O'Connor (until 8.15 p.m.), Parmar, Qureshi (until 8.15 p.m.), Shine (until 9.05 p.m.), Small and Swindlehurst (until 7.50 p.m.).

Also present:- John Brouder (Berkshire Healthcare NHS Trust), Jonathan Pearce (Heatherwood & Wexham Park Hospitals NHS Foundation Trust) and Viki Wadd (Berkshire East PCT).

Apologies for Absence:- Councillor Coad, Dodds, Finn, E Khan and Maclsaac.

PART I

1. Declarations of Interest

None were declared.

2. Parking Issues at Wexham Park Hospital

The Chair welcomed to the meeting Mr Jonathan Pearce, Director of Infrastructure at the Heatherwood and Wexham Park Hospitals NHS Foundation Trust. Mr Pearce had been invited to the meeting to update Members on a number of access and parking issues at Wexham Park Hospital as previously requested by the Panels. The Officer report outlined the issues of concern previously identified by the Panels and Mr Pearce made a comprehensive presentation addressing these and a number of other related issues. Meetings had also been held at Officer level between the Council and the Trust to address some of the Members' concerns.

In his presentation, Mr Pearce covered the following issues:-

- The request for a master plan of parking and accessibility issues at the hospital – he advised that a five year Development Control Plan existed for the hospital site which outlined the development proposals. He outlined for Members some of the major developments currently taking place on site.
- Staff car parking – in consultation with Staff Side at the hospital the previously muddled parking arrangements had now been rationalised with all car parking on site for both staff and visitors fully managed with barriers. There had been some staff resistance to the changes but this had largely settled down and the hospital had gained the support of Staff Side in the changes that it had made. One outcome of these changes had been to free up between 80 and 100 additional spaces for patients and visitors. Arrangements had also been introduced in respect of eligibility criteria for staff car parking permits with staff living within 1.5 miles of the hospital not generally issued with a staff parking permit. There was

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however an appeal mechanism in place. In addition, there was a voluntary staff “pay to park” scheme. In addition, additional off-site parking for staff had been secured at a local cricket club with an additional 60 spaces available within close walking distance of the hospital.

- Park and Ride facilities – the opportunity for park and ride schemes would continue to be reviewed as considered appropriate although there were substantial costs involved in the introduction of any such scheme. The hospital would also need to be convinced that any such scheme would be taken up to justify such investment.
- Taxi rank – the hospital was not currently in favour of introducing a taxi rank at the front of the hospital for a number of reasons, not least the already congested nature of the access with buses, ambulances and disabled vehicles already encountering some difficulties. The hospital had a contract with a local private hire company and free telephone points had been positioned within the hospital so that visitors and patients could call out for a taxi which was normally available within less than five minutes. Mr Pearce did not believe that a taxi rank was therefore required.
- Better bus facilities – the hospital was remodelling its bus facilities so that traffic flows at the front of the hospital were improved.
- Encouraging alternative travel methods – the hospital was actively looking at a number of measures to encourage cycling and car sharing by staff as two examples. Consideration was being given to free parking being provided for those willing to share cars, subject to the proper controls being put in place.

Mr Pearce concluded his presentation by stressing that the hospital, along with Heatherwood Hospital, was an extremely successful and well run Foundation Trust with a strong record of achievement. However, they took the areas of concern raised by the Council extremely seriously and were working hard to respond as appropriate. They were more than happy to maintain and develop dialogue on these issues.

Members then asked a number of questions of Mr Pearce, including the following:-

- Members challenged Mr Pearce’s assertion that the car parking charges at the hospital were fair and reasonable. Members felt that they were prohibitively high, particularly for people making long visits to very sick people and the example was cited of a charge of £10 for a stay of more than five hours. It was suggested that a charge of this level negatively coloured people’s response to the good work that the hospital was doing and should be reviewed.

Mr Pearce responded that it was not possible to provide free parking and that the income derived from the charges paid for maintenance and security including CCTV cameras. In addition, the hospital had a Police

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Constable and two Police Community Support Officers on site so that there was a very low incidence of crimes and other incidents on site. He did not believe that the charges were particularly excessive as compared to other hospital sites.

He referred to the fact that special arrangements were in place for certain categories of visitors including those visiting young children in hospital and those in intensive care where the ward sisters had the power to give concessionary rates in certain circumstances. Members expressed the view that this was not generally known and that it would be extremely helpful if further publicity could be given around the hospital to the availability of this service. Mr Pearce agreed to look into this.

- There was also some concern expressed at the management of the car parking areas and an example was given of a car parking across two parking spaces and a subsequent vehicle then being unable to find a parking space and not being able to leave the car park if it was full. It was suggested that better supervision of the parking should be provided. Mr Pearce acknowledged that there were not enough car parking spaces for everyone who wanted them but the Trust had been told by the Borough Council that it could not provide further car parking spaces until its existing parking resources were better managed. It was now possible for the hospital to fully audit the number of cars on site. He further stated that there were security patrols that went around the car parks but they could not be on site at all times.
- Members referred to the difficulty with enforcement of the parking prohibitions in Wexham Street and sought clarification of the current position. The Assistant Director, Transport and Planning reminded Members that the Borough boundary with South Bucks District Council ran down the centre of the road and, whilst the Borough Council enforced the parking restrictions on its side, those on the Buckinghamshire side were the responsibility of the Police as Buckinghamshire County Council had not yet taken on parking enforcement powers although they were currently consulting with a view to doing this from late 2008. Mr Pearce commented that it was not the responsibility of the hospital to enforce parking outside the hospital site. In response to a question, the Officer advised that some 110 parking tickets had been issued in the period February to July, 2007 and the position would continue to be monitored and enforced.
- Members asked whether, when remodelling the arrangements for buses on site, the hospital could not provide a sheltered walkway from the bus stop into the hospital to keep people dry. Mr Pearce agreed to take on board the concern expressed by Members and revisit the arrangements currently under consideration.
- With regard to the possibility of a Park and Ride scheme being established for patients and visitors to the hospital, Mr Pearce commented that, whilst this would continue to be kept under review, the hospital did not currently have the resources for what could be a very expensive service and,

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moreover, was not convinced that there would be the demand for it. He accepted that at certain times of the day the car parks were quite full but there were often spaces available. However, the hospital was always willing to enter discussions with partners in this regard if considered appropriate.

- With regard to the provision of a taxi stand, Mr Pearce reiterated that the current arrangement whereby people could call for a taxi from free telephone points was working well and he had not received any complaints about it. He would of course always be willing to look at the issue again if problems were highlighted.
- Members referred to the parking problems being caused in the nearby streets and the issues these were having for nearby residential and commercial properties. Mr Pearce acknowledged that the work they had carried out on site with the parking arrangements may have caused some difficulties in the surrounding roads. However, the situation on site had needed to be addressed.
- With regard to the frequency of buses to the hospital, Mr Pearce commented that they would certainly be in favour of additional bus services but that, at the end of the day, the bus companies operated on a commercial basis and would only provide services that they considered to be financially viable.
- A Member asked whether consideration had been given to the possibility of additional parking being provided by way for example of a multi-storey car park. Officers responded that the hospital was still technically within the Green Belt although it may be possible if any such facility was provided within the existing footprint of the buildings on site. Any application would be looked at sympathetically.

On completion of the questioning, the Chair thanked Mr Pearce for his presentation and for answering Members' questions. It was agreed that a further update in three months' time would be extremely helpful.

Resolved - That the current position with parking and access arrangements at Wexham Park Hospital be noted and that a further update report be presented to the Panels in three months' time.

3. Drug and Alcohol Action Team - Update

The Head of Drugs and Community Safety made a presentation to the Panels setting out an overview of the work of the Drug and Alcohol Action Team (DAAT) and the key issues and challenges currently facing it. He reminded the Panels that Slough DAAT was transferred to the Borough Council in April of this year. At the present time, there was a predicted pressure on DAAT's budget of £190,000. This had occurred because the DAAT was locked into contracts it could not afford because of an unpredicted cut in central

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government funding. The Borough Council was working with partners within the DAAT to address this particular shortfall.

He also highlighted that the DAAT was not meeting some of its targets and so was not delivering as effectively as it would wish to against key outcomes of reducing drug misuse and drug-related offending. Actions had been put in place to improve performance including retendering of the Drug Intervention Programme (DIP) and an action plan. Whilst much was being done to address alcohol-related problems in Slough, there was a shortage of treatment options in the town and strategic planning was currently under way to improve the approach taken to alcohol issues in 2008/09.

On completion of the presentation, Members asked a number of questions of detail and raised a number of issues of concern including the following:-

- Members asked what liaison took place with the Neighbourhood Housing Service and whether there was a strategy in place to ensure that drugs users discharged from treatment were not all housed close together, thereby increasing the possibility of them having further problems. Particular reference was made to a number of drugs users being placed together in the Marunden Green area of Britwell. A Member also referred to the problems that arose where elderly people and drugs users were living together on the same estate and the resultant misery that this caused for elderly residents.

The Officer responded that the provision of adequate housing was a key issue for the DAAT and it was endeavouring to include a representative of the Neighbourhood Housing Team on the DAAT group. He acknowledged that it was however a very difficult issue to address but a Working Group was looking into ways of improving the various support mechanisms for those coming out of treatment including the housing and employment aspects. The Officer undertook to look into the particular issue raised by the Member.

- Several Members expressed concern at the apparent inadequacy of support mechanisms for people with drug and alcohol problems and specific cases were referred to where individuals appeared to have dropped out of the system and were sleeping rough, etc. The Officer undertook to look into particular issues that Members brought to his attention but stressed that the number of people in treatment, although not hitting the desired target, was higher than in the other Thames Valley areas and improving. He reminded Members that there had been an 11% cut in government funding for the DAAT service this year and it was endeavouring to provide the best service it could with partners although funding was a major problem at the present time.
- A Member sought further information on how Slough was performing as compared to other authorities in the area. She was advised that a number of authorities were struggling financially in the same way as Slough but Slough's problem had been exacerbated by the government

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underestimating the size of Slough's population and this continued to be an ongoing issue.

- With regard to the help provided for alcoholics and other alcohol related problems, it was acknowledged that there was not the infrastructure in place to support this group and little structural care in place. Alcohol services needed additional investment and that was acknowledged and accepted and work would be ongoing to improve the position from next year onwards.
- A Member asked whether there had been an increase in alcohol related crime since the licensing laws were relaxed. He was advised that there did not appear to be an increase in alcohol related violence.
- John Brouder from the Healthcare Trust referred to a recent proposal to terminate the contract for the treatment services provided by the Trust and the difficulties that this had caused. He was concerned that there had not been proper consultation and collaboration on this issue which could have the effect of destabilising the service in the area. The Officer responded that there had indeed been a proposal although a recent meeting had agreed not to proceed with decommissioning. He fully accepted that it was extremely important that all agencies worked closely together on these matters.

On completion of the questioning the Chair thanked the Officer for his presentation and for answering Members' questions. It was agreed that, in view of the serious concern expressed by Members at the funding situation of the DAAT, a further position report be submitted to the Panels in three months' time, once the budgetary position for 2008/09 had become clearer.

Resolved -

- (a) That the position be noted and that a further report be submitted to the Panels in early 2008.
- (b) That the further report include additional statistical information concerning Slough DAAT's performance as against that of other neighbouring authorities.

Chair

(Note: The Meeting opened at 6.30 p.m. and closed at 9.40 p.m.)

Education and Children's Services Scrutiny Panel – Meeting held on Thursday, 29th November, 2007.

Present:- Councillors P Choudhry (Chair), Dhillon, Maclsaac (Vice-Chair), Mann, O'Connor and Pabbi.

Education Voting Co-opted Members

Pat Parker, Diocese of Northampton
Melvin Pearce, Parent Governor Representative

Education Non-Voting Co-opted Members

Sandy Hopkinson, Primary School Representative

Apologies for Absence:- Councillor Finn and L Khan

PART I

26. Declaration of Interest

Councillor Maclsaac declared a personal interest in item 4 - Mental Health Needs Specific for Young People - as both his wife and daughter work for Berkshire Healthcare Trust.

27. Minutes

The minutes of the meeting held on 23rd October, 2007 were agreed as a correct record, subject to the inclusion of a request from Councillor O'Connor for further information regarding the Connexions summer timetable.

28. Slough Borough Council Fostering Service Statement of Purpose and Foster Panel Annual Report

The Interim Director for Education and Children's Services presented the report. The report was an annual statutory requirement regarding fostering activity within the Borough, the total cost of which in Slough is £3.3m. This represented the largest single head of expenditure by Education and Children's Services outside of the schools budget. The report included the Fostering Service's Statement of Purpose and the Fostering Panel's Annual Report. Members were required to review and agree these annually. Fostering was a crucial service within the Borough and therefore it was important to achieve high quality outcomes. The report presented a picture of a generally successful service which was addressing any issues in order to continue to improve the quality and effectiveness of provision. Councillors asked a number of questions including:-

- A Member asked if the reintroduction of the supported lodgings scheme, that had ended due to a lack of structured facilitation, was currently an

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aspiration or if it was actually in hand. Officers confirmed that it had already been reintroduced and responsibility had moved to the Family Placement Team meaning a slightly altered service but with better capacity than previously.

- A Member questioned why the specialist carer scheme had not yet been implemented. Officers informed the Panel that between three and five children in care would be suitable for this scheme. It was possible that one or two of these would not be able to be accommodated within the scheme, as their needs were extremely specialised. The cost of out of Borough placements could be as high as £2,500 per week and a specialist carer scheme could bring this cost down to £1,000 per week. However as some needs may not be met and additional costs to fund the scheme would be incurred it may not save considerable financial resources. Members agreed that with the small numbers involved it may not be viable.
- Members asked about the high number of posts that were vacant within the fostering service. Many of these posts were vacant as they were due to be deleted. However, foster carer turnover was a different issue and it was noted that although this was high it was not unusual. In fact the number of foster carers within Slough had increased over the past year.
- A Member commented that it was an excellent report, that was both substantial and informative but requested information on what training was involved for foster parents. It was agreed that written documentation of this would be provided to all Members of the Education and Children's Scrutiny Panel.
- Members noted that there were a number of different types of foster placements and asked Officers the reasons for this. Officers established that the different kinds of placements were needed to meet different children's circumstances and needs.
- A Member questioned how foster children are monitored. The Panel were informed that foster carers were the monitors of the children, effectively acting in loco parentis and that foster carers themselves receive regular support and supervision from their Social Workers.

Members noted the precarious nature of foster care and felt that having an Officer specifically delegated to work in recruitment and retention was important and that removal of this post may be false economy.

Resolved –

- a) That Members recommend to Cabinet that the post of Recruitment and Retention Officer in Children's Services should not be deleted from the forthcoming budget rounds because the retention and supply of foster carers was essential to an effective fostering service.
- b) That the report be welcomed and noted.

29. Mental Health Needs Specific for Young People

The Assistant Director for Inclusion presented the report to the Panel which provided information and answers to questions related to the mental health needs of young people in Slough. The Child and Adolescent Mental Health Service Strategy (CAMHS) currently runs until March, 2008. However, a new action plan was being generated in connection with the strategy. Mental health should be linked to support across the whole community. Disorders fall into one of three categories: emotional, conduct and hyperactive disorders. There was significant support in place to assist young people with mental health problems. Between 1999 and 2004 there was no increase in prevalence in this area. However many health workers and those working with children would report that they had seen an increase in mental health disorders, although this was probably due to the greater awareness people had of mental health issues. There was a greater likelihood for mental health disorders to be prevalent in reconstituted families, families with low educational qualifications and those families with low household incomes. Boys were more likely to have a mental health disorder than girls.

In Slough there were some 30,000 people aged between 0 and 19. It was commonly reported that roughly 10% of these would have some kind of mental health disorder, roughly 3,000 children in Slough. 48% per cent of children in care and 45% of young offenders were reported to have some mental health needs. Support in place for children and young people consisted of four tiers of provision. The first tier comprised universal services that were available to all young people. The second tier services provided targeted support. The third tier provided specialist support for substantial mental health needs and the fourth provided support for acute needs. At this stage there was no fourth tier provision in Slough but a highly specialised resource was available at Berkshire Adolescent Unit in Wokingham. The key was to ensure that in this area of work the services were complementary and there were no gaps in provision but also no unnecessary overlap. The CAMHS service at Tier 3 was based at Upton Hospital and had an open caseload of 1,242 children and young people.

Recent events had highlighted some of the shortcomings in the CAMH service. The CAMHS Partnership Board attempted to tackle these issues but there was no significant positive change in service delivery, therefore the issues were escalated to the Children's Trust Board. The Chair of the Board raised this at Director level. The concerns centred around more and improved services, responsive to the needs of the community particularly in relation to minority ethnic groups, accessible services throughout 24 hours and over seven days and the transition from services for young people to those for adults. There was now ongoing activity in mental health services provision and much of the work had come back to the Partnership Board to drive it forward. At present there was a tendering process in place for mental health needs provision. It was confirmed that the Berkshire Health Care Trust (BHCT) was submitting a tender for this. Members raised a number of issues including:-

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- A Member noted that the data on mental health needs was notably thin and questioned the reasons for this. It was also suggested that perhaps GPs could collate some of this information. Part of the reason for the lack of data was that many of the service providers were relatively new. Unfortunately this aspect of the work had not been addressed as effectively as would have been hoped. The small team were a reactive service dealing with issues as they arose rather than monitoring them on a more global level. With regard to collecting information from GPs, this would perhaps be more effective now than previously although it was envisaged that this would be difficult.
- Members requested the reasons that gaps in provision had occurred. The gaps identified in the Slough CAMHS service reflected concerns on a national level. BME issues were important as there were different mental health concerns within different cultures. The number of older young people in adult wards was also a serious matter for concern, this had occurred five times in the last four years locally and appropriate support was needed. Twenty-four/seven access was an issue but had now been dealt with as there were psychiatrists on call.
- There were a number of different therapists and life coaches available and Members wanted to know the number of these. Many were part of services supporting behavioural needs which were delivered by the local authority rather than the NHS. The original service of three teachers had since moved to an associate model, whereby the local authority interviewed a range of professionals and, if considered appropriate, took them on to engage in the behavioural therapy of children. Schools were able to buy in these services when they feel it is appropriate. The service now had about 20 different professionals who had helped towards significant changes in the young people and were viewed as highly important.
- A Co-opted Member commended the excellent work that had been achieved by the social and emotional aspects of learning (SEAL) provision in primary schools. This had been very effective as there was already some provision in place and the SEAL programme could be moved quickly on. It was noted that there was a conference held in March between the primary and secondary schools to roll out a similar programme at secondary level.
- Members asked what the ethnic composition was of those using the service and also whether these were local people or were transient migrants. As the CAMHS tier three services were provided through the BHCT the information regarding service users was not currently available. However, there was a general concern that referrals were not reflective of the overall community and it was felt that the mental health agenda was not engaging with certain minorities. Diversity within the CAMHS team was a secondary issue; with all undergoing diversity training.

Education and Children's Services Scrutiny Panel - 29.11.07

- It was confirmed that within the Education and Children's Services Directorate, regarding the budgeting and financial concerns of mental health need provision, it was identified as being an area that could benefit from additional funding.
- A Member noted that were nuggets of good practice in the report but that it was very concerning especially the apparent gaps in the service. The Member also asked whether the tender was being considered by anybody else other than the BHCT. The Officer confirmed that there were some private agencies interested in it and the PCT had accepted that they may have to provide further finance for these services.
- A Member asked if there were any plans for a referral service through the judiciary. The meeting was informed that the Youth Offending Team has a mental health needs worker and anyone involved in the team will be assessed and if necessary referred to other services. There were a large number of people who had fallen through the net and were not picked up at tiers one or two, therefore more provision was needed in these areas. This would assist with the caseload for tier three as less referrals should come through. It was noted that looked after children had a system in place where referrals could be obtained immediately and there was support available to assist in mental health matters.
- An Officer commented that this was a very new field of work and was one of society's last taboos. Many in society would not even consider that there was a mental health problem. The Panel were informed that although there are significant areas for improvement in the service it was at present a far more robust service than had been available previously.

Resolved -

- (a) That the consultant from the Health Care Trust, Pauline Herring, be invited to the January meeting to address certain issues raised regarding children's mental health needs.
- (b) That the report be noted and a vote of thanks be given to Robin Crofts.

30. PFI Report - Post Opening of Beechwood and Arbour Vale Schools

It was confirmed that the three schools had now been opened (Penn Wood opened February 2007 and Arbour Vale and Beechwood Schools in September 2007) and were all very successful, being enjoyed by both children and those who had been to visit. This was a great achievement for a small Authority.. The newly opened schools were a tribute to the Headteachers involved for their vision of learning. It was noted that combining a main stream and special school on one site was a radical move. Initially parents were very concerned about this but many of these parents have become champions of the project. It was also noted that help was provided to schools in Gambia through the donation of the old furniture from the schools.

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The Chair thanked the Officers involved for their work on the PFI project and for making it so successful both on time and within budget. A Member congratulated the Officers involved and confirmed that she had taken part in an extraordinary and excellent visit to the schools concerned. However she noted that some knowledge should be gained from the issues that arose during the project, especially the pressure that was put on the Headteachers involved. Officers agreed with this comment and reported that a small amount of additional funding had been agreed by Cabinet to support each of the schools throughout the project. In addition, a 'lessons learnt' review is to take place if resources can be found.

The Members requested that some kind of formal recognition be given to the officers involved for their hard work. The Director of Education and Children's Services undertook to find out what could be done.

Resolved -

(a) That the report be noted.

(b) That a formal recognition be made to the Officers involved in recognition of the successful completion of the project.

31. Minutes of the Slough Schools Forum held on 7th November 2007

Resolved - That the minutes of the Slough Schools Forum Meeting on 19th September 2007 be noted.

32. Annual Performance Assessment (APA)

Officers informed the Panel that Children's Services was a statutory requirement and was carefully regulated. It received an annual graded report from the CPA with a final grade being awarded for the overall position. All of the grades received by Slough were grade three, this equates to good on a five point scale, which begins with zero as the lowest and ends with four as the highest grade. The recommendations received in the assessment were generally unsurprising and fitted with the self evaluation by Slough. Although it was felt that in some of the recommendations OfSTED did not fully take into account the reasons behind the Council's position.

The recommendation to improve levels of attainment at 11 was based on the fact that attainment at 14 and 16 was very good. Slough had one of the weakest performances at 5 and the results at 11 reflected this. The figures used for this were from 2006 and were therefore not the most accurate reflection of current circumstances. The capacity to improve recommendation was in relation to workforce planning. It was also felt that this did not reflect the current circumstances as a number of positions were being held open prior to deletion. Overall it was felt that this was a solid performance but with some room for improvement.

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Members thanked Ian Sandbrook for his excellent work as Interim Strategic Director.

Resolved - That the report be noted.

33. Forward Work Programme

Details of the work programme for the Panel were noted and amended to include a report on the School Organisation and Planning terms of reference and that Pauline Herring from the Berkshire East PCT be invited to the January meeting.

Resolved: That the report be noted and additional items be added to the Forward work programme.

34. Membership Issues

Melvin Pearce informed the forum that his term as a governor of Slough Grammar School would be ending shortly this would be his last meeting.

Resolved –

- (a) That the membership position be noted.
- (b) That a note of thanks for Mr Pearce's work be recorded.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.45 pm)

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GREEN AND BUILT ENVIRONMENT SCRUTINY PANEL – Meeting held on Wednesday, 5th December, 2007.

Present: Councillors Hewitt (Chair), S Chaudhry, Dhillon, MacIsaac, Parmar, Plimmer, Small and Swindlehurst.

Apologies for Absence: Councillor Coad.

PART I

37. Declarations of Interest

None were declared.

38. Minutes

The minutes of the last meeting held on 25th October, 2007 were approved as a correct record.

39. Presentation – The Activities and Programmes being developed by Supermarkets in Slough to reduce their Carbon Emissions

The Head of Environmental Services and Policy outlined a presentation detailing the environmental policies and carbon management measures that were being undertaken by supermarkets in Slough. He advised that although all the major supermarket chains in Slough had been invited to the presentation, none were able to attend on this occasion. Marks and Spencer had indicated that it would hope to attend on a future date.

The Officer advised that all of the major supermarkets in Slough had now adopted policies and strategies to improve environmental performance and they had all adopted the same common thread to achieve this. As an example he discussed the work of Marks and Spencer, who aimed to set good food standards, whilst improving the lives of hundreds of thousands of people by trading fairly. The company would reduce energy use in its stores and switch to green alternatives, powering all its UK and Irish shops and other buildings with green energy from a variety of sources. The company had plans to open a model green clothing factory, develop and sell ranges of low carbon products and launch campaigns to help customers reduce their carbon emissions. The Officer discussed ways in which Marks and Spencer would tackle food miles, reduce waste, and set targets to reduce food waste from its stores. Measures would be taken to reduce and recycle packaging by using sustainably resourced packaging materials such as cardboard or plastic. It was noted that eight billion carrier bags were used in the UK each year resulting in approximately 100,000 tons of waste and the Group aimed to reduce the use of carrier bags by 33% in the next three years.

The Officer referred to the work of the Waste and Resources Action Programme (WRAP), and the agreement of the majority of major supermarkets to the 'Courtauld commitment'. The signatories had committed to support WRAP by designing out packaging waste growth by 2008, delivering reductions in packaging waste by 2010 and identifying ways to tackle the problem of food waste. The Officer discussed

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recent innovations in the packaging industry including the introduction of pouch packaging and PET wine bottles.

In response to the presentation, Members asked several questions and made a number of observations as follows:-

- A Member asked why the packaging industry was moving away from glass packaging towards plastic pouches. The Officer advised that the making of the glass and the transport of the finished glass containers often involved high energy use which increased the footprint of the article.
- A Member was concerned that whilst one of the major supermarkets had announced its Plan A over a year ago there was no evidence that any of its objectives had been carried out yet. When visiting a local branch he noted that many of the goods appeared to be overpacked and overchopped. In response the Officer advised that the store had made progress, but commented that it was often difficult where customers wanted goods to be packaged.
- It was suggested that brown bags would be a good alternative to the packaging presently used for potatoes, carrots and other vegetables- the Officer advised that brown cardboard was one of the biggest recycling successes in the country.
- A Member asked whether there was a table showing which supermarkets had achieved most in terms of being environmentally friendly. The Officer replied that from the information he had seen, probably Asda lead in this area. They were particularly successful in the area of waste.
- A Member observed that various supermarkets seemed to be working together but wanted to know what Slough Borough Council was doing to work with these individual supermarkets. In her opinion it was vital that the Council worked with these stores and she would welcome an opportunity for Members to visit local supermarkets to discuss areas of mutual concern. The Officer advised that because the local stores were part of national chains there was a tendency for decisions to be made on a national basis. There was sometimes local interaction with the Council however, and it was noted that Asda for example had helped the Council with the big green day out initiative. Work had also been done to resolve the problem of abandoned trolleys.
- It was felt that something should be done locally to discourage the use plastic carrier bags in supermarkets by charging for them.

Members discussed at length the ways in which collaborative working with local supermarkets could be taken forward with a view to improving environmental policies and carbon management in Slough.

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Resolved - That:-

- (1) A Panel visit to a leading supermarket in Slough be arranged to initiate discussion on carbon management issues.
- (2) The Head of Environmental Services and Policy submit a report to the Panel on Slough supermarket policies on the issue of plastic carrier bags.
- (3) A campaign be initiated, in partnership with supermarkets and retail businesses in Slough, to discourage the use of plastic carrier bags.
- (4) The creation of a certificate/award scheme be explored to recognise the efforts of supermarkets in the reduction of carrier bag use and good environmental policy.

Resolved - That:-

The press and public be excluded from the meeting during consideration of the item in Part II of the agenda as it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information) as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

PART II

40. Part II Minutes

The Part II minutes of the meeting held on 25th October 2007, were approved as a correct record.

Chair

(The meeting opened at 6.30 p.m. and closed at 7.37 p.m.).

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Health Scrutiny Panel – Meeting held on Thursday, 6th December, 2007.

Present:- Councillors Plimmer (Chair), Dhillon (until 9.45 p.m.), Dodds, Khan (until 8.05 p.m.), Maclsaac, O'Connor, Shine (until 8.25 p.m. and Small.

Also present :- Councillors Dr Sadhana Bose, Lise Llewellyn, Paul Rowley, Viki Wadd (Berkshire East PCT), Dr Jonathan Jones and Suzie Loader (Heatherwood and Wexham Park Hospitals NHS Foundation Trust).

Apologies for Absence:- Councillor Qureshi.

PART I

29. Declarations of Interest

None.

30. Minutes

The minutes of the last meeting of the Panel held on 29th October, 2007 were approved as a true record.

31. Minutes of the Joint Meeting with the Green and Built Environment Scrutiny Panel

The minutes of the joint meeting with the Green and Built Environment Scrutiny Panel held on 13th November, 2007 were approved as a correct record, subject to the inclusion of Councillor Maclsaac in the list of apologies for absence.

32. Minutes of the Joint East Berkshire Health Overview and Scrutiny Committee

The minutes of the joint East Berkshire Health Overview and Scrutiny Committee held on 20th September, 2007 were noted.

33. Right Care, Right Place Update

With the permission of the Chair, Paul Rowley updated the Panel on the current position in respect of the Right Care, Right Place consultation process. He advised that the next consultation was about service change in localities and the Berkshire East PCT and the Berkshire Health Care Foundation Trust would be consulting with the Heatherwood and Wexham Park Hospitals Foundation Trust following on when outcomes were clearer. The consultation was due to start on 21st January, 2008 and would last for 12 weeks.

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He further reported that a "Gateway" exercise had recently taken place the outcome of which was the programme was tight and that there was still some uncertainties. However, the Gateway had encouraged the process to proceed but had stated that a contingency should be developed in partnership with key stakeholders in case a short delay may be needed.

It was now proposed to undertake an independent Review Panel, probably on 18th December, 2007 and invitations would be issued shortly. The detailed process for the consultation process would be agreed at the joint East Berkshire Health Overview and Scrutiny Committee taking place in January. He further reported that it was proposed to appoint an independent assessor to oversee the consultation feedback.

In response to a question, Mr Rowley confirmed that the PCT was encouraged by the feedback it was getting from the Borough Council and felt quite well supported in the process.

34. Serious Incident at Wexham Park Hospital

With the permission of the Chair, Paul Rowley, on behalf of the Berkshire Health Care NHS Foundation Trust, reported on a recent serious incident involving a patient in the Mental Health Unit at Wexham Park Hospital.

35. South East England Health Strategy

Dr Sadhana Bose (Berkshire East PCT) and Mike Boyle (Interim Director, Community and Cultural Services) made a joint presentation to the Committee on the South East England Health Strategy, outlining the key issues for Slough and the particular health issues for the Borough. On completion of the presentation, the following issues were raised by Members:-

- A Member asked why many of the figures in the presentation related to the period 2002 to 2004 and whether it was not possible to provide more up to date information about the current situation of health in the town. Dr Bose commented that she was presenting the latest data available. However, she would endeavour to obtain more up to date GP data for Members concerning issues such as the level of diabetes in the town. With regard to the issue of certain ethnic groups being more predisposed to contract diabetes, Dr Bose commented that it was the case that certain ethnic groups did have a predisposition. However, this did not explain the very high levels of diabetes in the town which were due to a number of other factors as well as genetic makeup.
- One Member of the Panel expressed concern that, in his view, the situation with the health of the town appeared to be getting steadily worse and he asked what measures the PCT and other agencies were taking to tackle these issues, many of which had been known about for some considerable time. Dr Bose responded that significant progress was being made in a number of key areas including coronary heart disease and

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cancers where there had been a significant fall in the numbers in Slough over the last five years. In addition, life expectancy was now improving in Slough and there was a substantial improvement as compared to say, 20 years ago. A great deal of work was taking place with many health promotion activities. There were detailed action plans against each of the targets and it was certainly not the case that the health of Slough residents was worsening. However, it was true to say that, as compared to other local authority areas in the region, Slough still had some way to go.

- Dr Bose also commented in respect of diabetes that it had been quite difficult to pick this condition up some years ago but that health professionals were now actively looking for it. Accordingly, far more cases were now being identified. However, it was also true to say that certain lifestyles did predispose people to certain diseases, including diabetes.
- A Member asked whether the PCT was targeting resources to the most deprived parts of the town. Dr Bose responded that the whole purpose of the PCT's work was to identify inequalities between wards and localities so that the most deprived and needy areas could be targeted. She referred to a number of initiatives specifically targeted at Slough Wards.
- A Member commented that whilst the Plan contained a number of worthwhile aspirations, there were not enough specific measures detailed so that individual Councillors could see exactly what initiatives and practical measures on the ground were being undertaken to address the identified issues. Local Councillors needed to be able to measure the improvement that was taking place and it was difficult to do so at the present time. She also referred to the growing problem of obesity in the young in Slough which was becoming a real problem and sought further information about the PCT and other agencies were doing to address this. Dr Bose suggested that it may be appropriate for the Panel to be presented with a detailed briefing on the Berkshire East Obesity Strategy at a future meeting so that it was clear what work was being undertaken. In addition, Mike Boyle suggested that it would be useful for the Panel to be provided with information on the specific initiatives being undertaken by the Council with partners to tackle issues such as obesity amongst children, etc.
- One Member expressed the view that the Council should be actively looking at ways of encouraging exercise amongst the young in the town and she felt that many families were discouraged from using the sports facilities by the entry fees. She suggested that the Council should be actively tackling this issue and, for example, giving free entry to children at the swimming pools and other sports facilities. Officers responded that the Council had a role as a community leader and champion to promote healthy lifestyles in the town, any scheme to provide free entry to sports facilities would incur a cost as the Authority would continue to be charged per entry. The issue would need to be addressed as part of the Council's budget process and the cost balanced against the Council's other spending priorities.

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- Reference was made to a number of recent successes in Slough, not least the successful work in reducing the level of teenage pregnancies. In addition, much good work was taking place in schools to encourage healthy eating and Slough GPs were offering a range of clinics and other services to their patients. However, changing people's behaviour did take time.
- Mike Boyle undertook to produce a report for the next meeting setting out all of the Slough-based initiatives being undertaken both by the Borough Council and its various partners in promoting a healthier lifestyle including, where appropriate, the cost to parents and users.
- Reference was made to the fact that the Local Area Agreement was the method by which the Council and partners could obtain additional resources from the Government for initiatives in the town. Because of the work undertaken to date, additional reward moneys were being provided because of the excellent work already undertaken both in respect of obesity and smoking. A Member commented that many of the targets within the LAA were dictated by Government. However, Ms Wadd commented that whilst there were a number of Government targets, the Local Authority and its targets were being increasingly advised to build up their own targets which were specific to and appropriate for the town and this was welcomed.

A Member referred to the issue of the numbers of long term sick in the town and asked whether there was a strategy for tackling this. Dr Bose commented that the PCT was looking at specific initiatives in Slough to bring these people back into work as well as encouraging healthier work places.

On completion of the questioning, the Chair thanked Dr Bose and Mike Boyle for their presentation and for answering the Panel's questions.

Resolved -

- (a) That the presentation be noted and welcomed.
- (b) That a report be presented to the Panel on the cost and other implications of providing free swimming or other sporting activities for disadvantaged children in the town.
- (c) That the issue of the Berkshire East Obesity Strategy be brought to an early meeting of the Panel and that additional information be provided on the specific initiatives being undertaken by the Council with partners to tackle issues such as obesity among children and young people etc.

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36. Update on Hospital Acquired Infections

Dr Jonathan Jones and Suzie Loader from the Heatherwood and Wexham Park Hospitals Trust made a presentation to the Panel outlining the Trust's progress in tackling the issue of hospital acquired infections including MSSA, MRSA and C. Difficile. They highlighted the fact that the Trust was ahead of the national trend in respect of prevention with screening of new patients and decolonising where appropriate. There had consequently been a progressive drop in the number of these diseases in the two hospitals from a level of 78 cases in 2000 to a target of 16 cases this year which was expected to be achieved. Suzie Loader outlined the work being done to ensure the hospitals cleaning regimes were thorough and the strategies adopted when a case was suspected or identified. Dr Jones and Ms Loader answered a number of Member questions on the issue. Members commented that their observation bore out the claim that cleanliness was now much improved at Wexham Park Hospital. They commented however that they were not complacent and there was still some way to go, including in respect of hand washing by staff.

The issue the cleansing regimes in respect of ambulances was raised. Dr Jones commented that one of the main risks leading to infection was individuals coming from other healthcare facilities and this was regarded as high risk until it was known otherwise. As the ambulances were within the control of the south central ambulance trust, it would be necessary to seek their comments on this issue. It was agreed that Officers write to the Trust seeking clarification of their policy in this area.

Suzie Loader also made a presentation to the meeting on infection prevention and control as regards nursing numbers and the action that had been taken by the Trust to increase nursing cover in Wards as a way of ensuring prevention and control of infection. The Trust had put an additional £2m into the recruitment of additional nurses and this had made a big difference. In addition, less agency staff were now being used except where essential in specialist areas.

Members welcomed the report and the improved position at the hospitals and thanked Dr Jones and Ms Loader for their presentation and for the improved situation.

Resolved - That the position be noted and welcomed.

37. Mixed Wards at Wexham Park Hospital

Suzie Loader made a presentation to the Panel on the issue of single sex accommodation at Heatherwood and Wexham Park Hospitals. She outlined the Government's policy on this and the Trust's standards. The formal assessment of the position had given an "excellent" outcome for Heatherwood and a "good" assessment for Wexham Park. The annual Trust audit in June of this year had given a 98% compliance figure for sleeping arrangements and a 90% compliance for toilet/washing facilities.

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Members noted that it was not always possible to have entirely single sex accommodation, particularly in specialist areas such as intensive care. However, Members were concerned that mixed accommodation was still utilised in areas such as day surgery and many women in particular had a major problem with this. Whilst it was accepted that there would be situations where it was impossible to separate male and female patients, the general view of Members was that, particularly in a town such as Slough with its multi-cultural diversity, it was not acceptable for mixed accommodation in the hospitals. Ms Loader concluded that the Trust always attempted to be as sensitive as possible to these issues and that segregation always took place where possible. However, it would not be achievable in 100% of situations.

Resolved - That the position be noted.

38. Update on Plans for Influenza Pandemic

The Emergency Planning Officer updated the Panel on the work being undertaken with emergency responders and health service providers to plan for an influenza pandemic. Her report provided the Panel with an update on the potential impact of such a pandemic and the plans being developed to respond to this type of emergency. The Government had recently issued new guidance for emergency planners and the Berkshire Authorities and partners could now take the matter forward. Planning in Berkshire was already well advanced with its plans being used in other parts of the country as a template. However, detailed planning work could start under the auspices of the new Government guidance.

The Officer answered a number of questions from Members and it was

Resolved - That the current position be noted.

39. Adult Social Care Services - Outcome of Department of Health Record of Performance Assessment

Mike Boyle reported the findings of the 2007 annual performance assessment of adult social care services which showed that the Council was delivering good outcomes and had excellent capacity for improvement. The overall rating was three stars with an excellent capacity to improve. Members welcomed what was a very significant achievement and asked the Officer to pass on its congratulations to the team.

40. Forward Agenda Plan

The Panel noted its Agenda Plan for future meetings.

Chair

(Note: The Meeting opened at 6.30 p.m. and closed at 10.00 p.m.)

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008

CONTACT OFFICER: Andrew Blake-Herbert, Strategic Director of Resources
(For all enquiries) (01753) 875300

WARD(S): All

PORTFOLIO: Resources

PART I
FOR CONSIDERATION & COMMENT

BUDGET STRATEGY 2008/09 AND FUTURE YEARS

1. PURPOSE OF REPORT/DECISION SOUGHT

- 1.1 The main purpose of this report is to obtain Members' approval for Slough Borough Council's Financial, Capital, Treasury and Asset Management strategies. These set out the Revenue, Capital and Treasury Management Budgets for 2008/09 and to agree the amount of Council Tax to be levied. The annual Capital and Revenue Budgets identify the resources required to deliver the full range of council services.
- 1.2 The report sets out the Cabinet's recommendations and updates the Council on the likely precept requirements of the Thames Valley Police Authority and Royal Berkshire Fire Authority for 2008/09. The report also sets out the latest position with regard to the Local Authority Mortgage Interest Rate.

2. RECOMMENDATIONS

That the Council is recommended to resolve:-

- a) That the final Local Government Finance Settlement, its implications for Slough and the lobbying that is being undertaken to correct the revised population estimates be noted.
- b) That the analysis of the Government's capping policy be noted.
- c) That the implications of decisions in 2008/09 and of future developments on the medium-term financial position be noted.
- d) That the Directorate Savings and Growth in Appendices C(i) and C(ii) be approved.
- e) That the recommendations within the Schools budget report, to be agreed in consultation with the Schools Forum as required under the DfES guidance at Appendix G be approved.
- f) That the Directorate cash limits for 2008/09, 2009/10 and 2010/11 as shown in Appendix E be approved.
- g) That £7,352,919 of the Council's Gross Expenditure for 2008/09 will be funded by Area Based Grant.

- h) That in agreeing the above recommendations and the Revenue Budget in Appendix A, we note that the effect of all these measures is to produce an overall Council expenditure in 2008/09 of £98.336m.
- i) That the capital estimates and reserve list for financial years 2007/08 to 2012/13 as set out in Appendices J(i) to J(iv) be approved.
- j) That the proposed capital expenditure on the Foundation Schools as contained within the Capital Programme section of this report be approved.
- k) That the authorised borrowing limit and the operational boundary for external debt as set out in the Capital Programme section of the report be approved.
- l) That the Prudential Indicators as set out in Appendix K be approved.
- m) That the Capital Allowance as set out in the Capital Programme section of the report be approved.
- n) That the annual Minimum Revenue Position (MRP) statement as set out in the Capital Programme section of the report be approved.
- o) That the Treasury Management Strategy and the Treasury Management Policy Statement be approved.
- p) That the long term investment restrictions as set out in the Treasury Management Strategy be approved.
- q) That the Local Authority Mortgage Rate for 2008-2013 be approved at 7.14%.
- r) That the Capital Strategy and Asset Management Plan 2008-2013 be approved.
- s) That the required maintenance (backlog) plan be approved.
- t) That the Asset Management Action Plan be noted.
- u) That the progress made since last year's action plan be noted.

Council Tax Resolution

In relation to the Council Tax for 2008/09 Cabinet is requested to resolve:

- v) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Act 1992 (the Act), the Council Tax for the Slough area for the year ending 31 March 2009 be as specified below and that the Council Tax be levied accordingly.
- w) That it be noted that at its meeting on 26 November 2007 Cabinet calculated the following Tax Base amounts for the financial year 2008/2009 in accordance with Regulations made under sections 33(5) and 34(4) of the Act:
 - (i) 40,274.4 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2008/2009, and
 - (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2008/09:

a) Parish of Britwell	1,813.7
b) Parish of Colnbrook with Poyle	1,923.9
c) Parish of Wexham Court	1,379.0

x) That the following amounts be now calculated for the year 2008/2009 in accordance with sections 32 to 36 of the Act:-

- (i) £340,959,709 being the aggregate of the amounts which the Council estimates for the items set out in section 32(2) (a) to (c) of the Act. (Gross Expenditure)
- (ii) £242,400,300 being the aggregate of the amounts which the Council estimates for the items set out in section 32(3) (a) to (c) of the Act. (Gross Income)
- (iii) £98,559,409 being the amount by which the aggregate at paragraph x(i) above exceeds the aggregate at paragraph x(ii) above calculated by the Council as its budget requirement for the year. (Budget Requirement)
- (iv) £55,018,172 being the aggregate of the sums which it is estimated will be payable for the year into the general fund in respect of redistributed non-domestic rates, revenue support grant and after appropriate transfers between the collection fund and the general fund.
- (v) £1,081.11 being the amount at paragraph x(iii) above less the amount at paragraph x(iv) above and divided by the amount at paragraph w(i) above, calculated by the Council, in accordance with section 33 (1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.
- (vi) That for the year 2008/2009 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £223,300 representing the total of Parish Precepts for that year.
- (vii) £1,075.57 being the amount at paragraph x(v) above less the result given by dividing the amount at paragraph x(vi) above by the relevant amounts at paragraph w(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.

(viii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook With Poyle £	Parish of Wexham Court £
A	717.05	30.77	29.32	26.59
B	836.55	35.89	34.20	31.02
C	956.06	41.02	39.09	35.45
D	1,075.57	46.15	43.97	39.88
E	1,314.59	56.40	53.75	48.75
F	1,553.60	66.66	63.52	57.61
G	1,792.62	76.91	73.29	66.47
H	2,151.14	92.30	87.95	79.77

Being the amounts given by multiplying the amounts at paragraph x(v) and (vii) 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.

- ix) That it be noted that for the year 2008/2009 the Thames Valley Police Authority have provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

ESTIMATE- Update provided when confirmed.

BAND	<u>Thames Valley Police Authority</u> £
A	96.47
B	112.55
C	128.62
D	144.70
E	176.86
F	209.02
G	241.17
H	289.41

- x) That it be noted that for the year 2008/2009 the Royal Berkshire Fire Authority has provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

BAND	<u>Royal Berkshire Fire Authority</u> £	ESTIMATE – Update provided when confirmed
A	35.03	
B	40.86	
C	46.70	
D	52.54	
E	64.22	
F	75.89	
G	86.57	
H	105.08	

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

xii)

Band	Slough	Thames Valley Police Authority	Royal Berkshire Fire Authority	TOTAL
	£	£	£	£
A	717.05	96.47	35.03	848.55
B	836.55	112.55	40.86	989.96
C	956.06	128.62	46.70	1,131.38
D	1,075.57	144.70	52.54	1,272.81
E	1,314.59	176.86	64.22	1,555.67
F	1,553.60	209.02	75.89	1,838.51
G	1,792.62	241.17	87.57	2,121.36
H	2,151.14	289.41	105.08	2,545.63

xiii) 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 1992 Act.

xiv) 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.

xv) 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.

3. Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

The budget is the financial plan of the authority and as such will underpin the delivery of the Council's key priorities over the medium term and reflects the Council's assessment of service priorities.

4. Other Implications

(a) Financial

This report is entirely concerned with financial matters as it relates to the Council's Revenue, Capital and Treasury Management Budgets for 2008/09. All financial implications are clearly set out within the body of the report.

(b) Human Rights Act and Other Legal Implications

The Council has various legal responsibilities around financial matters but it is most important that it does not plan to spend more than the resources available to it in any one year. This report presents the projected financial position of the Council for 2008/09 and future years and suggests actions to be considered by Members in order to deliver a balanced budget that will commence in April 2008.

Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to the Council when it is setting the budget and precept (council tax). The Council is required to take this report into account when making its budget and precept (council tax) decision. The report of the Section 151 Officer must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

The Strategic Director of Resources, the Council's Section 151 Officer, states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:

- Slough Borough Council's (SBC's) Financial Strategy
- The need to protect SBC's financial standing and to manage risk
- This year's financial performance
- The financial policies of the Government
- SBC's medium term financial planning framework
- Capital programme obligations
- Treasury Management best practice
- The strengths of SBC's financial control procedures including audit consideration.
- The extent of SBC's balances and reserves
- The prevailing economic climate and future prospects

There are no other Legal or Human Rights Act implications.

5. Supporting Information

SECTION A: THE BUDGET MAKING PROCESS

Functions of the Budget

5.1 Each year, the Council must prepare a budget that fulfils five main purposes:

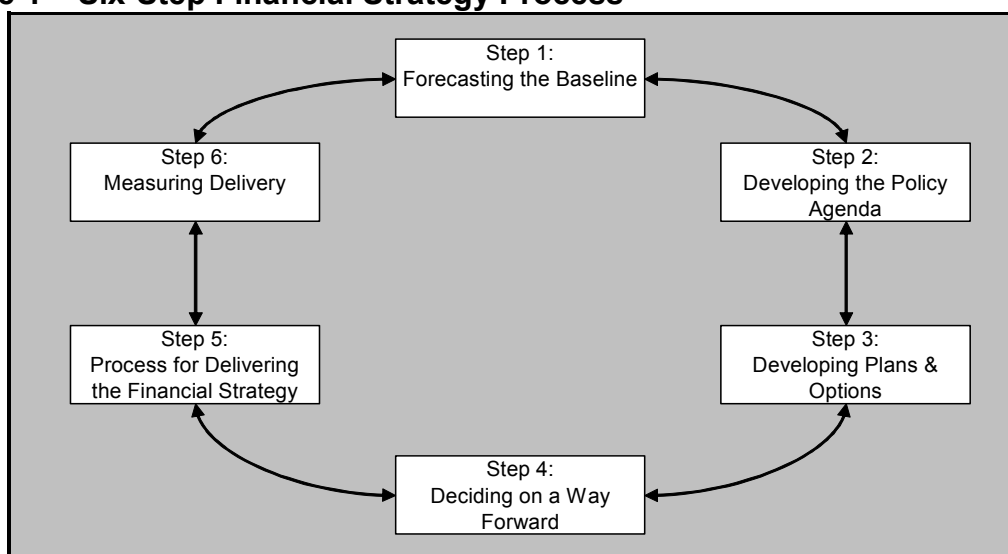
- To set the level of Council Tax for the forthcoming financial year;
- To prioritise resources;
- To authorise expenditure;
- To provide a base to control expenditure and income;
- To establish targets against which performance and achievements can be measured.

5.2 Frequent monitoring of Council expenditure against the budget is important to ensure financial stability is maintained throughout the year. Consequently, regular monitoring reports are submitted to the Cabinet and to Overview & Scrutiny Committee, where necessary. Service Directors are also well aware of their duty to control their departmental budgets within the cash limits that are set for them.

5.3 The Council begins its budget setting process early in the financial year to enable options to be fully considered and explored before decisions are made. As part of this process, assumptions are made and built into the budget settling process which later may turn out not to be accurate. Year on year assumptions also become less sustainable so it is important that these risk are quantified and that the Council has appropriate levels of balances to manage unforeseen circumstances.

5.4 The Council adopted, in April 2005, a six-step Financial Strategy Process to ensure the Revenue Budget it ultimately agrees is robust, effective and linked to Members' priorities.

Figure 1 – Six-Step Financial Strategy Process



Forecasting the Baseline

5.5 The first step in developing a new Revenue Budget is to forecast the Council's finances over the medium term. Forecasting is undertaken on the basis of "current plans and current priorities" i.e. the budget position based on existing decisions and assuming no corrective action is taken. This provides a context for setting priorities and making decisions later in the financial strategy.

Developing the Policy Agenda

5.6 Slough's priorities and objectives have been revised by Members for the period 2008-2012. The Corporate Plan has been analysed to identify possible spending that might be required in order to deliver the Council's priorities.

5.7 There is no hierarchy of priorities set out in the Corporate Plan, and therefore all are assumed to have equal weighting. Based on needs analysis with Members, officers, partners and stakeholders the Council is currently reviewing its priorities and the following themes are emerging:

- Health and Wellbeing
- Safer Communities
- The Environment
- Economy & Skills

With the cross cutting themes of:

- Community Cohesion
- Housing
- Transport
- Closing the gap

5.8 Obviously underpinning all of these is the understanding that all services provide Value for Money & are of appropriate quality.

5.9 A high-level analysis of the proposed growth against each of these priorities is given in the table 1 below. A detailed description is provided at Appendix B.

Table 1: Growth v Corporate Priorities Analysis

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Safer Communities	548	319	0	867
Economy & Skills	303	108	0	411
The Environment	1,448	267	795	2,510
Health and Wellbeing	498	446	334	1,278
Housing	150	150	0	300
VFM & Quality of Service	1,940	(10)	43	1,972
Total Growth	4,887	1,280	1,172	7,338

5.10 Although growth can be highlighted in this way, it must be noted that Members have been required to take hard decisions when prioritising expenditure. These decisions arise due to the 'loss' of funding the authority has experienced caused by the Government's continued reliance on inaccurate population estimates to allocate funding. It is essential that, within a finite funding envelope, statutory, demand-led and contractual requirements are met. Therefore, although all growth items are robustly challenged to ensure cost effectiveness, due to the loss of funding, highlighted above, Members have either been required to make reductions in service expenditure or chosen not to invest in the areas that would, in other circumstances, have been their priorities. Further detail, regarding all Growth and Savings proposals, is provided at Appendices C(i) to C(iv).

Developing Plans and Option

5.11 Slough operates an annual process within its medium-term financial planning cycle. Priorities and objectives are set for the medium-term whilst departmental plans are submitted, considered and updated on an annual basis. The main focus of this process is the Star Chamber meetings, held in July and November 2007. Star Chamber meetings provide an opportunity for service departments to put forward new service proposals for Members to consider, refine their existing plans and demonstrate how they will balance their budget in the coming years. The Star Chamber process also gives Members the opportunity to engage with Service plans and to re-prioritise resources where appropriate.

5.12 Members and Service Departments are well aware of the constant need to provide Value for Money (VFM) in the services provided to the Council's residents and the financial restraints inhibiting the Council. Alongside the constant in-year review of VFM, the Star Chamber process enables existing priorities to be challenged by Lead Commissioners and Officers and ensures all growth and savings options are scrutinised and perceived to be robust.

- 5.13 Following the first round of Star Chambers, in July 2007, a number of growth and savings options were selected for further examination under an Option Appraisal process due to their perceived financial value or impact on policy. The Option Appraisal process consequently examined these issues options in more detail and reported findings back to Members for decision in November 2007. Further detail can be found at Appendix C(iii).

Deciding on a Way Forward

- 5.14 In July and November 2007, Commissioners considered and made preliminary decisions based on Service Directorates' Star Chamber submissions and the outcomes from the Option Appraisal process.
- 5.15 Cabinet made use of the electronic PPVoting system to facilitate discussions around the relative priorities for growth and savings options put forward by Service Departments. The PPVoting system allowed members to reach a consensual view by ranking growth priorities from the most to least desirable and savings options from the most to least acceptable.

Process for Delivering Financial Strategy

- 5.16 Officers developed and regularly updated an over-arching Action Plan that was used to drive forward the delivery of the Financial Strategy. The Action Plan set out key tasks, delivery dates and identified lead officers for each item.

Measuring Delivery

- 5.17 Regular monitoring of Council expenditure against the appropriate budget is undertaken by Service Directorate budget managers, supported by finance professionals. As noted previously in this report, regular monitoring reports are submitted to the Cabinet and to Overview & Scrutiny Committee, monthly, throughout the year.
- 5.18 Although there have been some ups and downs across service areas in the earlier years, overall the Council has managed to deliver a balanced bottom line of its budget for the last four years. Unlike other Councils, until now Slough has not held departmental contingencies to bail out in year overspending, instead it has very pro active arrangements for monitoring and control to deliver at a higher level of financial management, ensuring the Council manages within its resources.

Budget Consultation Process

- 5.19 Each year a budget consultation is conducted alongside the process of formulating the budget and Council Tax levels for the following financial year. Local residents, local businesses, wider Stakeholder groups and Council staff are invited to take part to share their views on the council's budget and priorities for spending.
- 5.20 In addition to this consultation, significant communications activity has taken place around the population statistics issues with residents, staff and local stakeholders.
- 5.21 This budget consultation, held between November 2007 and the end of January 2008, which also included a web based interactive budget tool, aimed to investigate views on the Council's budget proposals for the financial year 2008/09.

Budget Simulator - Staff and Residents

- 5.22 Staff and residents were able to take part in an online budget simulator. The simulator showed the amount spent in 2007/08 in a range of service areas. Participants were asked to choose whether they would increase or decrease the budget in each area. Information was shown about the consequences of changing funding levels on the quality and breadth of service provision. Information about how increases and decreases in spending would effect council tax levels was also shown.
- 5.23 204 people took part in the budget simulator between and 8th October 2007 and 17th January 2008. Suggested areas for investment included:
- The Environment,
 - Recycling,
 - Community safety,
 - Improving the condition of the roads and
 - More services for young people.
- 5.24 The simulator will continue to be available via the council's website until November 2008. Whilst any further comments received will not feed into the budget setting process for 2008/09. It is also hoped the simulator will raise awareness about the variety of services the council provides and the difficult choices which must be made in setting a budget.
- 5.25 A number of meetings took place with a range of stakeholders including community groups during January 2008. The objective was to engage in a face to face dialogue about the council's budget and plans for 2008/09. Suggested areas for improvement and investment included:
- Youth Services,
 - recycling,
 - kerb-side collection,
 - green travel;
 - housing and green spaces,
 - including planned maintenance of these areas.

SECTION B: RESOURCES

- 5.26 In determining the level of budgets for each Directorate, the Council must take into account the following factors:
- The level of funding it receives from Central Government.
 - Inflationary requirements and commitments.
 - New statutory responsibilities and/or transfers of function away from Council.
 - Changes in demographics and levels of service demand.
 - Growth requirements arising from the Corporate Plan.
 - Changes in levy and precepting bodies requirements.

5.27 Each of these factors has a major impact on the level of resources required or available to the Council. They are all covered in more detail throughout this report.

External Support and Relative Needs Formulae (RNF's)

5.28 The Local Government Finance Settlement 2008/09 was published on 24 January 2007. The 2008/09 Settlement represents the first year of a three-year 'fixed' funding settlement for local authorities, based on the Government's Comprehensive Spending Review 2007. Consequently, provisional funding allocations for 2009/10 and 2010/11 have also been announced.

5.29 Whilst the Council is supportive of the stability and forward planning three year settlements bring, it feels the current system is flawed and, in effect, meaningless when the data used to allocate funding levels is based on inaccurate statistics.

5.30 Members will recall that the individual local authority funding allocations are derived, by Government, using a "Four-Block Funding Model". Relative Needs Formulae (RNF's) are calculated for all local authorities and they are now funded as two separate items: the "central allocation" (a basic amount to cover the services of the least needy authority) and a "relative needs amount" (to cover the extra costs of authorities that have more than minimum needs). The Government also uses the "resources block" as a negative grant to cover differences in individual local authorities ability to raise council tax a "damping block" to smooth year-on-year funding changes.

The National Position

5.31 The overall increase in Formula Grant, between 2007/08 and 2008/09, for local authorities was 3.6% on a like-for-like basis to £27.5bn. Including special grants, total support to local authorities rose by 4.0% to £70.4bn.

5.32 However, when Special Grants and PFI funding is removed from the Formula Grant amounts, general funding for local authorities will only increase by 3.7%, 2.8% and 2.6% for 2008/09, 2009/10 and 2010/11 respectively. In real terms, these increases equate to only 0.9%, 0.1% and -0.1% and represent a significant tightening, albeit expected, of the Government's purse-strings.

Table 2 Slough's Position

<i>Slough's Position Formula Grant</i>			
	2008/09 Actual £m	2009/10 Actual £m	2010/11 Actual £m
Slough	55.018	55.935	56.756

5.33 Slough remains at the formula grant floor for the 3-year settlement period i.e. it receives the minimum entitlement possible through the local government funding system. Increases in grant will therefore be 2.0%, 1.75% and 1.5%. The borough would have seen a reduction in grant of 8.0% (£4.4m), in 2008/09, had its funding not been augmented to the minimum 2% increase.

5.34 The summary figures from the finance settlements 2007/08 and 2008/09, for Slough, are provided below:

Table 3 Slough's Settlement

	2007/08 £'000	2008/09 £'000
Relative Needs Amount	36,452	40,471
Relative Resource Amount	(9,920)	(11,692)
Central Allocation	20,289	21,847
Floor Damping	4,860	4,392
Formula Grant	51,681	55,018
Of which:		
RSG	7,427	6,723
NNDR	44,254	48,295

5.35 The Government has made a number of “baseline transfers” between 2007/08 and 2008/09. These transfers represent either funding that was previously ring-fenced (specific grant) transferring into general funding; funding to pay for new burdens on local authorities; or a removal of funding to reflect the removal of services from local authorities.

5.36 The baseline transfers affecting Slough BC are highlighted in the table below:

Table 4- Transfers In/(Out) of 2007/08 baseline

Local Authority	Slough £m
Delayed Discharges Grant	0.205
Access and Systems Capacity Grant	1.150
Waste Performance and Efficiency Grant	0.145
Children's Services Grant	0.622
Gowers Review of Intellectual Property	0.012
Food Hygiene	0.000
Contaminated Land	0.001
Animal Feed Adjustment	0.004
Local Government New Conduct Regime Adjustment	0.006
Service Directive Adjustment	0.000
Stray Dog Adjustment	0.009
Student Finances Adjustment - 07/08 to 08/09	(0.014)
Public Law Family Fees Adjustment	0.119
	<u>2.259</u>

5.37 Where appropriate, associated changes have been made to Directorate cash-limits to reflect these baseline transfers. For example, former specific grants have been passported onto departments to enable them to continue to provide the existing

services. However, additional funding for new burdens (eg the Public Law Family Fees adjustment) will be retained within a contingency fund for 2008/09 and released to Directorates on demand. It is believed this is the most appropriate solution as the Council, and indeed the Government, has no clear information concerning the additional expenditure required to implement the new burden.

- 5.38 There are now three elements to the amount of Government funding each local authority receives: National Non-Domestic Rates (NNDR); Revenue Support Grant (RSG) and Area Based Grant.

National Non Domestic Rates (NNDR):

- 5.39 Those occupying non-domestic properties within a local authority area (eg shops, offices, factories, warehouses) are not required to pay Council Tax. Instead they are required to pay NNDR, otherwise known as 'Business Rates'.

- 5.40 Each year the Government sets a national rate, based on each non-domestic properties rental value, which the occupiers of all non-domestic properties are required to pay. The rate for 2008/09 has been set at 46.2p in the £ (2007/08 = 44.4p). An increase of 4.05%. It is clear that the Government is increasing its use of business funding to pay for local authority services. Once the rate has been set, local authorities collect all NNDR monies from within their areas and pay it into a central Government pool. The Government then distributes the pool amongst all local authorities in proportion to their 'Resident Populations'.

- 5.41 Slough is a net loser from this process. In 2007/08 local businesses contributed £79.863m towards the Central Pool, however, the Council only received back £44.254m (54%) in NNDR income. In 2008/09 the Council will receive £48.295m from the Central Pool.

Revenue Support Grant (RSG):

- 5.42 The Revenue Support Grant (RSG) is in effect a balancing grant. The amount of RSG each local authority receives is calculated as:

- Its Relative Needs Formula (RNF);
- less its relative resource amount;
- plus its central allocation;
- plus any damping grant;
- less the amount it is due to receive from the NNDR Central Pool.

- 5.43 In 2008/09 the Council will receive RSG of £6.723m (£7.427m in 2007/08).

Area Based Grant (ABG):

- 5.44 The Government announced its intention to set up a new pot of area-based grants (ABG) in the Comprehensive Spending Review 2007. Much of the detail, regarding this new pot, was only announced at the time of the provisional Local Government Finance Settlement 2008/09.

- 5.45 The purpose of ABG is to create a pool of specific grants that can be used within a local area agreement. The pre-existing distribution methodologies will carry on into the new ABG.

- 5.46 There is currently an ongoing debate, between Chartered Institute of Public Finance & Accountancy (CIPFA) and Government, concerning how local authorities are expected to account for the ABG and treat its income and expenditure within each local authorities' Revenue Budget requirement. Following queries from Slough BC officers, officials at the Department for Communities and Local Government (DCLG) Officers have indicated that "Area Based Grant should be deducted from gross expenditure before the budget requirement is arrived at" . The funding model at Appendix A is calculated on this basis.
- 5.47 A list of Specific Grant allocations which now comprise the ABG are provided at Appendix D. Slough BC will receive £7.353m, £12.059m and £11.919m in 2008/09, 2009/10 and 2010/11 respectively. The main reason for the substantial increase between 2008/09 and 2009/10 is the transfer into ABG of Supporting People funding.

Mid-Year Population Estimates and Projections

- 5.48 Members will be aware that the Council has continued to vigorously dispute the ONS' population estimates for Slough throughout 2007. Population estimates, and their associated projections, are the principal driver in the Government's methodology for allocating funding amongst all local authorities in England. Further, as noted above, the population data is also used to allocate income from business rates amongst all local authorities in England.
- 5.49 The population projections used to calculate Slough's Formula Grant for 2008/09 to 2010/11 are based on 2004 mid year population estimates and, despite the vigorous lobbying undertaken by Slough in recent years, continue to indicate the Council's resident population is decreasing by 0.7% per annum (from 118,007 in the 2007 population projection to 117,186 in the 2008 population projection).
- 5.50 The Council intends to continue its campaign throughout 2008 until the Government addresses the flaws in the current system and provides the Council with either compensation for the financial losses it has previously experienced, or some form of specific grant to fund the pressures it is facing.
- 5.51 Prudently, no allowance has been made within the 2008/09 revenue budget for any such compensation being received.

Specific Grants

- 5.52 Aside from the Area Based Grant (ABG), highlighted above, the Council receives a substantial amount of funding through specific grant regimes. In particular, as discussed below, due to the Dedicated Schools Grant (DSG).
- 5.53 A table outlining the amount of funding Slough will receive through Specific Grants in 2008/09, 2009/10 and 2010/11 is provided below. It should be noted that the Government has not yet announced all allocations for the forthcoming financial year.

Table 5- Specific Grants

	2008/09	2009/10	2010/11
EDUCATION AND CHILDREN'S SERVICES	£m	£m	£m
DSG	89.274	94.573	100.571
EMAG	1.277	1.340	1.414
School Lunch	0.227	0.227	0.227
Targeted Support for Prim and Sec Strategy	0.660	n/a	n/a
Music Grant	0.282	0.282	0.282
Playing for Success	0.000	n/a	n/a
City Challenge	n/a	n/a	n/a
School Development Grant	5.563	5.563	5.563
Making Good Progress	n/a	n/a	n/a
School Standards (incl Personalisation)	n/a	n/a	n/a
Youth Opportunity Fund	0.090	0.090	0.090
Sure Start, Early Years and Childcare	3.418	3.955	4.522
Contact Point	0.135	n/a	n/a
Aiming High for Disabled Children	n/a	n/a	n/a
Free Entitlement for 3-4 Year Olds	1.005	1.209	1.121
Extended Schools	0.195	0.357	0.502
Targeted Mental Health in Schools	n/a	n/a	n/a
Parenting Practitioner Grant	0.050	0.050	0.050
ADULT SOCIAL CARE			
Social Care Reform	0.170	0.395	0.482
AIDS Support	n/a	n/a	n/a
Learning Disability Campus Closure Programme	n/a	n/a	n/a
	2008/09	2009/10	2010/11
EPCS	£m	£m	£m
Housing and CT Benefit Subsidy Admin Grant	1.288	1.257	n/a
Homelessness	0.140	0.140	0.140
Concessionary Fares	0.356	0.364	0.374
Urban Congestion			
Housing and Planning Delivery Grant			
Housing Market Renewal Fund			
Animal Health and Welfare Enforcement			
Waste Management Pilots			
Bus Challenge and Kick Start			
CAPITAL			
PFI	3.678	3.678	3.678
CROSS SERVICE			
Growth Areas, Points and Eco Towns	0.000	0.000	0.000
Supporting People (Illustrative)	4.215	4.005	3.804

Schools Budget

- 5.54 The Five Year Strategy for Children and Learners announced that school funding would from 2006/07 be funded through a ring-fenced grant from DFES to local authorities - the Dedicated Schools Grant (DSG), rather than through the local Government finance system.
- 5.55 The DSG will increase at a national level of 4.6% per pupil for 2008/09 (4.1% in cash terms) from the funding in 2007/08. For Slough the increase is 4.8% per pupil in 2008/09. These indicative allocations are based on estimates of 20,273 pupils

estimated in January 2008. The final allocations of grant will not be announced until May 2008 after the start of each financial year. The total estimated Dedicated School Grant for Slough Borough Council for 2008/09 will be £89.274 million.

- 5.56 The total DSG is made up of a 3.1% increase per pupil, plus top-up allocations for key government priorities e.g. Personalised Learning and an additional amount to Slough as an authority spending below the level of their Schools Formula Spending Share in 2005-06.
- 5.57 The DSG will provide for the same items that were previously resourced through the Schools Formula Spending share within the local government finance system, and covered by the Schools Budget set by local authorities. The Schools Budget consists of delegated budgets allocated to individual schools, and a budget for other provision for pupils which local authorities fund centrally, such as some special educational needs provision and grants to independent and voluntary providers of early years education. The DSG is completely ring-fenced and therefore provides the funding for the Schools Budget.
- 5.58 As with the Council's budget, the DSG is a three year settlement. Appendix G provides an update on this position, which will be presented to the Schools forum on 5th March 2008 for approval.

SECTION C: THE 2008/09 REVENUE BUDGET

- 5.59 Based on the resources that are available to the Council, the Revenue Budget for 2008/09 will be £98.336m, excluding parishes, for non-school services. This budget is based on the following funding assumptions:
- Receipt of Formula Grant of £55.018m for non-schools services.
 - A balanced Collection Fund in 2008/09.
 - Council Tax income of £43.318m, based on a Band D Council Tax of £1,075.57 (4.99% increase) and a taxbase of 40,274.4.
- 5.60 In the view of the Strategic Director of Resources the above represents the maximum resources available for the 2008/09 budget.
- 5.61 The Council's Revenue Budget for 2008/09 is set-out in detail at Appendix A.
- 5.62 The associated cash limits for Service Directorates are set out at Appendix E.
- 5.63 The following table shows the main changes from the 2007/08 Revenue Budget.

Table 6: Change in Budget in 2008/09

	£000	£000
2007/2008 Revenue Budget		92,457
Transfers in to Funding Baseline		2,259
2007/08 Base Budget		94,716
Inflation (Excluding Schools)	2,810	
Non-Schools Growth	4,886	
Savings	(4,671)	
Balances / Contingencies / Other	595	
Net increase in Budget		3,620
2008/2009 Revenue Budget		98,336

Growth within 2008/09 Service Budgets

5.64 The total growth outlined for all Service budget areas amount to £4,887m for the financial year 2008/09. Further analysis of growth and spend in services have been related to the Council's priorities and are highlighted in Table 7 below and Appendix B. A detailed list of all growth items within the Revenue Budget for 2008/09 is provided at Appendix C(i).

Table 7: Analysis of Growth

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Budget Adjustment to Previous Years	829	482	524	1,834
Contractual	824	120	99	1,043
Demand Led	738	686	334	1,758
Efficiency	250	(500)	(500)	(750)
Legislative	210	58	0	268
Other	2,036	434	715	3,185
Total Growth	4,887	1,280	1,172	7,338

Savings within 200809 service budgets

5.65 All Service Directorates have been asked to make, wherever possible, efficiency savings. Further, during the budget process, Service Departments were required to only put forward savings options that they thought professionally acceptable. The table below outlines a high level analysis of the overall type of savings (ie efficiency, income generation or other) by Service Department.

Table 8: Analysis of Savings

	Latest Position			Total £000s
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Budget Adjustment	(60)	(70)	40	(90)
Efficiencies	(2,737)	(510)	(161)	(3,408)
Income Generation	(1,644)	(85)	(500)	(2,229)
Other	(230)	(75)	0	(305)
Total Savings	(4,671)	(740)	(621)	(6,032)

5.66 It can be seen that over £2.7m (59% of the overall savings from non-schools services) are categorised as 'efficiency savings' - 2.8% of the Council's overall Revenue Budget for 2008/09

5.67 A detailed list of all savings items can be found at Appendix C(ii)

Option Appraisals

5.68 During 2007, Officers have undertaken a series of broad reviews of Council Services and Expenditure. A number of recommendations have been made arising from these reviews. The adoption of these recommendations will result in savings of £206k, £590k, and £235k in 2008/09, 2009/10 and 2010/11 respectively. These proposals are included in the assumptions used to determine the Council's overall expenditure between 2008–2011 and are included in the growth and savings tables above. Further detail can be found at Appendix C(iii).

Inflation

5.69 The Council's inflationary commitment for 2008/09 has been assessed at £3,740k. However, as noted above the Council only received the minimum increase in funding possible from Central Government (representing an actual like-for-like cash increase of only £1.079m) for 2008/09. Therefore, as with previous years, it was agreed that the total increase available, to allocate amongst service departments, for inflation in 2008/09 was only £2.810m. Service departments are expected to drive down inflation costs or put forward substantial efficiency savings to make up the financial shortfall as they become more certain during the year.

5.70 Having done this successfully for a number of years, it has become more challenging and the point will arrive where this is no longer a sustainable solution. Consideration of this factor has been built into the robustness of estimates assumptions.

5.71 The following assumptions were used to calculate the Council's overall inflationary commitment in 2008/09:

Table 9 – Assumptions for Inflation

	2007/08	2008/09
Employee Related	2.5%	2.5%
Superannuation	Up by 2% to 15.3% of employee budget	Kept at 15.3% on latest data from Actuary
Contracts	Dependent on contract (min 0.53% / max 5.75%)	Dependant on contract between 2.5% to 4.2%
Business Rates	3.5%	4.2%
Income	Between 0.0% and 2.5%	Between 0.0% and 2.5%

Risks

5.72 It is inevitable that the Council has needed to plan its budget amidst a degree of uncertainty, which builds in a certain amount of risk; this has always been the case. However risk as a factor has been addressed, wherever possible, using a number of different mechanisms:

- The budget setting process affords Service Departments the opportunity to identify emerging budget pressures, including those relating to legislative requirements and demographic changes. This has resulted in a significant level of new investment.
- The Council has a rigorous and proactive process of budget monitoring, which ensures that any emerging budgetary issues are identified, and a way forward agreed, at an early stage. Further, account has been taken, within the 2008/09 budget, of issues which have emerged during the budget monitoring process throughout 2007/08.

5.73 However, it is not possible to eliminate all risks. Council officers have, therefore, undertaken a thorough assessment of budget risks, and of the ways in which these will be managed. Further details are set out in Appendix F. Notwithstanding these issues, the Strategic Director of Resources is satisfied that the management frameworks and activities which are in place, taken together with the general level of balances, are such that he is able to confirm that the budget proposals are based on robust estimates.

5.74 In providing this assessment it is necessary to point out that there is limited capacity to meet unforeseen costs or income shortfalls, although for the first time directorate contingencies have been put into place. Careful monitoring and early corrective action will still be essential for next year.

5.75 Nevertheless, service departments will still be under extreme pressure throughout the 2008/09 financial year. All of the directorates will face pressures from managing inflation, incremental drift, the savings targets assumed within the strategy, demand and supply nature of placements, income generation and the potential impact of cost shunting from partner organisations.

Balances

5.76 Members should be aware that, under the 2003 Local Government Act, the Council must set a robust, balanced budget. Members should also be aware that balancing the budget using one-off resources (such as balances) and income where there is a

risk of it not being achieved, e.g. Local Authority Business Growth Incentive (LABGI), potentially compounds the budget pressures in future years.

- 5.77 Table 11 shows estimates of the Earmarked Reserves, in addition to General Fund Balances, that the Council will have at the end of this financial year. Members should note that the level of Earmarked Reserves is prudent and robust and safeguards the Council's financial stability and is in addition to one off general fund balances.

Table 11 - Earmarked Reserves

	2007/08	2008/09
	£'000	£'000
Department Services	0	0
Finance System Upgrade	0	0
Berkshire Liabilities	650	500
Future Debt & Capital Requirements	4,038	3,500
PFI & Feasibility	100	100
Lobbying	0	80
Statutory Property Function & Landlord Duties	200	500
Contingencies		1,000
Emergency Planning		100
Insurance Reserves	500	500
Total	5,488	6,280

Transfer from Balances

- 5.78 The Section 151 Officer believes that within the current financial climate of only a floor level increase in funding and the current dispute with the Office for National Statistics regarding the Council's Mid-Year Population Estimates, it is sustainable and prudent that no funding is withdrawn from balances in 2008/09.
- 5.79 As noted earlier, The 2003 Act requires the Section 151 Officer to give an opinion on the adequacy of the budget calculation and the level of balances proposed within it is set out in Appendix F. It is the Section 151 Officer's view that the budget proposals set out in this report present a balanced budget in terms of providing sufficient resources to fund the planned level of services provided and as laid out in the previous Council Tax setting report of February 2007 that combined balances and non allocated contingencies of at least £6m are maintained.

Council-Tax Capping

- 5.80 Ministers have, once again, indicated their intention to cap excessive council tax increases. Indeed, there is increased emphasis on keeping council tax increases

nationally substantially below 5% and this increased emphasis may have an associated impact on the Council's future financial planning.

- 5.81 John Healy, Minister for Local Government, said in a statement concerning the provisional local government finance settlement 2008/09 that:

*"Keeping council tax under control remains a top priority for the Government. We expect the average council tax increase in England to be substantially below 5 per cent. Councils must be under no illusions. We will not hesitate to use our capping powers as necessary to protect tax-payers from excessive increases. **Authorities would be unwise to assume previous capping principles will be repeated.**"*
(emphasis added) [John Healey, Local Government Minister, 6 December 2007]

- 5.82 The Minister repeated this threat at the time of publishing the final local government settlement 2008/10, however, noticeably, the Minister did not refer to previous capping principles this time.

"Given this substantial investment in local government, there is no excuse for excessive council tax increases. We expect the average council tax increase in England in 2008 to be substantially below 5%. We will not hesitate to use our capping powers as necessary to protect council tax payers from excessive increases." [John Healey, Local Government Minister, 24 January 2008.]

- 5.83 Given the hard line Ministers are taking all local council- tax increases above 5% are likely to be capped. Further members must be made aware that there is a real possibility that council tax increases below 5% could also be capped. It is unfortunate that the Government only decides 'capping principles' retrospectively (ie the Government waits until all local authorities in England have set council tax levels for the forthcoming financial year before deciding whether any council taxes should be capped or not). This delay, and lack of advance information, creates real uncertainty for local authorities 'future financial planning'.

- 5.84 Officers are firmly of the view that the Council is effectively being under-funded due to the inaccuracies within the Office for National Statistics (ONS) population data, for the borough. This data is used as the principal driver of funding allocations amongst local authorities in England, each year. It can be noted that the Council has only received a £1.079m increase in Formula Grant, between 2007/08 and 2008/09, on a like-for-like basis whilst the Council's assessment of inflation demands, over the same period, is £2.810m. Further, officers have calculated that an additional £1.772m is required to meet all of the Council's contractual, demand led and legislative requirements in 2008/09. Table 12, below, clearly demonstrates the Council's restricted financial position.

Table 12: Assessment of 'Funding Gap'

	£m	£m
Increase in Formula Grant 07/08 – 08/09		1.079
Inflation	(2.810)	
Contractual Commitments	(824)	
Demand Led Growth	(738)	
Legislative Requirements	(210)	
		(4.582)
Funding Gap		(3.503)
Additional Income from council tax Increase @ 4.99%		2.058
Remaining Gap		(1,445)

- 5.85 Officers therefore believe that it would be appropriate to increase the local council tax by 4.99% between 2007/08 and 2008/09, although there is inevitably a very real risk of capping attached. Further, if this strategy is adopted, Slough is likely to set one of the highest increases in council tax in the Country.
- 5.86 Members are of course welcome to take a different view to officers concerning both the messages emanating from the Government's capping statements and the correct level of council tax for the borough. For information, a 0.25% decrease in council tax, from the current budgeted level, would require a subsequent £103,102 reduction in the Council's overall expenditure.
- 5.87 Members should be aware that the prospect of capping is a very serious issue:
- Under the current regulations, the Secretary of State for Communities and Local Government has wide powers to direct councils to reduce budgets and associated council tax levels;
 - If capped by the Secretary of State, the Council could be forced to issue residents with revised council tax bills. There are substantial costs to the Council if it is deemed necessary to re-bill. Associated costs, including lost cash-flow income and officer time, are estimated to be at least £250k;
 - If capped, the Council's reputation for financial prudence and judgement would be damaged with the public, partners and the Government.
- 5.88 A brief history of capping within the local government funding system can be found, for information only, at Appendix H of this report.
- 5.89 With the criteria for capping not being announced until after all Council's have set their Council Tax levels, there is obviously a risk of setting at 4.99%. Slough is likely to have one of the highest increases in 2008/09.

The Collection Fund

- 5.90 The Collection Fund accounts for all monies relating to the receipt of Council Tax and the old Community Charge, and for payments made to the precepting authorities, the Thames Valley Police Authority and the Royal Berkshire Fire Authority, and to fund the Council's own demand to meet its budget requirement.

- 5.91 Whatever balance remains on the fund in respect of the over/under recovery of Council Tax or Community Charge must be added to or subtracted from the following year's Council Tax bills. Adjustments in respect of Community Charges are added to the Council's part of the bill only, while Council Tax adjustments are shared with the Thames Valley Police Authority and the Royal Berkshire Fire Authority.
- 5.92 In setting the 2008/09 Council Tax, the Council must therefore separately estimate any surpluses or deficits on the Collection Fund for 2007/08 for both the Council Tax and Community Charge.
- 5.93 The Section 151 Officer has now approved the estimate for the Collection Fund for 2008/09, which shows the fund to be in balance for 2008/09. Therefore no additions or subtractions need be made to the revenue budget when calculating the Council Tax for 2008/09.

The Council Tax Base

- 5.94 Council tax is a property based tax which classifies properties into 8 bands depending on the value of the property. Different rates of tax apply to each band so that properties in Band A will pay one-third of properties in Band H, the highest level. There are various reductions in the standard charge (eg where there is a single householder in residence in the property). Band D is the middle band and Band D equivalents are used to express the taxbase of the authority.
- 5.95 On 26th November 2007 a tax base of 40,274.4 equivalent Band D properties was agreed by Cabinet for 2008/09. It assumes a collection rate of 99.0% (99.0% for 2007/08) will be achieved in respect of all charges raised for 2008/09.

Calculating the Council Tax Level

- 5.96 The calculation of Slough's share of the Council Tax is relatively straightforward. Slough's budget requirement plus any surplus or deficit on the collection fund, RSG, NNDR and the Area Based Grant is divided by the taxbase to give the tax per Band D property. This is illustrated below:

Table 13 – Council Tax Band D Property

	£'000
Slough Budget Requirement 2008/09	98,336
Surplus on Collection Fund	0
Less:	
RSG	(6,723)
NNDR	(48,295)
Total to be met from Council Tax	43,318
Taxbase	40,274.4
Council Tax at Band D – 2008/09	£ 1,075.57

Parish Precepts

5.97 Slough's parishes have requested total precepts for 2008/09 of £223,300 an increase 5.4% over 2007/08 (2007/08 = £211,863). Parishes are not subject to the same capping regulations that are imposed on local authorities by Central Government.

Other Precepts

5.98 The Thames Valley Police Authority has requested indicated that it requires £5.827m to be raised through its precept in 2008/09, an increase of 4.0% on the equivalent precept in 2007/08. Further updates will be provided on these figures as information is released by the Police Authority.

5.99 The Royal Berkshire Fire Authority has indicated that it is likely to request a precept be raised of £2.116m, representing a 4.9% increase. Further updates will be provided on these figures as information is released by the Fire Authority,

5.100 The implications of these precept requirements for Slough's Council Tax payers are given in the recommendations of this report.

5.101 It should be noted these precepts are yet to be formally agreed and if there are changes, an update will be provided at the meeting where this report is considered.

Setting the Tax

5.102 The Council is required to make certain calculations under sections 30, 33, 34 and 36 of the Local Government Finance Act 1992. These calculations are:

- The basic amount of Council Tax for both Slough and the preceptors.
- The basic amount of Council Tax for each valuation band for both Slough and the preceptors.
- The aggregate amount of Council Tax for each valuation band, which includes the basic amount for the Council and the basic amount for the preceptors and parishes.

5.103 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations. The Council Tax for a Band D property under these calculations is £1,272.81. (£1,212.99 in 2007/08) excluding parish precepts. The full Council Tax for each Band is included within the recommendations. Further detail can be found at Appendix A (i).

5.104 Any amendments proposed to the budget will require a recalculation to be undertaken for the revised figures within the statutory framework.

SECTION D: THE FUTURE – MEDIUM TERM FORECAST

5.105 Slough's financial strategy – agreed in April 2005 – identified low increases in Government funding as the key factor for the Medium Term Forecast. It was always acknowledged that the Council either has to find additional income or reduce its cost base to set a balanced budget whilst protecting those services that are priorities or are essential to its ongoing continuity.

Medium Term Financial Strategy

5.106 The Medium Term Financial Forecast for the Council is attached as Appendix A. When it was agreed, in April 2005, the financial strategy set out the following guiding principles for balancing the budget:

- First and foremost, savings have to be found in non-priority areas.
- Growth for the Council's priorities and objectives will be very limited: delivering objectives will either have to be from within cash limits or by identifying new income sources
- All service areas will require examination either to reduce costs and achieve efficiencies, to maximise income or develop new opportunities

5.107 The financial strategy identified the following actions to minimise the risks to the Council's financial position:

- Clear action plans required for savings (and other proposals) following on from Star Chamber submissions
- Greater scrutiny of major projects and regular feeding back of financial implications
- Changes to the budget monitoring process, such as analytical review of previous year's outturn
- Option appraisal for spending proposals in excess of £100,000

5.108 Members will be aware of the way that these actions have been addressed, especially through the Star Chamber process.

5.109 Specific grants for social services, supporting people and asylum seekers continue to be a concern for the council. Risks arise because grants are often time-limited with no guarantee of them transferring into the RSG and are subject to changes in conditions.

5.110 Slough continues to operate a policy of seeking to maintain at least £6m in total between general fund balances and un allocated contingencies, which forms part of the Council's risk management strategy.

Funding in Future Years

5.111 Over the medium term there are a number of potentially significant changes to local government finance, which could have a major bearing on the Council's financial strategy.

- Supplementary Business Rates. The Government announced, at the time of its Comprehensive Spending review 2007, that it was minded to allow, subject to certain restrictions, local authorities to raise additional income by adding up to 2p in the £ to local businesses NNDR bills from 2010/11. A supplement on this scale could potentially raise over £3.5m per annum for Slough BC.
- Formula Review. The Government will now review the local government funding formulae with a view to making changes in 2011/12. In his statement, at the provisional settlement, the Minister announced that the Government would review the Area Cost Adjustment within the funding formulae and that

National Statistician would “*now bring together central and local government to work on ways to improve population survey data and make greater use of administrative data*”. Both of these reviews may have an, as yet unquantifiable impact on Slough BCs medium-term finances.

Council Tax in Future Years

- 5.112 In response to the Government’s current capping agenda, Slough (in common with other local authorities) has set future council tax levels below the predicted maximum allowed by Government. Officers continue to expect this to be around 5%. However, close notice should be paid to the issues raised in paragraphs 5.80 to 5.89 of this report.
- 5.113 Taking these assumptions into account, the second and third years of the budget strategy contain expectations of further departmental savings, in the form of either efficiencies or service reductions, to be able to deliver a balanced budget.
- 5.114 The revenue budget process is a continuous cycle. The Council has delivered such high levels of efficiencies over the last three years, and this is not sustainable year on year. Officers therefore intend undertaking a fundamental review of all the Council’s services and how they are provided and resourced, in order to allow members to take clear and well-informed decisions, for the future. Therefore officers will commence work on the 2009/10 revenue budget as soon as the 2008/09 revenue budget is agreed.
- 5.115 This will begin with a review of this year’s process, the assumptions within the strategy, looking at VFM, performance levels and resident expectations.

SECTION E: TREASURY MANAGEMENT STRATEGY 2008-09

- 5.116 The Treasury Management Strategy sets out the expected activities of the treasury management function for 2008-09. The strategy accords with the Council’s Treasury Management Policy Statement as set out in the Annex, the CIPFA Code of Practice, the statutory requirement under the Local Government ACT 2003 and the investment guidance issued by the Secretary of State. The proposed strategy is based on the officers’ views on interest rates, money market conditions and the Council’s overall borrowing requirement and covers the following:
- Current borrowing position
 - Borrowing requirement 2008-13
 - Borrowing Strategy and Objectives
 - Investment Strategy and Objectives
 - Prospects for interest rates
 - Investment and interest rate risks
 - Borrowing limits 2008-13
 - Prudential Indicators
 - Treasury management budget
 - Treasury Management Policy Statement 2008-09

Current Borrowing Position

5.117 The Council's current debt portfolio at 31st March 2008 (compared to 31st March 2007) is estimated to be as follows:

Table 12 Debt portfolio

<u>Borrowing</u>	31.3.2007 £M	Average Rate of Interest	31.3.2008 £M	Average Rate of Interest
Market Loans	24.000	4.74%	24.000	4.72%
Public Works Loan Board	<u>38.679</u>	<u>4.80%</u>	<u>38.587</u>	<u>4.79%</u>
TOTAL DEBT	<u>62.679</u>	<u>4.78%</u>	<u>62.587</u>	<u>4.77%</u>

Security Structure

5.118 The maturity structure of the existing debt is as follows:

Table 13 Maturity Structure

Debt Maturity Structure	31.3.2007 £M	% of Total Debt	31.3.2008 £M	% of Total Debt
Up to 1 year	0.093	0.15%	0.080	0.13%
1 to 2 years	0.080	0.13%	3.064	4.90%
2 to 5 years	6.490	10.35%	3.446	5.51%
5 to 10 years	13.026	20.78%	17.007	27.17%
10 years and above	<u>42.990</u>	68.59%	<u>38.990</u>	62.29%
Total SBC Managed Debt	<u>62.679</u>		<u>62.587</u>	
Average Maturity	17.20 yrs		16.22 yrs	

Borrowing Requirement

5.119 The revised five year capital programme recommended for approval elsewhere within the Budget Report results in the capital borrowing requirement as follows:

Table 14- Capital Borrowing requirement

Year	Maturing Debt £M	HRA/ ALMO £M	GF Capital £M	MRP* £M	Borrowing Requirement £M
2008-09	0.080	8.539	6.393	0.000	15.012
2009-10	3.064	8.538	15.293	0.000	26.895
2010-11	0.391	8.539	4.188	-0.343	12.775
2011-12	3.035	11.150	5.471	-0.471	19.185
2012-13	0.020		0.266	-0.671	-0.385
TOTAL	6.590	36.766	31.611	-1.485	73.482

*MRP – At the time of drafting this report, the government was consulting on Minimum Revenue Provision regulations and the basis for calculating future MRP. The above MRP provision is based on the existing regulations.

Borrowing Strategy & Objectives

5.120 The Council's borrowing strategy is determined taking into account various factors such as the overall borrowing requirement, general cash flows, current and future forecast of long term interest rates and economic forecasts.

5.121 The overall borrowing objectives are:

- To minimise the overall revenue costs of borrowing.
- To borrow long term monies at or below the PWLB average rate for the year.
- To identify and appraise new sources of borrowing and debt rescheduling opportunities that would deliver revenue savings at a minimum risk

5.122 The borrowing strategy will be delivered subject to the following criteria:

- It complies with the regulatory framework, currently in the form of Prudential System of capital finance;
- It meets the Council's cash flow requirement for capital finance
- It is done at a minimum possible cost to the Council;
- It produces a stable pattern of maturity to avoid excessively large proportion of debt having to be refinanced / replaced in any one year and thus avoid the risk of higher than normal re-financing costs.

5.123 Depending on movements in the long-term and short-term interest rates, it may be necessary to fund part of the borrowing requirement from current deposits/investments i.e. reduce the level of current investments. The prudential code of capital finance also allows the Council to carry out advance funding in the event that the current long-term interest rates are thought to be favourable.

5.124 People 1st Slough has been awarded a 2 star rating by the Housing Inspectorate and as a result is eligible for supported government borrowing of £45m over the next 5 years i.e. borrowing costs will be met by increased Housing Revenue Account (HRA) subsidy.

Investment Strategy & Objectives

5.125 The Treasury Management Policy Statement for 2008-09 (attached as Appendix I) sets out the strategic objectives, management practices and the risk management processes that will be followed. In summary, the strategic objectives are effective and efficient management of the Council's cash flow requirements, security of capital, liquidity of investments and optimum return on investments commensurate with appropriate levels of security and liquidity resulting in support towards the achievement of the Council's overall business, service plans and objectives.

Investments

5.126 The Council's reserves and balances together with set-aside capital receipts accumulated from the previous capital financing system are placed on deposits with various financial counter parties subject to their credit rating as summarised within the Treasury Management Policy Statement. The total amount of investments as at 31st December 2007 is £138.4M at an average rate of interest of 5.90%. This includes deposits of £5M with Northern Rock PLC (£2m has since been repaid),

which has now been guaranteed by HM Treasury. To mitigate the risk of future reduction in base rates, £23.2M has been invested on a long term basis for terms of 3 to 4 years at an average rate of interest of 6.18%. The remaining balance of investments of £115.2M has been placed on deposit for periods of up to 364 days. As only a residual amount of Council tax and business rates are received during the final two months of the financial year, the level of total investments (including long term) is expected to fall to £124M by the end of the financial year.

Long Term Investments

5.127 The Investment regulations, subject to liquidity considerations, permit the Council to invest for longer than 12 months, although these will be classified as “non-Specified” investments. It is advantageous for the Council, subject to cash-flow requirements and certainty, to place deposits for longer than 364 days. This allows the Council to balance the investment portfolio and manage the interest rate risks when the interest rates have peaked and begin to fall. The current approved long term investment limits and actual investments are as follows. As the current forecast is for further reductions in base rate during 2008, it is unlikely that further deposits will be placed for longer than 364 days and therefore no further increases in long term investment limits are sought at this stage.

Table 15- Long Term Investment

	2008-09	2009-10	2010-11	2011-12
Investments maturing beyond year end	£M	£M	£M	£M
Approved Limits (Total)	35.0	30.0	30.0	30.0
Current Deposits	0.0	4.0	16.5	2.7

Interest Rate Outlook

5.128 The current financial year started with base rates at 5.25%. The base rate peaked at 5.75% following two further increases in May and July. The “sub-prime” lending problems in United States first came to notice during the summer. In the UK this resulted in the “credit crunch” from September 2007 onwards when the 3 month LIBOR (London inter-bank offered rate at which the banks lend to each other) was trading at up to 80 basis points above the Bank of England Base Rate compared to normal premium/discount of about 10 basis points. The LIBOR only started to ease towards the end of December after the intervention of American and European central banks including the Bank of England.

5.129 The short term medium term consequences of the credit crunch is at best a slow down in the UK economy growth and at worst, economic recession. This view is supported by various forecasts from the City Economist and summary of business conditions compiled by Bank of England’s Agents, which indicated:

- Consumer spending slowing down
- Housing activity and inflation easing
- Fall in investment intentions of companies
- Construction sector and activity slowing sharply
- Increased inflation pressure due to higher prices of fuel and food.

5.130 The latest economic data is therefore proving a dilemma for the Bank of England. Whilst the BoE needs to reduce the base rate to generate consumer and money market confidence and thus ensure a soft landing for the economy, it is also concerned about the inflationary pressure in the pipeline. The threat to the financial systems and the general economy is perceived to be greater than the threat of long term increases in inflation. The Bank of England's Monetary Policy Committee reduced the base rate on 6th December to 5.50% and the general money and economic market view is of further reductions in base rate during 2008. The table below summarises latest Independent Forecasters views of average base rates as produced by HM Treasury in December 2007 and January 2008.

Table 16-Independent forecasters views on base rates

Year Ending	2008	2009	2010
Highest	6.25%	6.25%	6.25%
Lowest	4.25%	5.20%	5.24%
Average	4.88%	4.80%	4.50%

5.131 The long-term PWLB rates fell during the last quarter of the calendar year as investors sought a "safe heaven" by investing in government gilts. The degree of movement in PWLB rates will be dependent on the state of the credit crunch conditions and the public sector borrowing requirement, especially if the economic activity was to slow down. The movement in long-term market rate is dependent on world economy and whether the existing enormous financial imbalances are sustainable, particularly the US and its budget and trade deficits.

Investment and Interest Rate Risks

5.132 The current credit crunch poses a risk not just to the economy but also to the financial systems and financial institutions. Paragraphs 15 to 17 of the Treasury Management Policy Statement summarises how the Council deals with individual counter party risk. Although it relies on credit ratings, which have come under criticism during the credit crisis, currently, there is little alternative available. However, the Head of Treasury compliments the credit ratings with information gleaned from financial press and money market brokers and from time to time either avoids placing new deposits with individual counter parties or reduces the approved individual counter party limits until such time as necessary. This action is reported to the Treasury Management Panel.

5.133 The interest rate risks for increase in long-term borrowing rates and decrease in short term investment rates have already been covered earlier in this report under the interest rate outlook section.

5.134 If the long-term interest rates were to rise higher than expected, then the Council's borrowing requirement for 2008-09 will be financed by reducing the level of temporary investments. Current long-term investments will dampen the impact of forecast reductions in base rate.

Prudential Indicators

5.135 The Prudential System of Capital Finance requires the Council, in setting its capital budgets, to review and agree Treasury Management Indicators. The first indicator is

the adoption of CIPFA's Code of Practice on Treasury Management, which the Council has already adopted. The other Treasury Indicators are:

(a) Maturity Structure of new borrowing

The Code requires the Council to set upper and lower limits for the maturity structure of its borrowings. It is therefore recommended that the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate is as follows:

	Upper Limit	Lower Limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	95%	25%

(b) Fixed and Variable rate of interest

100% of the Council's current long-term borrowing is at a fixed rate of interest. It is recommended that the Council set an upper limit on its fixed interest rate exposures for 2008-09, 2009-10 and 2010-11 of 100% of its net outstanding principal sums. It is further recommended that the Council set an upper limit on its variable rate exposure for the same financial years of 25% of its net outstanding principal sums. This means that the Strategic Director of Resources will manage fixed interest rate exposures within the range 75% to 100% and variable interest rate exposures within the range 0% to 25%.

(c) Overall Borrowing limits

The capital estimates reported elsewhere in this Budget Report set out the overall prudent borrowing limits for external debt as follows:

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	£M	£M	£M	£M	£M	£M
External Debt						
Authorised limit	75.00	101.00	126.00	138.00	155.00	154.00
Operational Boundary	73.20	98.10	121.90	134.20	150.40	150.00

Treasury Management Budget

5.136 Based on the above strategy and the proposed capital estimates, the treasury management budget is as follows:

	2007-08	2007-08	2008-09	2009-10	2010-11
EXPENDITURE/ INCOME	Original	Revised	Original	Original	Original
	Est.	Est.	Est.	Est.	Est.
	£'000	£'000	£'000	£'000	£'000
1 Debt – Interest	3,879	3,929	4,420	5,389	6,440
2 Minimum Revenue Provision (MRP)*	0	0	0	0	345
3 Ex-BCC Premiums	220	219	126	126	111
4 Interest Charge (to)/ from HRA	751	1,077	728	210	-277
5 Gross Costs	4,850	5,225	5,274	5,725	6,619
6 Less Interest on deposits	-4,068	-7,500	-6,900	-6,000	-5,800
7 Net Cost / (Surplus)	782	-2,275	-1,626	-275	819
8 Base Budget Provision available	-1,094	-1,129	-87	13	-637
9 TM (Surplus) / Deficit	-312	-3,404	-1,713	-262	182

MRP* - At the time of preparing the treasury management budget, the government was consulting on Minimum Revenue Provision regulations and the basis for calculating future MRP. The above MRP provision is based on the existing regulations.

Budget Variances

5.137 There are three areas of major budget variances, Debt interest (line 1 in the table above), Interest charge between General Fund account and HRA and the interest earned on deposits:

- Interest on Deposits variance is due to:
 - i) Increase in average investment rate – the original budget was based on annual average investment rate of 5.15%. The revised average rate for 2007-08 is forecast to be 5.90%, which equates to increased interest income of £577K
 - ii) Improved cash flow – The original average investment cash flow for 2007-08 was estimated at £79M. This was based on information available in November/December 2006 on areas such as the then capital programme, including ALMO borrowing and capital receipts. As referred to earlier in this report, the revised average level of investment for 2007-08 is now estimated at £124M. The increase of £45M is due to:

▪ Commercial property disposal delivered in March 2007 and therefore benefit for full year in 2007-08	£16.0M
▪ National Non-Domestic Rates refund from the pool:	
- January/July 2007	£12.1M
- December 2007 Claim	£ 9.4M
▪ 2006-07 capital under-spend (b/f)	£ 7.1M
 - iii) Additional investment income as a result of improved cash flow is £2.8M.

- The increased treasury management surpluses have already been reported within the monthly monitoring reports to the Cabinet. The 2008-09 treasury management budget has been prepared based on average investment rate of 5.30% for new and renewed deposits. It is proposed that the forecast surplus for 2008-09 is for now retained as Treasury Management contingency as a prudent measure in the event that the base rates are reduced more than budgeted for, to provide cover for additional MRP requirement if the government decides to go ahead and implement the changes to MRP formula and for future year's Treasury management forecast deficit. In addition, 2008-09 proposed capital programme includes high level of capital receipts to be raised and with the potential adverse impact on the property market due to the current credit crunch, it may be necessary to finance the capital programme from temporary borrowing (or reduce investments) until such time that the proposed disposal programme would provide value for money.

- The revised debt interest charge for 2007-08 is due to additional net interest payable on school's balances. The increase in future years debt interest charge reflects the costs of capital borrowing for both the HRA and General Fund Revenue account

- The 2007-08 revised interest charge from HRA is higher than the original budget due to delayed decision on ALMO supported borrowing and therefore reduced borrowing costs incurred by HRA in 2007-08. The decrease in future years HRA interest charge to General Fund reflects the additional debt interest allocated to HRA for supported borrowing.

Treasury Management Policy Statement

5.138 The treasury management policy statement sets out the Council's strategic objectives and parameters within which the treasury management functions are controlled and operated. The policy statement for 2008-09 has been updated for revised Prudential Indicators, additional sections on cash flow monitoring and money laundering regulations with expanded definition on credit ratings to provide more detailed information. The revised Treasury Management Policy Statement for 2008-09 is attached below as Appendix I.

Local Authority Mortgage Interest Rate 2008-09

5.139 Under the Housing Act 1985, the Council is required to charge the higher of standard notional rate, which is set by the Secretary of State and is currently 6.89%, or the local rate based on the Council's own borrowing costs, estimated at 4.77% for 2008-09. Under the Housing Act 1985, the Council is allowed to add 0.25% to the borrowing rate to cover administrative costs. The Council's Mortgage Interest Rate for 2008-09 will therefore be 7.14%, the same as for 2007-08.

SECTION F CAPITAL PROGRAMME 2007/08 to 2012/13

5.140 Cabinet approved the current five-year capital programme on 9th July 2007 (Agenda item 15). The programme has since been further reviewed by the Asset Management Group (AMG) in light of:

- a) Progress on delivering current year's capital programme,
- b) New capital bids submitted by service departments and the budget scrutiny process,
- c) Housing inspection report with implications for the Arms Length Management Organisation (ALMO) funding,
- d) Overall capital resource requirement to fund the capital programme at a prudent and sustainable level,
- e) The Revenue Support Grant settlement and its impact on the General Fund (GF) revenue budget

5.141 In preparing the proposed revised capital programme, AMG has considered the overall capital strategy and service priorities to enable delivery of the Council's business plans at a level of capital and revenue resources estimated to be available to ensure the proposed programme is financially prudent and sustainable.

Capital Programme 2007-08 to 2012-13

5.142 The central government supported level of capital resources for the General Fund is as follows:

Table 17- Central Government Supported Capital Resources

	2007-08 £'000	2008-09 £'000	2009-10 £'000	2010-11 £'000
Supported Borrowing:				
- Education	2,735	3,571	N/A	N/A
- Transport	1,229	1,409	N/A	N/A
- Personal Social Services	153	0	N/A	N/A
- Childrens Services	26	31	N/A	N/A
Total Supported Borrowing	4,143	5,011	5,142	4,122
Capital Grants	10,400	3,354	N/A	N/A
Total Government Support	14,543	8,365	N/A	N/A

5.143 Revenue support for the supported borrowing is via the Revenue Grant System. However, due to the “floors and caps” mechanism, the Council does not gain any additional revenue support grant.

5.144 The overall level of capital resources, including unsupported borrowing are summarised in Appendix J(i). The major variations to the resources and expenditure since the current estimates were approved on 9th July 2007 are as follows:

Resources:

5.145 Grants & Contributions. The Schools Devolved Formula Grant received from the DCSF, which has in the past been shown under revenue is now to be treated as a capital grant, with the spend shown on the General Fund list of schemes under Education & Children’s Services.

General Fund Borrowing.

5.146 In view of the Revenue Grant settlement and as part of the General Fund revenue budget strategy, the borrowing requirement has been reviewed resulting in the reduction of £4.8M in 2007-08 and increases of £6.4M in 2008-09, £5.6M in 2009-10, £1.1M in 2010-11, £5.5M in 2011-12 and £0.3M in 2012-13, giving an overall increase of borrowing over the period of £14.1M, which will be used towards the funding of the bids recommended for approval.

ALMO Borrowing.

5.147 Government supported borrowing of £45.4M is now available over the period from 2007-08 to 2011-12 as a result of the ALMO achieving the two star status.

Capital Receipts.

5.148 Additional receipts have been included in the forecast of £0.6M in total for the General Fund. Some receipts have been reprofiled into later years resulting in a reduction of £3.9M in 2007-08 and £5.6M in 2008-09, and an increase of £7.1M in 2009-10 and £3.0M in 2010-11. Extra usable HRA right to buy receipts of £0.8M for the years 2007-08 to 2012-13 are included in the estimates.

Expenditure:

5.149 Most of the proposed changes to the capital programme involve cash flow changes from the current year to future years to reflect the likely profile of estimated spend. The proposed programme also includes a budget of £4.2M for 2007-08 in respect of the Schools Devolved Formula Grant projects mentioned above.

New Bids and Reserve List

5.150 The Asset Management Group, following the Star Chamber process, reviewed capital bids submitted by the service departments, together with the projects on the Reserve list awaiting funding at July 2007. The Following bids are recommended for approval and are included within the revised capital programme attached as Appendix J(ii).

Community and Wellbeing

Haymill Community Centre Site Re-provision: £100k in 2008-09, £3,000k in 2009-10, £3,400k in 2010-11, Total £6,500k.

Green and Built Environment

Art at the Centre: £1,500k in 2008-09, £400k in 2009-10, Total £1,900k.

Britwell and Northborough: £250K in 2007-08, £1,000K in 2008-09, £1,000k in 2009-10, Total £2,250k.

Crematorium EPA: £1,300k in 2009-10, £50k in 2010-11, £50k in 2011-12, Total £1,400k.

Waste and Recycling Containers: £1,075k in 2008-09, £85k in 2009-10, £40k in 2010-11, £20k in 2011-12, Total £1,220k.

Resources

Accommodation Strategy: £1,680k in 2007-08, £2,130k in 2008-09, £2,925k in 2009-10, Total £6,735k.

Heart of Slough Project: £1,205k in 2010-11, £5,401k in 2011-12, £266k in 2012-13, Total £6,872k.

5.151 The remaining bids will be held in the Reserve list. These will not be approved for funding until additional capital resources are identified. AMG will monitor the capital resources at its regular monthly meetings and will recommend individual new bids for funding as and when new capital resources are identified. The Reserve list of schemes is contained in Appendix J(iv) of the report.

Capital Expenditure on Foundation Schools

5.152 The Schools Standards and Framework Act 1998 transferred assets (and liabilities) of former Grant Maintained schools from the LEA and vested them in the governing bodies of individual foundation schools. The Land and school buildings of foundation schools are therefore not assets of the LEA but of the individual governing bodies.

5.153 Capital funding from DCSF is allocated to the Council and not to the individual schools within the LEA. This funding is a mixture of capital grants and supported borrowing.

5.154 The Education and Children's Services department allocate capital funding to individual schools based on the overall departmental asset management plans. The department does not discriminate against foundation schools on the basis that school places need to be provided for the Council's children and if foundation schools were not able to provide that provision, then the Council would have to find alternative provision. Whilst this may reflect the Council's overall policy in terms of provision of education within the borough, it does not contain explicit Council

approval for incurring and financing capital expenditure and consequent revenue budget implications in the form of debt charges on assets that do not belong to the Council.

- 5.155 The Education and Inspections Act 2006 amended Schedule 22 of the Schools Standards and Framework Act under which “where a school owns its own land (through its governing body, foundation body or trustees) wishes to sell surplus non-playing field land, it must inform the local authority, which can object to the disposal, to the reinvestment proposal, and/or claim a share of proceeds which are attributable to public investment”. To allow the Council to show the asset on its balance sheet, it is necessary for the school governors to confirm that the Council is entitled to a share of their assets if a subsequent sale was to happen.
- 5.156 The proposed capital programme contains the following provisional funding for the foundation schools, which the Cabinet is recommended to approve. This will be updated and reported back to the Cabinet during the year once final funding allocations have been received.

Table 18 – Assumed Foundation School Capital Expenditure

<i>Foundation School</i>	2007-8 £'000	2008-9 £'000	2009-0 £'000	Total £'000
Castleview Primary	132	4	0	136
Cippenham Junior	44	106	0	150
Lynch Hill Primary	80	345	0	425
Priory Primary	7	0	0	7
Baylis Court Secondary	84	1,395	0	1,479
Herschel Grammer	105	0	0	105
Slough Grammer	13	512	0	525
Westgate Secondary	236	327	0	563
Total	701	2,689	0	3,390

Recommended General Fund Capital Programme 2007-08 to 2012-13

- 5.157 The revised capital programme recommended for approval is summarised in Appendix A with individual schemes shown in Appendix C.

Housing Revenue Account (HRA) Capital Programme 2007-08 to 2012-13

- 5.158 The HRA capital programme is funded from a combination of major repairs reserve (subsidy), capital receipts, capital grants, revenue contributions and the ALMO supported borrowing. The later is a result of the ALMO achieving a 2 star rating during the re-inspection which has now been completed.
- 5.159 Whilst the total level of ALMO supported borrowing has remained the same (£45.4M), notification of the individual borrowing approvals for each year is still awaited from the Department of Communities and Local Government. This may mean that the profiles of funding will differ from that shown in the estimates.
- 5.160 The proposed HRA capital programme recommended for approval is summarised in Appendix J(i) and contained within Appendix J(iii).

Financial Risks

5.161 Any budget plan is likely to encounter risks. Some of the risks that have been identified that could impact on the proposed capital programme are:

- (a) Slippage in the timing of capital receipts, especially as the revised programme is heavily reliant on this source, the most significant being the Town Hall site;
- (b) Market conditions, current estimates for receipts reflect current market conditions, but changes in this could adversely affect the programme;
- (c) Overspending against agreed budgets;
- (d) Timing of capital grants;
- (e) Unexpected call on the capital resources from unforeseen events.
- (f) Change in Accounting Regulations, resulting in adverse impact on the revenue budget.

5.162 Whilst these risks cannot be completely removed, following consideration has been given to mitigate the risks:

- i. In addition to more stringent monitoring, capital receipts are only included where assets for disposals are identified with a realistic timetable for disposal;
- ii. Capital monitoring arrangements currently in place should identify any problems at an early stage. Slippages in capital spend are no longer automatically carried forward into the following year.
- iii. Proposed changes to Accounting regulations are reviewed by the officers and assessed for their potential impact on the Council's accounting policies and if necessary responded to as part of the consultation process.

Pooling of Capital Receipts

5.163 Under the capital finance regulations, all housing capital receipts are subject to the pooling arrangements under which 75% of RTB and 50% of non-RTB housing receipts have to be paid over to the Secretary of State. However, for the non-RTB receipts, a "Capital Allowance" which includes expenditure incurred or planned to be incurred on affordable housing and regeneration projects can reduce the amount. In order to qualify the above expenditure for the capital allowance, the Council is required to pass a resolution approving the amount that can be spent on affordable housing and regeneration projects.

5.164 Cabinet is therefore requested to consider and recommend to the Council to approve the following additional amounts as the capital allowance:

Table 19 – Capital Allowances

Capital Allowance	2008/9 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M
Affordable Housing Provision	2,223	1,797	1,893	0	0
Improvement to Stock (HIP)	12,822	13,912	14,004	16,809	0
Additional Capital Allowance	15,045	15,709	15,897	16,809	0

Minimum Revenue Provision (MRP)

5.165 MRP can best be described as provision that has to be made each year (subject to a legal formula) from the revenue budget that is accumulated so that the borrowing can eventually be repaid at a future date. This is in addition to the interest costs. Capital finance regulations require the Council to make General Fund revenue budget provision for MRP at a rate of 4% of the Capital Financing Requirement (CFR) at the end of previous financial year. CFR reflects the Council's underlying need to fund the capital programme from borrowing and increases in line with capital programme funded from borrowing and falls in line with the accumulated MRP. Based on the current MRP regulations and the formula, if the Council's CFR is negative at the end of the previous financial year, then no MRP is required to be provided for in the current financial year.

5.166 Capital borrowing is split into supported borrowing and self funded borrowing. In theory, a local authority would receive additional revenue support grant in respect of supported borrowing. However, in practice, due to "caps and floors" within the Revenue Grant distribution mechanism, this council does not receive any additional revenue grant.

5.167 Department of Communities and Local Government (DCLG) has consulted on its proposal to change with effect from 2008-09, the basis of calculating annual MRP so that it has a direct relationship with the useful life of the asset acquired from capital borrowing. However, DCLG is also proposing a split method of calculating MRP, one for supported borrowing and the other for self financed borrowing. For supported borrowing, it is proposing to continue with the existing formula to calculate MRP. For self financed borrowing, DCLG is proposing that local authorities calculate MRP based on either the useful life of the asset or the depreciation method. Both of these methods would disadvantage the Council in the initial years and DCLG has been made aware of this in the formal response to consultation. The table below shows the estimated revenue impact of proposed changes if they were implemented with effect from 2008-09:

Table 20 – Minimum Revenue Provision

MRP	2008-09 £'000	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Under current method	0	0	342	471	671
Under Proposed method	0	55	461	485	703
Increased MRP	0	55	119	14	32

5.168 DCLG has yet to inform the Council of its final decision following the consultation. The revenue budget has been prepared using the current method of MRP.

5.169 DCLG proposals also require the Council to approve annually, the authority's policy on MRP and the methods used to calculate it. Subject to the final outcome of the DCLG consultation, the Cabinet is requested to consider and recommend to the Council to approve the annual MRP statement as follows:

That the Council's MRP will be sum of:

- i) For Supported Borrowing – Annual MRP will be equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations; plus
- ii) For Self Financed Borrowing – annual MRP will be made in equal instalments over the useful life of the asset

Prudential Indicators

5.170 The CIPFA Prudential Code for Capital Finance underpins the legislative framework for the capital finance system. The key objective of the Code is to ensure that the capital investment programme of the Council is affordable, prudent and sustainable and in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Council can take timely remedial action.

5.171 To demonstrate compliance, the Prudential Code sets out Prudential Indicators that must be followed and the factors that must be taken into account. The fundamental objective of the Prudential Code is to ensure that in approving the capital programme, the Council has taken into consideration amongst others, affordability, prudence and sustainability.

5.172 Section 3(1) of the Local Government Act 2003 requires the Council to formally approve the authorised borrowing limits for the forthcoming financial years. Prudential Indicators for the authorised limits for external debt and the operational boundary for the external debt are as follows:

Table 21 – Prudential Indicators – Authorised Limit – Operational Boundary

External Debt	2006/7 Actual £M	2007/8 Est. £M	2008/9 Est. £M	2009/10 Est. £M	2010/11 Est. £M	2011/12 Est. £M	2012-13 Est. £M
Authorised Limit	62,679	75,000	101,000	126,000	138,000	155,000	154,000
Operational Boundary	62,679	73,200	98,100	121,900	134,200	150,400	150,000

5.173 The Cabinet is requested to consider the above borrowing limits and recommend them to the Council for approval.

SECTION G CAPITAL STRATEGY & ASSET MANAGEMENT PLAN 2008-2013

5.174 As part of the AMP in 2006, the Council approved the overall policy for property as:

“The Council holds property to sustain and support service delivery”

5.175 This is the general test that should be applied when considering whether holding a property is appropriate; the property should enhance and support service delivery.

5.176 The council also agreed four key objectives; these can be summarised as meeting statutory obligations, value for money, sustainability and customer focus;

- **To ensure the Council meets all its statutory obligations and that buildings are fit for purpose, in terms of location and condition.**

- **To ensure value for money in the management, maintenance and use of land and buildings.**
- **That the procurement of works for buildings ensures sustainable design and that buildings are maintained and managed in a way that maximises their energy efficiency.**
- **To ensure user satisfaction.**

5.177 The Capital Strategy and Asset Management Plan are important documents as they identify the way that the Council uses capital and property to support its service and other objectives.

5.178 Both Documents are relatively long term at five years to tie in with the length of the Council's ongoing capital programme.

5.179 Whilst the Government has removed the requirement to submit these documents for assessment, it has introduced a rigorous test on asset management via one of the key lines of enquiry in the Comprehensive Performance Assessment.

5.180 The Capital Strategy and Asset Management Plan is available in the Members Room. (Appendix O)

Required Maintenance (Backlog)

5.181 The level of backlog maintenance is reported to members annually as part of the approval process of the Asset Management Plan. The Council's plan contains three main elements:

- Revenue maintenance:** The level of investment available for planned and reactive maintenance. In recognition of the need to tackle backlog maintenance, members have approved increased investment as part of the budget process. Investment has increased from £959,000 in 2004/05 to £1,802,000 in 2008/09 (proposed). The increased investment includes £100,000 of expenditure on stock conditions surveys which have now been completed for all corporate assets. Whilst the level of planned revenue maintenance can fluctuate, approximately £500,000 per annum is planned rather than reactive maintenance.
- Capital investment:** in developing the capital programme for buildings, a key criterion is to tackle those buildings that are in the poorest condition. The planned maintenance element of the capital programme is £4,525k in 2007/08, £5,130k in 2008/09 and £146k in 2009/10. Total allocated spend for planned maintenance in the current capital programme is £9,801k.
- Effective asset management:** the council actively challenges the use of poor or underperforming buildings. Within the past twelve months the council has re-provided three new schools and implemented an office accommodation strategy. The rebuilding of Langley Library has also commenced together with the construction of new extra care housing schemes and a nursing home. The level

of required maintenance and buildings suitability were central to informing these decisions

Taken collectively, these three activities constitute the council's approach to required and programmed maintenance and can be regarded as the council's Required Maintenance Plan.

Comprehensive Performance Assessment – Use of Assets.

5.182 The council was recently assessed as a level 2 against the 2007 criteria. The Council's current self assessment is summarised below:

Level 2	Self assessment
* The council has an up-to-date corporate capital strategy linked to its corporate objectives and medium-term financial strategy	Met
* The council has an up-to-date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use.	Met
* The council maintains an up-to-date asset register.	Met – an improved since last year by its links to new IPF asset management software system
* The council has a designated corporate property function.	Met (since 2004)
* The council's arrangements for reporting to members are sufficient to ensure that they fulfil their responsibility in relation to the council's land and buildings portfolio at both a strategic and service level.	Met – members are involved in key projects and decisions, including property reviews.
* The council has an annual programme of planned maintenance based on a rolling programme of property surveys.	Met
* The council has assessed the level of backlog maintenance.	Met
* The council's capital programme gives priority to potential capital projects based on a formal, objective approval process.	Met

Level 3	Self assessment
* A member has been allocated portfolio responsibility for the council's asset management.	Met
* Members are aware of the level of backlog maintenance and have approved a plan to address it as appropriate.	Met – considered as part of the AMP/Capital Strategy annually.
* The council makes investment and disposal decisions based on thorough option appraisal and whole life costing.	Met

<p><i>* The council's asset management plan provides clear forward looking strategic goals for its property assets that shows how the council's land and buildings will be used and developed to help deliver corporate priorities and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose. (new)</i></p>	<p>Met – the establishment of the Corporate Landlord is a significant step in enabling enhanced links between assets, corporate objectives and service delivery,</p>
<p><i>* The council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property. (new)</i></p>	<p>As an aid to effective decision making, a property performance and data review process is underway as part of the Corporate Landlord process which will include centralising all property data by March 2008.</p>

Level 4	Self assessment
<p>Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, <i>sustainability objectives and set challenging targets for improvement. (revised)</i></p>	<p>This is expected to be met overtime as Corporate Landlord becomes embedded.</p>
<p><i>The council fully integrates asset management planning with business planning at corporate and service levels. The role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies. (new)</i></p>	<p>Would need to be reviewed as part of broader review of service planning process</p>
<p><i>The council uses its property portfolio as a driver and enabler of change in the organisation. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community. (new)</i></p>	<p>Currently met – the council's office accommodation strategy demonstrates the council using its assets as a driver for broader cultural change and value for money.</p>
<p><i>The council integrates the management of its asset base with that of other local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users. (new)</i></p>	<p>There is some informal working with partners at present and the council would expect this to become more widespread and formal as part of the CAA process.</p>

6 Conclusion

- 6.1 This report is concerned with the Council's Revenue Budget 2008/09 and associated level of Council Tax for that year. If the recommendations contained within this report are adopted, the Council will set a Revenue Budget of £98.336m in 2008/09 and a basic Council Tax (before precepts) of £1,075.57 at Band D.

- 6.2 The treasury management strategy and policy as set out above should provide flexibility within a controlled framework within which to carry out the treasury function of the Council and should ensure compliance with the CIPFA Code of Practice.
- 6.3 The proposed capital programme and the associated Prudential Indicators have been prepared within the context of the Council's capital strategy with a view to help enable the Council to deliver its business plan.
- 6.4 The Capital Strategy and Asset Management Plan is a key document in delivering the capital programme and providing a framework for the better use of the Council's property assets
- 6.5 The Prudential Code requires the full Council to set and where necessary, revise the Prudential Indicators on the recommendation of the Strategic Director of Finance and Property Services. The Prudential Indicators resulting from the proposed capital programme together with the interpretation of the Prudential Indicators are set out in Appendix K.

7 Appendices Attached.

- A Slough BC Forward Financial Plan 2008-2011
- A(i) Council Tax Bands
- B Analysis of Growth v Council Priorities 2008-2011
- C(i) Detailed Growth Items
- C(ii) Detailed Savings Items
- C(iii) Option Appraisals
- C (iv) Brief description of all growth / savings items
- D Area Based Grant Allocations 2008/09 – 2010/2011
- E Directorate Cash Limits- 2008/10
- F Statement on the Robustness of Budget Estimates, and the Adequacy of Reserves and the Key Budget Risks
- F(i) Budget Assumption 2008/09-2010/2011
- F(ii) Budget Risk Register
- F(iii) Calculation of Balances and Reserves for 2008/09
- F(iv) General Fund Reserves
- G Education and Children's Services Budget Report
- H Council Tax Capping
- I Treasury Management Policy Statement 2008/09
- J (i) Capital Programme 2008/09 – 2012/13 - Summary
- J (ii) Capital Programme 2008/09 – 2012/13 - Recommended Bids
- J (iii) Capital Programme 2008/09 – 2012/13
- J (iv) Capital Programme 2008/09 – 2012/13 – Reserve List
- K Prudential Indicators 2008/09 – 2012/13
- L Asset Management Action Plan
- M Capital Strategy and Asset Management Plan Achievements
- N Planned Maintenance
- O Capital Strategy and Corporate Asset Management Plan (Available in members' Room)

8 Background papers

Background working papers are available in Finance.

SLOUGH BOROUGH COUNCIL

	2008/09 £000	2009/10 £000	2010/11 £000
Previous Year's Base Budget	92,457	98,336	101,641
Transfers in/out Formula Grant Baseline	2,259	(45)	(17)
Growth	4,886	1,280	1,171
Savings	(4,671)	(740)	(621)
NET GROWTH / (SAVINGS)	215	540	550
Adjusted Budget	94,931	98,831	102,174
Total Inflation	2,810	2,810	2,810
TOTAL BUDGET REQUIREMENT	97,741	101,641	104,984
2007/08 Base Budget funded by balances	595	0	0
REVENUE BUDGET	98,336	101,641	104,984
FUNDING			
(i) Non-schools	55,018	55,935	56,756
Council Tax	43,318	45,706	48,228
	98,336	101,641	104,984
Council Taxbase (0.5% increase per annum)	40,274.4	40,475.8	40,678.2
Band D Council Tax equivalent	1,075.57	1,129.22	1,185.60
(i) Council Tax increase	4.99%	4.99%	4.99%
Note:	2008/09 £000	2009/10 £000	2010/11 £000
Schools Funding	89,274	94,573	100,571
Estimated Dedicated Schools Grant	(89,274)	(94,573)	(100,571)

Schedule of Basic Amount of Council Tax for All Areas

Appendix A(i)

(Excluding Police & Fire)

2008/09

Tax Bands	Fractions	LOCAL PARISHES						
		SLOUGH	BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
		Council Tax (a)	Precepts (b)	Council Tax (c) a+b	Precepts (d)	Council Tax (e) a+d	Precepts (f)	Council Tax (g) a+f
A	6/9	£ 717.05	£ 30.77	£ 747.82	£ 29.32	£ 746.37	£ 26.59	£ 743.64
B	7/9	836.55	35.89	872.44	34.20	870.75	31.02	867.57
C	8/9	956.06	41.02	997.08	39.09	995.15	35.45	991.51
D	9/9	1,075.57	46.15	1,121.72	43.97	1,119.54	39.88	1,115.45
E	11/9	1,314.59	56.40	1,370.99	53.75	1,368.34	48.75	1,363.34
F	13/9	1,553.60	66.66	1,620.26	63.52	1,617.12	57.61	1,611.21
G	15/9	1,792.62	76.91	1,869.53	73.29	1,865.91	66.47	1,859.09
H	18/9	2,151.14	92.30	2,243.44	87.95	2,239.09	79.77	2,230.91

- Based on Total Budget Requirement including parishes of £98,559,409

- Budget Requirement excluding parishes of £98,336,109

Schedule of Basic Amount of Council Tax for All Areas- 2008/09
(Including Police & Fire)
Schedule of Basic Amount of Council Tax for All Areas

	<i>Fractions</i>	SLOUGH	THAMES VALLEY POLICE	THE ROYAL BERKSHIRE FIRE	SLOUGH PLUS POLICE & FIRE	LOCAL PARISHES + SLOUGH + POLICE + FIRE					
		Council Tax (a)	Council Tax (b)	Council Tax (c)	Council Tax (d) a+b+c	BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
						Parish Element (e)	Total Council Tax (f) d+e	Parish Element (g)	Total Council Tax (h) d+g	Parish Element (i)	Total Council Tax (j) d+i
		£	£	£	£	£	£	£	£	£	£
A	6/9	717.05	96.47	35.03	848.55	30.77	879.32	29.32	877.87	26.59	875.14
B	7/9	836.55	112.55	40.86	989.96	35.89	1025.85	34.20	1024.16	31.02	1020.98
C	8/9	956.06	128.62	46.70	1131.38	41.02	1172.4	39.09	1170.47	35.45	1166.83
D	9/9	1,075.57	144.70	52.54	1,272.81	46.15	1,318.96	43.97	1,316.78	39.88	1,312.69
E	11/9	1,314.59	176.86	64.22	1,555.67	56.40	1,612.07	53.75	1,609.42	48.75	1,604.42
F	13/9	1,553.60	209.02	75.89	1,838.51	66.66	1,905.17	63.52	1,902.03	57.61	1,896.12
G	15/9	1,792.62	241.17	87.57	2,121.36	76.91	2,198.27	73.29	2,194.65	66.47	2,187.83
H	18/9	2,151.14	289.41	105.08	2,545.63	92.30	2,637.93	87.95	2,633.58	79.77	2,625.40

Analysis of Growth V Council Priorities 2008/11

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Crime & Safety				
CCTV Loss of income	85	0		85
Alley gating	45	0	0	45
Planning Enforcement	30	0	0	30
YOT - Accommodation Costs	40	40	0	80
Youth Service – Positive Actions	69	34	0	103
Youth Service Increase in Opening Hours	125	0	0	125
Youth Service Increase in Opening hours	154	215	0	369
Youth Service Creative Apprenticeship	0	30	0	30
	548	319	0	867
Education & Skills				
Education PFI – Affordability	88	0	0	88
LAC & Leaving Care UAS	50	50	0	100
Home to School Transport	125	58	0	183
Contact Point Data Administrator	40	0	0	40
	303	108	0	411
Environment				
Waste & Recycling Contract	22	22	0	44
Art @ the Centre Regeneration	10	0	0	10
Landfill tax Escalator	325	80	80	485
Highways Maintenance - Revenue contribution	200	0	0	200
Civic Pride	174	0	0	174
Greener Slough	133	(25)	(10)	98
Public Rights of Way	45	0	0	45
Greener Slough	9	65	(10)	64
Income Recovery	15	15	(30)	0
Community Safety Officer/Neighbourhood Enforcement	138	40	0	178
Waste & Recycling Improvement	296	30	765	1,091
Waste & Recycling Improvement - Staff	37	0	0	37
Waste Enforcement Officers	44	40	0	84
	1,448	267	795	2,510

	Latest Position			TOTAL
	2008/09	2009/10	2010/11	
	£000's	£000's	£000's	£000's
Health				
Community Care - Demographic Shift	99	0	0	99
Learning Disability Placements	184	251	184	619
Mental Health Placements	120	50	50	220
Demographic Changes	0	100	100	200
DIP/DAAT Funding	50	0	0	50
Direct Payments	45	45	0	90
	498	446	334	1,278
Housing				
Looked After Children	150	150	0	300
	150	150	0	300
VFM & Quality of Service				
Landmark Place- Rent	234	0		234
Equalities Standard Validation Fee	15	(15)	0	0
Licence Fee Increases	70	18	19	107
Electoral/Registration Services - New Legislation	45	0	0	45
Treasury Management	22	482	524	1,494
HRA Loss of Income	466	0	0	0
E- Law Library	18	5	0	23
Additional Litigation Solicitor	50	0	0	50
IS/IT -Desktop & Server Support and Network & Telephony Support	209	0	0	209
CSC/CT/HB	420	0	0	420
Shared Services	250	(500)	(500)	(750)
Child Care Joint Legal Team Costs	140	0	0	140
	1,940	(10)	43	1,972
Total Growth				
	4,886	1,280	1,172	7,338

Detailed Growth Items

	Latest Position		
	2008/09 £000's	2009/10 £000's	2010/11 £000's
CENTRAL			
Landmark Place- Rent	234	0	0
Equalities Standard Validation Fee	15	(15)	0
Licence Fee Increases	70	18	19
Electoral/Registration Services - New Legislation	45	0	0
Treasury Management (linked to savings item "Treasury Management Interest on Investments")	22	482	524
E- Law Library	18	5	0
Additional Litigation Solicitor	50	0	0
IS/IT –Desktop, Server Support, Network & Telephony Support	209	0	0
CSC/CT/HB	420	0	0
Shared Services	250	(500)	(500)
Total Growth	1,333	(10)	43
C&CS			
Community Care - Demographic Shift	99	0	0
Learning Disability Placements	184	251	184
Mental Health Placements	120	50	50
Demographic Changes	0	100	100
Total Growth	403	401	334
GBE			
Waste & Recycling Contract	22	22	0
Art @ the Centre Regeneration	10	0	0
CCTV Loss of income	85	0	0
Landfill tax Escalator	325	80	80

GBE (Cont.)

Highways Maintenance - Revenue contribution (Linked to savings item "Reduction in Highways Maintenance")	200	0	0
Alley gating	45	0	0
Civic Pride	174	0	0
Greener Slough	133	(25)	(10)
Public Rights of Way	45	0	0
DIP/DAAT Funding	50	0	0
Planning Enforcement	30	0	0
Greener Slough	9	65	(10)
Income Recovery	15	15	(30)
Community Safety Officer/Neighbourhood Enforcement	138	40	0
Waste & Recycling Improvement	296	30	765
Waste & Recycling Improvement - Staff	37	0	0
Waste Enforcement Officers	44	40	0
Total Growth	1,658	267	795

E&CS

Education PFI – Affordability	88	0	0
YOT - Accommodation Costs	40	40	0
Direct Payments	45	45	0
LAC & Leaving Care UAS	50	50	0
Looked After Children	150	150	0
Youth Service – Positive Actions	69	34	0
Youth Service Increase in Opening Hours	125	0	0
Home to School Transport	125	58	0
Youth Service Increase in Opening hours	154	215	0
Youth Service Creative Apprenticeship	0	30	0
Contact Point Data Administrator (Linked to Savings Item "Contact Point Grant")	40	0	0
Child Care Joint Legal Team Costs	140	0	0
Total Growth	1,026	622	0
	4,886	1,280	1,172

Appendix C(i) – Adjustment to Previous Years

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Budget Adjustment to Previous Years				
<u>Central</u>				
Treasury Management	22	482	523	1,027
<u>E&CS</u>				
<u>Child Care Joint Legal Team Costs</u>				
GBE	140	0	0	140
Highways Maintenance - Revenue contribution	200	0	0	200
HRA Loss of Income	466			466
	829	482	524	1,834

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Contractual				
<u>Central</u>				
Landmark Place- Rent	234	0	0	234
Licence Fee Increases	70	18	19	107
	304	18	19	341
<u>E&CS</u>				
Education PFI – Affordability	88	0	0	88
<u>GBE</u>				
CCTV Loss of income	85	0		85
Waste & Recycling Contract	22	22		44
Landfill tax Escalator	325	80	80	485
	432	102	80	614
	824	120	99	1,043

Appendix C(i) - Legislative

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Legislative				
<u>Central</u>				
Electoral/Registration Services - New Legislation	45	0	0	45
 <u>E&CS</u>				
Home to School Transport	125	58	0	183
Contact Point Data Administrator	40	0	0	40
	165	58	0	223
	210	58	0	268

Appendix C(i) – Demand Led

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Demand Led				
<u>C&CS</u>				
Community Care - Demographic Shift	99	0	0	99
Learning Disability Placements	184	251	184	619
Mental Health Placements	120	50	50	220
Demographic Changes	0	100	100	200
	403	401	334	1,138
<u>E&CS</u>				
YOT - Accommodation Costs	40	40	0	80
LAC & Leaving Care UAS	50	50	0	100
Direct Payments	45	45	0	90
Looked After Children	150	150	0	300
	285	285	0	570
<u>GBE</u>				
DIP/DAAT Funding	50	0	0	50
	738	686	334	1,758

Appendix C(i) – Efficiency

	Latest Position			TOTAL
	2008/09	2009/10	2010/11	£000's
	£000's	£000's	£000's	£000's
Efficiency				
<u>Central</u>				
Shared Services	250	(500)	(500)	(750)
	250	(500)	(500)	(750)

Appendix C(i) – Service Impact

	Latest Position			TOTAL £000's
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Service Impact				
<u>Central</u>				
Equalities Standard Validation Fee	15	(15)	0	0
E- Law Library	18	5	0	23
Additional Litigation Solicitor	50	0	0	50
IS/IT -Desktop & Server Network & Telephony	209	0	0	209
CSC/CT/HB	420	0	0	420
	712	(10)	0	702
<u>E&CS</u>				
Youth Service – Positive Actions	69	34	0	103
Youth Service Increase in Opening Hours	125	0	0	125
Youth Service Increase in Opening hours	154	215	0	369
Youth Service Creative Apprenticeship	0	30	0	30
	348	279	0	627
<u>GBE</u>				
Alley gating	45	0	0	45
Planning Enforcement	30	0	0	30
Art @ the Centre Regeneration	10	0	0	10
Civic Pride	174	0	0	174
Greener Slough	133	(25)	(10)	98
Public Rights of Way	45	0	0	45
Greener Slough	9	65	(10)	64
Income Recovery	15	15	(30)	0
Community Safety Officer/Neighbourhood Enforcement	138	40	0	178
Waste & Recycling Improvement	296	30	765	1,091
Waste & Recycling Improvement - Staff	37	0	0	37
Waste Enforcement Officers	44	40	0	84
	976	165	715	1,856
	2,036	434	715	3,185
Total Growth	4,886	1,280	1,171	7,337

Appendix C(ii) – Detailed Savings Items

	Latest Position		
	2008/09 £000's	2009/10 £000's	2010/11 £000's
CENTRAL			
Housekeeping Exercise	(23)	0	0
Procurement Savings	0	(80)	0
Elections - Fallow Year	0	(40)	40
Mayor Making Ceremony	(10)	0	0
Split E-Govt role between IS&T and CSC	(60)	0	0
Savings on Procurement Contracts	(350)	(20)	(100)
Treasury Management Interest on Investments	(1,042)	(100)	0
Review of Current Insurance Budgets	(30)	0	0
Business Improvement District (BID)/SBR	0	0	(500)
Fundamental Review of Central Directorates & Finance Function	(350)	(200)	0
Superannuation	(300)	0	0
Total Savings	(2,165)	(440)	(560)
C&CS			
Social Care IT Project	(104)	(99)	0
Re-Tender Ragstone Road Contract	(100)	0	0
Tender Comfort Care Contract	(100)	0	0
Surecare - Spots to Blocks	(82)	0	0
Creative Delivery - Additional Income (Arts Development)	(15)	15	0
Restructure of Commissioning Team	(50)	0	0
Creative Delivery - Additional Income (Parks Development)	(5)	5	0
Staffing Reviews - Delete Agency Budgets	(118)	0	0
Staffing Reviews - Delete 3 Social Workers Posts	(89)	0	0
Staffing Reviews - Delete Provider Services Posts	(57)	0	0
Increased income from RNCC Budget	(75)	0	0
Cultural Services - Vol Sec. & Partnership Unit	(80)	0	0
Total savings	(875)	(79)	0

	Latest Position		
	2008/09 £000's	2009/10 £000's	2010/11 £000's
GBE			
LDF Core Strategy Hearings	(60)	0	0
Reduction in Highway Maintenance	(25)	0	0
Increased NRSWA fees	(25)	0	0
Street Lighting Energy Costs - New Contract	(40)	0	0
Other Support & Housekeeping Savings	(31)	0	0
Major Contracts Review	0	(50)	0
Public Protection - Delete posts	0	(50)	0
Planning - delete post	0	(25)	0
Additional Income across dept.	0	(30)	0
Travel Plan	0	(30)	0
Vehicle Crossings	(10)	0	0
Crematorium (Fees & Capital)	(117)	0	0
Parking Enforcement - reduce no. of PA's	(40)	0	0
Housing	(30)	0	0
Trade Waste Income - Indexation Increase	(15)	0	0
National Checking Service	(10)	0	0
Total savings	(403)	(185)	0

	Latest Position		
	2008/09 £000's	2009/10 £000's	2010/11 £000's
E&CS			
Spend to Save Strategy – Increase Fostering Allowances	(300)	0	0
Keener contract negotiations & improved contract management	(50)	0	0
Housekeeping & Budget Cleansing Efficiencies	(75)	0	0
Utilisation of grant Funding Streams	(73)	0	0
Effective management of staff turnover	(58)	0	0
Spend to Save Strategy – Looked After Children	(251)	0	0
Trainee Social Workers	(40)	0	0
Children & Families 2% Efficiency	(200)	0	0
Inclusion 2% Efficiency	(61)	(61)	(61)
Raising Achievement 2% Efficiency	(28)	0	0
Integrated Disabled Children's Team	(47)	0	0
School Bursar Service	(20)	0	0
Contact Point Grant	(25)	25	0
	(1,228)	(36)	(61)
TOTAL SAVINGS PROPOSALS	(4,671)	(740)	(621)

Appendix C(ii) - Adjustment to Previous Years

	Latest Position			Total
	2008/09	2009/10	2010/11	£000s
	£000's	£000's	£000's	£000s
Budget Adjustment				
<u>Central</u>				
Elections - Fallow Year	0	(40)	40	0
 <u>GBE</u>				
LDF Core Strategy Hearings	(60)	0	0	(60)
Travel Plan	0	(30)	0	(30)
	(60)	(30)	0	(90)
	(60)	(70)	40	(90)

Appendix C(ii) - Efficiencies

Efficiencies	Latest Position			Total £000s
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Central				
Housekeeping Exercise	(23)	0		(23)
Procurement Savings	0	(80)		(80)
Mayor Making Ceremony	(10)	0	0	(10)
Split E-Govt role between IS&T and CSC	(60)	0	0	(60)
Savings on Procurement Contracts	(350)	(20)	(100)	(470)
Review of Current Insurance Budgets	(30)	0	0	(30)
Fundamental Review of Central Directorates & Finance Funct	(350)	(200)	0	(550)
	(823)	(300)	(100)	(1,223)
C&CS				
Social Care IT Project	(104)	(99)	0	(203)
Re-Tender Ragstone Road Contract	(100)	0	0	(100)
Tender Comfort Care Contract	(100)	0	0	(100)
Surecare - Spots to Blocks	(82)	0	0	(82)
Restructure of Commissioning Team	(50)	0	0	(50)
Staffing Reviews - Delete Agency Budgets	(118)	0	0	(118)
Staffing Reviews - Delete 3 Social Workers Posts	(89)	0	0	(89)
Staffing Reviews - Delete Provider Services Posts	(57)	0	0	(57)
	(700)	(99)	0	(799)
ECS				
Spend to Save Strategy – Increase Fostering Allowances	(300)	0	0	(300)
Keener contract negotiations & improved contract management	(50)	0	0	(50)
Housekeeping & Budget Cleansing Efficiencies	(75)	0	0	(75)
Utilisation of grant Funding Streams	(73)	0	0	(73)
Effective management of staff turnover	(58)	0	0	(58)
Spend to Save Strategy – Looked After Children	(251)	0	0	(251)
Children & Families 2% Efficiency	(200)	0	0	(200)
Inclusion 2% Efficiency	(61)	(61)	(61)	(183)
Raising Achievement 2% Efficiency	(28)	0	0	(28)
Integrated Disabled Children's Team	(47)	0	0	(47)
	(1,143)	(61)	(61)	(1,265)
GBE				
Street Lighting Energy Costs - New Contract	(40)	0	0	(40)
Other Support & Housekeeping Savings	(31)	0	0	(31)
Major Contracts Review	0	(50)	0	(50)
	(71)	(50)	0	(121)
	(2,737)	(510)	(161)	(3,408)

Appendix C(ii) – Income

Income Generation	Latest Position			Total
	2008/09	2009/10	2010/11	
<u>Central</u>	£000's	£000's	£000's	£000s
Treasury Management Interest on Investments	(1,042)	(100)	0	(1,142)
Business Improvement District (BID)/SBR	0	0	(500)	(500)
Superannuation	(300)	0	0	(300)
	(1,342)	(100)	(500)	(1,942)
<u>C&CS</u>				
Creative Delivery - Additional Income (Arts Development)	(15)	15	0	0
Creative Delivery - Additional Income (Parks Development)	(5)	5	0	0
Increased income from RNCC Budget	(75)	0	0	(75)
	(95)	20	0	(75)
<u>ECS</u>				
School Bursar Service	(20)	0	0	(20)
Contact Point Grant	(25)	25	0	0
	(45)	25	0	(20)
<u>GBE</u>				
Increased NRSWA fees	(25)	0	0	(25)
Additional Income across dept.	0	(30)	0	(30)
Vehicle Crossings	(10)	0	0	(10)
Crematorium (Fees & Capital)	(117)	0	0	(117)
National Checking Service	(10)	0	0	(10)
	(162)	(30)	0	(192)
	(1,644)	(85)	(500)	(2,229)

Appendix C(ii) – Other

	Latest Position			Total £000s
	2008/09 £000's	2009/10 £000's	2010/11 £000's	
Other				
<u>C&CS</u>				
Cultural Services - Vol Sec. & Partnership Unit	(80)	0	0	(80)
<u>ECS</u>				
Trainee Social Workers	(40)	0	0	(40)
<u>GBE</u>				
Reduction in Highway Maintenance	(25)	0	0	(25)
Public Protection - Delete posts	0	(50)	0	(50)
Planning - delete post	0	(25)	0	(25)
Parking Enforcement - reduce no. of PA's	(40)	0	0	(40)
Housing	(30)	0	0	(30)
Trade Waste Income - Indexation Increase	(15)	0	0	(15)
	(110)	(75)	0	(185)
	(230)	(75)	0	(305)
Total Savings	(4,671)	(740)	(621)	(6,032)

Appendix C(iii) – Option Appraisals

Options Examined	
Cemetery & Crematoria	SBC Investment in Crematorium
	Sell Crematorium to Private Sector
	Possible PFI Arrangement
Office Accommodation Strategy	Ongoing
Skills Mix Review	Maintain current budgets
	Increase vacancy factor in budgets
	Delete budgets
Highways Maintenance	Continue current expenditure
	Reduce expenditure
	Change treatment used on roads
	Capitalise Expenditure
Inclusion Branch - Reduce dependence on out of authority placements	Continue current service provision
	Develop local solutions
	Enter into commissioning arrangement with Private Sector
	Utilise Joint Provision
Neighbourhood Enforcement	Reduce service to statutory minimum
	Maintain current service provision
	Provide additional growth
	Provide growth and restructure
	Provide growth and restructure
	Use alternative providers
Widen functions of Wardens	
Parking Enforcement	Reduce number of Parking Attendants
	Install pay-on-foot to all car parks
	Introduce new services (eg bus lane enforcement)
	Bring more Parking Enforcement in house
	Shared enforcement services
Review of Social Care Charging	No increase in charges
	Increase by rate of inflation
	Review charges in line with full cost of procurement
	Review charges in line with full cost of procurement + review of financial assessment criteria
	Review charges in line with full cost of procurement + review of financial assessment criteria + retention of additional FNC income + review of 1plus carer policy
	Review charges in line with full cost of procurement + review of financial assessment criteria+retention of additional FNC income

Options Examined	
Use of Business Improvement Districts/Supplementary Business Rates	Ongoing
Fundamental Review of Central Directorates & Finance Function	Ongoing
Transfer Housing Services to People 1st	Do nothing
	Transfer to People 1st including current management arrangements
	Transfer to People 1st with responsibility for management arrangements
	Transfer all Housing Services
Voluntary Sector & Partnerships Unit	Maintain current structure
	Reduce staff numbers
	Close VSPU
	Merge VSPU with Corporate Policy Team
Shared Services	Ongoing
Refuse & Recycling	Do Minimum
	Bi-weekly residual waste, with bi-weekly recycling Both in wheeled bins Weekly organic waste collection (separate container) Same green waste collection
	Use boxes instead of wheeled bins; Additional labour costs; Extend green waste to all who want it
	Mix together green waste with organic; Make collection bi-weekly

Explanations – Growth Items

Landmark Place - Rent

The rent-free period given to Slough Borough Council for the occupation of Landmark Place has now finished and the growth proposal represents the budget for a full years rent due for payment in 2008/09.

Equalities Stand Validation Fee

The bid is for resources to meet the cost of undertaking the validation fees associated with the Equalities Standard.

Licence Fee Increases

To fund increases in Annual Licence Fees of the suppliers of specialist local government software.

Electoral/ Registration Services – New Legislation

Proposed Growth will be to cover increased legislative requirements of the Electoral Administration Act 2006. This Act brought in a number of additional requirements particularly in relation to postal voting.

Since postal voting on demand was introduced the number of postal voters has grown enormously. There are currently in the region of 12,000 registered postal voters - this has had a huge effect on the postage budget.

There was a one-off grant to cover initial work on collection of personal identifiers and signature checking systems but there is no further scope for any central government additional funding.

Treasury Management

Funding of increased Capital Borrowing 2008/09 to 2010/11 to ensure the funding of the Capital Programme.

Electronic Legal Library

As a result of the office move to St Martin's Place and the introduction of new working methods, electronic resources have been investigated to replace the legal library. A contract has been negotiated which will provide the resources for a three year period at 2007 rates. There is a 30% discount in the first year, 15% discount in the second year and the 2007 price is held for the third year.

Additional Litigation Solicitor

To engage another Litigation Solicitor to enable work in the Litigation Team to be redistributed and enable a “mixed work” approach so cover is readily available to cover busy court schedules.

IS/ IT – Desktop Server Support and Network and Telephony Support

To strengthen the Desktop and Server Support Teams by recruiting a Manager and Windows Team Leader. Thus reducing the reliance on contract PC engineers.

To build a team to support the communications systems currently in place and for the future implementation of Smartmove

Community Care – Demographic Shift/ Demographic Changes

To fund the increased costs created by the greater demands on Adult Social Care due to the ageing population of Slough.

Learning Disability Placements

This is the full-year effect of the cost of placements for 2007/08 Learning Disability clients who have or are about to be placed, plus costs of known future clients currently in the education system due to be transferred in 2008/09.

Mental Health Placements

This is the full-year effect of the cost of placements for 2007/08 Mental Health clients who have or are about to be placed.

Waste and Recycling Contract

Additional bins due to increased properties within the Borough.

Art @ the Centre Regeneration

Increased cleansing and maintenance costs.

CCTV – Loss of Income

Funding to cover the loss of income from the Housing Revenue Account.

Landfill Tax Escalator

Additional funds are required to cover the cost of further mandatory increases in landfill tax. Following the last national budget statement, central government has increased landfill tax to an extra £8 per tonne, from April 2008. Previous annual increases were set at £3 per tonne. This is an unavoidable pressure if the landfill waste disposal route is to be used.

Highways Maintenance – Revenue Contribution

Reinstatement of revenue budget previously funded through Capital.

Alley Gating Schemes

Funding for a series of alley gating schemes across Slough. The aim of these schemes would be to:

1. Support residents who have private alleyways by their properties and who experience on-going crime and anti-social behaviour problems, but who cannot afford to gate the alleyway.
2. Enable us to gate alleyways on council property to protect footpaths from on going crime and anti-social behaviour.

Add cover any legal costs, including statutory notices and consultations associated with making gating orders, where an order is required.

Civic Pride

Additional funds to replenish grounds maintenance budgets for Parks and Highways land and to allow for the increased contract costs caused by new schemes e.g. Tuns Lane.

To replenish tree stock lost in recent bad weather.

Greener Slough

Strengthen, co-ordinate and deliver the Council's green agenda,

Employ two members of staff to develop Local Agenda 21, waste minimisation, carbon management and support for water and energy efficiency in corporate buildings – smart metering.

Develop communication to the public of the Council's environmental policy and performance.

Make links between the areas of environmental policy, communications and enforcement of some strands of council policy, particularly waste reduction and recycling.

Public Rights of Way

To fund maintenance on the Council-managed network of public rights of way (approx 28km) giving improved access for users.

To improve the BVPI score (PI178) currently in the bottom quartile nationally.

DIP/ Drug and Alcohol Action Team

Funding to address shortfall in Drug and Alcohol Action Team (DAAT) budget

Background:

3. The DAAT was transferred from Berkshire East PCT to SBC in April 2007 and shortly after transfer budget pressures in the region of £400k were identified. These pressures related to reduced Government grant further compounded by increased drug treatment costs
4. Steps were immediately taken to identify cost savings by stopping consultancy support, withdrawing funding to projects and renegotiating contracts, where possible. This has resulted in the budget pressure being reduced to £200k. However, the DAAT is struggling to meet key performance targets including numbers of drug users in treatment and numbers retained in treatment. This also impacts on Social Care targets and ultimately on their star rating. The National Treatment Agency and GOSE are closely monitoring the situation. The Drugs agenda is lead by the Safer Slough Partnership and partners have been requested to help fund the pressure both in year and for subsequent years. Negotiations are continuing.

In an attempt to reduce budget pressures in 2008/09 some contracts are being re tendered. However, it is very unlikely that this will eliminate the budget gap and a pressure of £150k is estimated. It is hoped that this can be shared with other partners and therefore an SBC contribution of £50k is being requested.

Planning Enforcement

To employ and direct one Community Warden to enhance the planning enforcement resource. This post would be used to carry out initial visits to investigate complaints and provide evidence for technical follow-up visits or to do monitoring visits following enforcement action to ensure ongoing compliance.

Income Recovery

To fund an administrative post to give the Council resources to chase and recover funds from those who have damaged Council-owned equipment and would prevent significant levels of unrecoverable costs, releasing existing budgets for their original purpose.

It is expected this post will be self-financing by 2010/2011.

Education PFI - Affordability

This represents the funding required to assist in meeting the full cost of the annual PFI repayment to the provider.

YOT – Accommodation Costs

Following the Youth Offending Team move from Police accommodation, which was provided free of charge, into Connaught House the ECS department inherited the associated accommodation costs of a building lease, utilities and cleaning and thus a new budgetary pressure. The annual value of these costs is approximately £80k. As

part of a two year budget strategy growth of £40k per year for 2008-09 and 2009-10 has been identified to meet these costs.

Direct Payments

This represents change in client activity.

LAC & Leaving Care UAS

This proposal represents both the shortfall in grant from the Home Office to meet basic needs and the change in client activity.

Looked After Children

This proposal represents the full year cost of a shift in placement numbers across children placements in residential accommodation.

Youth Service – Positive Actions

Implementation of the appropriate management information system and the associated running costs to ensure youth activity is monitored and the weakness addressed in the last Ofsted inspection begin to be addressed.

Youth Centres Increased Opening Hours

To increase the opening hours at all Slough Borough Council managed youth centres to 24 hours per week to meet the second target set out in the DCSF policy document "Transforming Youth Work: Resourcing Excellent Youth Services (REYS 2003).

Home to School Transport – Legislative Changes

To fund the increased cost of free transport as laid down in the Education and Inspections Act 2006 which extends free transport to pupils eligible for free meals if they live beyond the qualifying distance.

Creative Apprenticeship Scheme at SYPC

The Creative Apprenticeship Scheme provides work-based training in sound engineering and music technology for young people Not in Employment, Education or Training (NEET). It enables these young people to experience work-based learning in a highly supportive environment with a clear pathway into either further education or employment. For most, this is the first time they have been successful in a learning environment, and represents their last chance at a positive employment outcome.

This scheme has been running successfully for a year with the support of external funding from the European Social Fund. This funding ends in 2007/08.

Data Administrator – Contact Point

A Systems Administrator is needed to act as the guardian for the Contact Point Information System. This is, fundamentally, an index for tracking all children across the country for which SBC is the lead across the East Berkshire region.

Utilisation of Contact Point Grant Funding to Meet Core Expenditure

The division will look to use government grant in an innovative way whereby core expenditure can be appropriately funded and thus meet the eligibility criteria of the grant guidance. It is estimated that £25k can be substituted but only as a **'one-off'** contribution in 2008-09 as the grants in question are time limited and are no longer available in 2009-10.

Joint Child Care Lawyers Team

To set the budget at a realistic level to cover the cost of Berkshire Joint Child Care Lawyers Team.

The cost of this vital service has risen steadily over recent years due to the nature of the work.

The budget will be transferred to Children's Services as they commission this work. The additional budget could be held in contingencies and devolved to the department if required.

Explanations – Savings

Housekeeping Exercise

An exercise was carried out on a line-by-line basis to see if minor savings could be achieved across the Central Departments. This saving represents the findings of that exercise.

Procurement Savings

The Procurement Team look at Slough Borough Council's procurement processes and contracts both new and those up for renewal. This saving represents the assumption that the Procurement Team should be self funding.

Elections – Fallow Year

2009/10 is a fallow year for Local Government elections.

Mayor-Making Ceremony

Reduction in the current approved budget by separating the Mayor-making ceremony from the Incoming Mayor's Reception.

The proposal is for the election of Mayor etc to be conducted as part of the normal business of the Annual Meeting at the Town Hall and the reception to be held 2 weeks later maintaining the current guest list.

Split E-Gov Post Between IS/IT and CSC

The deletion of the E-gov Programme Manager post and distributing duties between the Head of IS & T and Head of Customer Service Centre.

Savings on Procurement Contracts

The result of work undertaken by the Procurement and Legal teams in putting together proposals and working with officers in all directorates in order to bring in cash savings to the Council.

Treasury Management – Interest on Investments / Reduced Capital Borrowing

Interest gained by the management of available cash by investment both short and longer term.

Additional receipts are expected in 2008/09 but cannot be guaranteed to continue into 2009/10 and 2010/11.

Review of Current Insurance Budgets

The appointment of a new Head of Audit and Risk Management provides the flexibility to re-negotiate the contract with the supplier to bring savings of a minimum of £30k for 2008/09.

Superannuation

The budget strategy set in February 2007 had assumed a third final year increase in the employer contribution to the pension fund to reach the target set by the Actuary. However due to marked conditions the pension fund has performed better than anticipated and the actuary has recently told Berkshire authorities that the level of growth required for the third year is no longer needed.

Social Care IT Project

When the Integrated Adult Services IT System has been fully implemented later in the current year a number of one-off set-up costs will end. In addition, it is proposed that processing efficiency savings can be made from within the directorate's Finance Team.

Re-tender the Ragstone Road Contract

This proposal is to re-tender the contract for this service with a view to achieve a lower price.

Star Chamber I agreed this proposal to the value of £40k, however, early negotiations have indicated that a further £60k is achievable.

Tender of the Comfort Care Contract

Comfort Care provide supported housing for Mental Health clients. The tender of this contract should result in significantly lower contract price and, therefore, a saving when compared to the current budget.

Surecare – Spots to Block Contract

Surecare provides home care to elderly clients.

This proposal is to convert the existing 350 spot contract hours per week to blocks and increase the total number of hours to 500. The additional hours will be made up by the transfer of other spot clients with other external providers. The overall price per hour of the new block contract will be less than the average price of the existing spot contracts.

This is subject to the Council's tender rules.

Creative Delivery Team – Additional Income

An additional source of income amounting to **£20k** has been identified as achievable for one year only.

Restructure of Commissioning Team

Savings have already being found from within this team following the introduction of new commissioning arrangements in September 2007, this proposal will build on these new arrangements by reviewing the structure of the team.

LDF Core Strategy Hearings

This saving reflects the one-off nature of the growth item agreed in 2007/08.

Reduction in Highways Maintenance

Reduction in minor works.

Increased NRSWA Fees

Based on the performance of external agencies (Thames Water etc)

Street Lighting Energy Costs – New Contract

Procurement of new electricity contract, Berkshire wide strategic delivery resulting in savings.

Other Support and Housekeeping Savings

General good housekeeping, reduction in printing and stationery costs.

Major Contracts Review

Review of the major contracts managed by GBE to include Parking Enforcement and Slough Accord Ltd.

Public Protection – Delete Posts

These are posts which have been vacant for some time. Introduction of new methods of delivery.

Planning – Delete Post

Introduction of new methods of service delivery.

Additional Income Across Dept

Review of fees and charges, increasing non-statutory fees where possible.

Travel Plan

This saving represents the reduction of ongoing costs incurred during the implementation of the Travel Plan.

Vehicle Crossings

In 2006/2007 we received 457 requests for vehicle footway crossings. For each request an inspector visits the site and we provide a written quote. This service is currently free. Of those 457 only 83 were progressed to construction.

National Checking Service

The National Checking Service (NCS) is a partnership arrangement between Slough Borough Council to process citizenship application forms/documents on behalf the Immigration Service.

It has proved very successful and it is anticipated that this new service will generate an additional £10K income.

Spend to Save Strategy

Foster Care

Savings that are likely to be achieved by increasing local foster carers at the expense of residential placements and using the more expensive external foster carers.

Looked After Children

The assumed reduction in the overall cost and numbers within the residential sector as a result of utilising the increased numbers of local foster carers.

Keener Contract Negotiations and Improved Contract Management

The recent recruitment (6 months previous) to the vacant Contract Managers post has resulted in a very quick and dramatic improvement in the Contracts and Commissioning function across the whole of DECS. Within the current financial year to date a combination of permanent and one-off savings have been realised of almost £70k. With the volume of contracts in place coupled with the dedicated expertise of a Contracts Manager now in post it is expected that this will continue to generate savings which we prudently estimate £50k can be taken from our base budget. Thus the appointment of the Contracts Manager made earlier this year can be seen as an investment to save.

Housekeeping and Budget Cleansing Efficiencies

A detailed analysis of the directorate budget at the lowest level has identified scope to make 'house keeping' efficiencies across numerous cost centre budgets. As the individual amounts are relatively small and comprise a diverse range of activities there is not a single theme, however areas that have been scrutinised in order to achieve the committed departmental efficiency target includes various Supplies and Services headings, Sessional Staff budgets, Premises expenditure and Income targets.

Utilisation of Grant Funding Streams

As is the current strategy within DECS the scope to utilise external grant funding to offset core costs where appropriate and possible to do so is undertaken in order to ensure that overall efficiency in terms of use of resources and in particular Council funding is maximised. A review of the savings that have been generated and reported in the current years budget monitoring have been identified as areas of 'permanent' economies that can be made from the base budget. This exercise has identified a £73k saving against Council funding. Please note however that the 'permanency' of this arrangement is subject to the continuation of grant funding for which nothing has yet been communicated to the contrary.

Effective Management of Staff Turnover

It is anticipated that the reinforcement of the DECS strategy to manage vacancies for an average period of 3 months will allow sufficient funding to meet the costs of recruitment to fill any vacancies generated as well as contributing an overall saving to the directorate's budget. An average period has been put into place as some posts will require immediate cover, for example where safe levels of service have to be

maintained whereas others will then be deliberately managed for longer periods to compensate. The application of a ½% turnover factor across all core funded staffing budgets will generate a £58k saving.

Trainee Social Workers

The full year effect of trainee social workers.

Children and Families Efficiency Savings

The Children and Families budget is c. £10m, split broadly 50:50 between staffing and the commissioning and provision of services.

The 4% savings can only, realistically be taken from within the service's staffing budgets and involves the deletion of 10 posts, being a mix of administrative posts and social work posts.

Inclusion Efficiency Savings

The total expenditure for the Inclusion Branch is £4.5m, supported by grant funding of £1.3m. The majority of spend (£2.7m = 60%) is on employee related costs.

Raising Achievement – Savings

The Raising Achievement budget is predominantly made up of external grant funding or expenditure which is directly reliant upon the generation of fee income (i.e. Children's Centres provision).

The majority of spend across this division is on staffing both from the core budgets and external grant funding. The level of staffing funded from core budget are now down **to a level which is a statutory service provision only** and thus it will be impossible to reduce further by removing or reducing posts without seriously impacting on the level of service provision. Therefore the main scope for generating savings is funding more of existing time from external grants, although minimal, or generating external income.

The areas in which savings are possible are summarised in the table below;

Service Area	Comment	Saving £'000
School Improvement	Achieved through additional earnings and reduction in admin support from 2009/10. A reduction on conferences and consumables to save £7k and an expected increase in earnings generated through new CPD programme with schools to generate £11k.	18
Early years	Reduction in consumables from 2009/10	2
National Strategies	Non-recruitment to 1.0 FTE admin post. This assumes current level of grant funding for 2008 to 2011.	29
Excellence Cluster	Reduction in adviser's contract by 0.2 FTE. This assumes current level of grant funding for 2008 to 2011.	7
Total – permanent savings		56

Appendix D

Area Based Grants 2008-2011

	Slough 2008/09 £m	Slough 2009/10 £m	Slough 2010/11 £m
Cohesion	0.050	0.091	0.140
Local Enterprise Growth Initiative	0.000	0.000	0.000
Stronger Safer Communities	0.000	0.000	0.000
Supporting People Administration	0.120	0.110	0.095
Supporting People	0.000	4.005	3.804
Working Neighbourhood Fund	0.000	0.000	0.000
DCLG Total	0.170	4.206	4.039
School Development Grant (LA Element)	1.598	1.598	1.598
Extended Schools StartUp Costs	0.282	0.476	0.196
Primary National Strategy -Central Coordination	0.094	0.094	0.094
Secondary National Strategy -Central Coordination	0.126	0.126	0.126
Secondary National Strategy - Behaviour and Attendance	0.068	0.068	0.068
School Improvement Partners	0.057	0.057	0.057
Education Health Partnerships	0.041	0.041	0.041
School Travel Advisers	0.015	0.015	0.015
Choice Advisers	0.026	0.026	0.026
School Intervention Grant	0.029	0.029	0.029
14-19 Flexible Funding Pot	0.041	0.042	0.043
Sustainable Travel General Duty	0.010	0.010	0.010
Extended Rights to Free Transport	0.022	0.042	0.061
Connexions	1.206	1.266	1.286
Children's Fund	0.369	0.369	0.369
Positive Activities for Young People (Continuing Investment)	0.381	0.654	0.849
Teenage pregnancy	0.096	0.096	0.096

	Slough 2008/09 £m	Slough 2009/10 £m	Slough 2010/11 £m
Children's Social Care Workforce	0.059	0.058	0.058
Youth Taskforce	0.079	0.079	0.079
Care Matters White Paper	0.078	0.120	0.144
Child Death Review Processes	0.023	0.024	0.025
DCFS Total	4.699	5.288	5.267
DEFRA Total	0.000	0.000	0.000
Adult Social Care Workforce	0.274	0.280	0.285
Carers	0.514	0.546	0.577
Child and Adolescent Mental Health Services	0.299	0.314	0.328
Learning and Disability Development Fund	0.097	0.096	0.096
Local Involvement Networks	0.104	0.103	0.103
Mental Capacity Act and Independent Mental Capacity Advocate Service	0.050	0.063	0.060
Mental Health	0.309	0.323	0.338
Preserved Rights	0.271	0.266	0.259
DH Total	1.918	1.992	2.045
Stronger & Safer Communities Fund	0.245	0.245	0.245
Home Office Total	0.245	0.245	0.245
Detrunking	0.106	0.109	0.111
Road Safety Grant	0.215	0.220	0.212
Rural Bus Subsidy	0.000	0.000	0.000
DfT Total	0.321	0.329	0.323
TOTAL	7.353	12.059	11.919

SLOUGH BOROUGH COUNCIL

Cash Limits 2008/09 to 2010/11

	2008/09 Base Budget	2009/10 Budget	2010/11 Budget
	£'000	£'000	£'000
Education & Children's Services	26,161	27,305	27,220
Community & Wellbeing	32,364	36,741	36,898
Green & Built Environment	24,855	24,905	25,694
Total Central Directorates	19,327	18,650	18,209
Inflation to be allocated		2,810	5,620
Total Service Directorates	102,707	110,411	113,641
Treasury Management	(1,625)	(275)	819
Earmarked Contingencies and Other	4,607	3,564	2,443
Area base grant	(7,353)	(12,059)	(11,919)
Transfer to/(from) balances	0	0	0
Budget Requirement excluding Parishes	98,336	101,641	104,984

Statement on the Robustness of Budget Estimates and the Adequacy of Reserves and the Key Budget Risks: The Strategic Director of Resource's report under Section 25 of the LG Act 2003

Introduction

Section 25 of the Local Government Act 2003 requires that an authority's chief financial officer reports to the authority on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. It also requires the Council to take account of this report in setting its budget and Council Tax for the year.

In setting its budget, the Council needs to take account of the level of risk and uncertainty regarding its budgetary estimates and the planned levels of contingencies and reserves. There is no correct answer to this - it is a matter of judgement. However, in general the greater the level of risks and uncertainty (both now and in the future) the greater the level of contingencies and reserves that can be considered prudent. The Council needs to balance the need for reserves as a cushion against unbudgeted financial pressures against the immediate impact on Council Taxpayers. It needs to arrive at a level it considers adequate and prudent but not excessive.

Robustness of Estimates

The Council has a well established policy and expenditure process for budget setting based around the three year Medium Term Financial Plan (MTFP). The aim of the Medium Term Financial Plan is to provide a realistic and sustainable plan that reflects the Council's priorities within the estimated resources available.

This process takes into account:

- The service scenario, including the Council's overall objectives, priorities and performance, pressures to increase budgets (eg due to client growth, increased demands for services, new legislation) and the scope for reducing budgets (eg efficiency savings, proposals for additional income, service reductions etc).
- The financial scenario including likely pay & price increases, capital financing costs and income from government grants and Council Tax.

Alongside this, a five year rolling capital programme is planned, based on an assessment of overall affordability, taking into account central government capital funding, current and projected levels of debt, the scope for further borrowing, the level and timing of usable capital receipts, third party contributions and the availability of direct revenue funding. For 2008/09 borrowing levels have also been guided by the prudential indicators for 2008/11 and formulated within the approved Treasury Management Strategy.

The budget process has involved Members, Chief Officers and their staff and senior finance staff in a thorough examination of the budget now recommended to Cabinet. The budget has been the subject of extensive consultation and challenge. Chief Officers have worked with Lead Commissioners through the Star Chamber challenge exercise, then with Cabinet Members and members of the Overview and Scrutiny Committee. Consultation also has taken place with key stakeholder groups including staff and residents. The staff and residents were able to take part in an on line budget simulator which asked participants to choose whether to switch resources or increase or decrease

levels of spending across council services. Information was then shown about how this would effect council tax levels.

Each year the plans are revised and updated with the focus given to the first year of the plan. In arriving at the total revenue budget estimates for 2008/09, account has been taken of the following factors:

- Adjustments to reflect changing responsibilities, funding transfers, use of partnership working and other technical factors
- The level of Central Government funding
- Emerging issues from the 2007/08 outturn which have a known and quantifiable permanent impact.
- Money has been set aside for likely pay awards , other price changes have been partly funded, directorates being expected to find the balance from efficiencies within their directorates.

The key planning assumptions are highlighted in Appendix Fi, with details of the factors taken into account in arriving at the assumptions and the level of risk associated with this.

A large number of factors can affect individual financial performance in year. The Council takes a number of steps to minimise the risk of over/underspends including:-

- Promoting a robust approach to financial planning
- Exploring the full implications & achievability of policy and expenditure options before the budget is set, rather than imposing a budgetary target on departments
- A requirement for directors and service mangers to monitor expenditure and income against budget, to take action on any projected variances and to report the position regularly to the Director of Resources
- Regular reporting to Members on the projected budgetary outturn and proposed remedial action by Officers as part of the Performance report.

In addition the Council has

- A strong internal control environment which includes well established Financial Procedural Rules and Codes of Practice which are regularly revised.
- Robust budget monitoring arrangements
- Effective financial advice and support to Managers from both directorate and corporate finance staff
- An assessment of the Internal Control environment as part of the Corporate Governance report to be included within the Statement of Accounts
- Insurance arrangements in place to cover various specified risks. These are a mixture of risks placed with external insurers and risks covered by internal insurance provisions and reserves
- Robust and embedded risk management arrangements

Taking all these factors into account and the proposed level of the General Fund balance, I consider the Council is setting a tight but adequate Budget for 2008/09.

In providing this assessment, I would point out that there is limited capacity to meet unforeseen cost or income shortfalls, In additional directorates have to make efficiencies to meet the full costs of inflation for several years; therefore careful monitoring and early

corrective action will be essential for next year and it is essential to maintain an adequate level of reserves.

Adequacy of Reserves

The Council has 2 types of reserves:-

1. Earmarked reserves
 - means of building up funds to meet known or predicted liabilities
2. General reserves
 - working balances to cushion uneven cashflows and to avoid unnecessary temporary borrowing
 - Contingency to cushion the impact of unexpected events or emergencies

Earmarked Reserves

These reserves are regularly monitored by officers and reported to Members as part of the Financial Report during the year, at budget time and year end. The responsible officer is requested to provide evidence to the Director of Resources on:

- the continued purpose of the reserve
- the management & control procedure
- the process and timetable for review of the reserve

New reserves are established where it is considered prudent based on a high risk score. A full list of earmarked reserves currently held is given is attached at Appendix F(iv).

Capital reserves are not available for general use.

General Reserves

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for unforeseen or other circumstances. The consequence of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The recommendation on the minimum prudent level of reserves has been based on the robustness of estimate information (above) and the risks faced by the Council. Risks identified by each Directorate and for both corporate revenue and capital are attached as Appendix F ii. From this information the required level of General Fund balances has been calculated – see Appendix Fiii .

For the calculation the following should be noted:

- The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the costs of dealing with an emergency over and above a threshold set by the Government, (£350k in 2007/8 for Slough) . The assistance is usually 85% of any eligible costs over the threshold. Any incident for which assistance is sought must involve conditions which are clearly exceptional by local standards and

the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these initial costs will have to be met from reserves.

- Budgets are set on the current level of client activity. A sudden increase from a demand led area, eg one special need child taken into care, places a large pressure immediately on a service. Under the current system of cash limits, a directorate is expected to contain any pressure within their directorate. Each year directorates have efficiency savings built into their base budgets. The achievement of staying within budget when a large pressure is identified will increasingly mean taking drastic measures which could have a big impact on service delivery. It is prudent, therefore, for the Strategic Director of Finance to hold a corporate contingency that any directorate facing such a pressure could seek approval from Cabinet to use under the powers of virement.
- The balances act as a general contingency to provide for any unforeseen circumstance which may arise
- The need to retain reserves for general day to day cash flow requirements
- The 3 year forecast should include restoration of any sums taken from reserves to balance the budget in the following financial years.
- If in year pressures are being faced directorates are expected to put forward action plans to manage these. If this is not possible and management action or policy actions across other Directorates are not sufficient to cover the pressure, then the reserves may have to be used to address the shortfall in income temporarily. It is assumed that general fund reserves will be restored in the following year to at least the minimum prudent level.

Risk Management

As part of the budget process, Departments are expected to supply to the Director of Resources details of all the financial risks they face for the forthcoming budget year. Copies are attached in Appendix F ii. The Director has reviewed all these risks with his Strategic Finance Managers Group. Any risk which has scored as high risk, (7,8,9) it is considered should either have growth built into next year's budget or it is prudent to have an earmarked reserve set aside to cover the eventuality.

The results from the review have been included for the calculation of required balances and reserves – Appendix F(iii) and form the basis for the schedule of reserves in Appendix F(iv).

The Recommendations of the Strategic Director of Resources (SDR) are:

The Council approves the following Policy for Reserves:

Earmarked Reserves

- Sufficient sums should be set aside in earmarked reserves as is considered prudent

- The SDR will be authorised to establish such reserves as are required
- The SDR to review them for both adequacy and purpose on a regular basis and to report regularly to Cabinet.

General Reserves

- To maintain general reserves at a level to cover exposure to known risks
- If the level of balances is lower than above, to build back to the required level in the medium term in the budget strategy
- To build a contingency sum into the annual budget for demand led pressures
- To review and report the level of balances regularly to Cabinet
- The SDR to give his recommendations on balances to Council for their review as part of the budget process

Recommendation of the Strategic Director of Resources

It is the professional judgement of the Strategic Director of Resources that:

- Based on the budget and risk assessment outlined in this report and appendices and the resulting calculation in Appendix F(iii), that the minimum prudent level of general fund reserves the Council should maintain for 2008/09 is £5m.
- A Contingency sum be held which can be drawn on my directorates to offset demand led pressures rather than cut other services.
- If, as highlighted by the monitoring reports there is a surplus as at the 31st March 2008, that the sum be set aside to offset pressures identified as high risks in the next year.

Schools Balances

From financial year 2006-07 schools have been provided with multi-year budgets and in return submit 3-year budget plans. The budget plans will include projected budget balances. The Authority also ask schools to provide information on the proposed use of budget balances.

A school's balance sits with the school and it is the responsibility of the Governing Body to approve use of the funds. The DfES permits amounts above a declared percentage of current year's budget share, not deemed to have been assigned for a specific purpose or to be unspent Standards Fund grant, to be taken back into the local authority's Schools Budget. The nationally agreed percentages are 5% for secondary schools and 8% for special and primary schools. The local authority can only put such a scheme in place if

three-year budget information is provided for schools, something we have not been in a position to do in the past. The first three year budget settlement will be in place from 2008/09, however the , Schools Forum has been asked to consider inclusion of the broad principles described above in the Fair Funding consultation, the proposal to amend the Fair Funding Scheme to include a provision to allow recycling of balances. This consultation has not been finalised as yet. Were such a provision made, a Schools Forum sub-group would review balances above the threshold and not satisfactorily assigned. It is evident that most schools plan very well and it is unlikely that there will be many instances of balances being recycled.

Appendices

F(i)	Budget assumptions 2007/08
F(ii)	Directorate and corporate revenue and capital risks
F(iii)	Calculation of Balances and Reserves required
F(iv)	Schedule of all reserves

Budget Assumptions 2008/09 to 2010/11

The factors taken into account for the budget setting process are:

	Budget assumption	Financial standing and management
1	Level of Funding likely from Central Government	The Authority is at “the floor” and therefore has received an increase for 2008/09, 2009/10 and 2010/11 of 2.0%, 1.75% and 1.5% respectively.
2	Population figures used to calculate funding	The Authority continues to challenge the Government on the ONS population data which suggests a declining population in Slough. Prudently, no allowance has been made for an improvement in the data for the next financial year.
3	The Council tax base	The Council Tax Base for 2008/09 is 40,274.4 band D equivalents, with an expectation that this will rise by 0.5%, year on year, over the medium term.
4	The treatment of inflation	2.5% has been set aside for pay awards for staff in the 2008/098 budget. All directorates have a built in Turnover factor. Inflation has also been provided towards the main contracts. Departments are expected to manage other inflation from within efficiency gains or by offsetting inflation from inflation for income.
5	Interest rates	<p>The investment and borrowing strategies contained within the budget report assume that the Bank of England will have to further reduce the base rate to generate consumer and money market confidence and thus help a softer landing for the economy. Market forecast are for the base rates to be reduced from the current 5.50% (December 07) to a range of 4.75% to 5.0% by the end of December 08.</p> <p>Due to the current money market credit squeeze, government gilts are seen as a “safe heaven” and as a result of supply and demand, government borrowing costs are currently at the lower end which, in turn reflect on the current Public Works Loan Board lending rates.</p> <p>Council’s long term investments currently total £23M. This will partly cushion the impact of the forecast base rate reductions on investment income. The effect of each 0.25% change in interest rates is approximately +/-£23k for borrowing and +/-£233K for investment in a full year.</p>
6	The capital programme and resources	The Council’s capital programme is fully integrated with the revenue budget strategy as evidenced by the revisions to the currently approved capital programme and the resulting reductions in the capital borrowing requirements

		<p>recommended ensuring the long term capital programme is prudent, sustainable and affordable in light of the revenue budget strategy.</p> <p>The proposed capital programme has been fully reviewed, both for annual expenditure and resources levels, particularly capital receipts to part replace reduction in the capital borrowing. In addition, Individual schemes spend profile has also been reviewed ensuring that the provision is included in the financial year in which the scheme will be delivered</p> <p>The annual borrowing requirements, capital receipts and grants assumptions are set out in the capital estimates summary page (Annex CAP1) contained within the Budget Report.</p>
7	Fees and charges	<p>Directorate budgets include income levels where fees and charges are applied to service users. This budget as set is based on trends in income receipts over previous years and adjusted for any know change in legislation or local policy. Delivery of this level of income is therefore subject to both demand and if means assessed individual's ability to pay for the service.</p> <p>A report on fees and charges proposed for 2008/09 will be presented to Members in March.</p>
8	Emerging growth pressures & Savings 2008/09 to 20010/11	<p>Directorates identify any service pressures as part of their Star Chamber bids. Growth bids were discouraged and Directorates were requested to manage any pressure within their Cash limit where possible. Each Directorate initially received a savings target.</p> <p>All growth and savings items have undergone a rigorous review by Officers and Members, including option appraisals, consultation and a exercise before final agreement by Cabinet and Council.</p>
9	The authority's capacity to manage in year budget pressures	<p>All Directors have reviewed their base budgets including demand led pressures. Budgets have been built on existing levels of demand or known variations. Directorates are expected to put forward action plans to manage any additional demand during year if possible either within the relevant service or to reprioritise within their Directorate budgets. If this is not possible a contingency reserve has been created which can be drawn on with Cabinet approval.</p>
10	The treatment of efficiency savings	<p>All Directors have a responsibility to ensure the efficient delivery of services and when efficiency savings are proposed that those savings are both realistic in terms of the level of savings and timing. Should the level and/or timing vary due to unforeseen events and management action or policy actions within the directorate and corporately are not sufficient to cover the variation, then</p>

		reserves may be needed.																								
11	The financial risks inherent in any significant new funding, partnerships or major capital developments	<p>The Council gave a 15 year contact for integrated environment services currently which commenced in 2002/3. Allowance is included in reserves for any possible repayment of goodwill.</p> <p>A PFI agreement to provide 3 schools and a range of community facilities with PFI credits of £48M was signed in August 2006 at a interest rate that was within the Council's affordability limit</p> <p>The Council has transferred the management of its housing stock to an ALMO and with the achievement of a 2 star rating from the Housing Inspectors intends to gain access to government supported capital funding of £45.4M over the next five years.</p>																								
12	The availability of other funds to deal with major contingencies	<p>Contingency items are included in base budget for known likely events, the largest being for harmonisation and the pay award for 2008/09. These items are reviewed during the budget process and monitored regularly throughout the year, being released to services when appropriate.</p> <p>A contingency reserve has been set aside for unknown demand led pressures from directorates</p> <p>Other specific earmarked reserves have also been set aside for liabilities which are considered high risk per appendix A.</p>																								
13	<p>The overall financial standing of the authority</p> <ul style="list-style-type: none"> • Debt outstanding • Council tax collection rates • NNDR 	<p>The assumed Council Tax collection rate for 2008/09 remains at 99%.</p> <p>Debt levels are monitored regularly and reported to Members.</p>																								
14	The authority's track record in budget and financial management	<p>The Council's recent track record in budget and financial management shows potential variations of either over or under spending the net budget. The level of under spend in 2004/05 was a deliberate policy to increase balances</p> <table border="1"> <thead> <tr> <th>year</th> <th>Under/over spent</th> <th>amount</th> <th>% of budget</th> </tr> </thead> <tbody> <tr> <td>2002/3</td> <td>Overspent by</td> <td>£170k</td> <td>0.14</td> </tr> <tr> <td>2003/4</td> <td>Underspent by</td> <td>£362k</td> <td>0.26</td> </tr> <tr> <td>2004/5</td> <td>Underspent by</td> <td>£1,931</td> <td>1.32</td> </tr> <tr> <td>2005/6</td> <td>Overspent by</td> <td>£63k</td> <td>0.04</td> </tr> <tr> <td>2006/7</td> <td>underspent</td> <td>£30k</td> <td>0.03</td> </tr> </tbody> </table> <p>The 2006/07 position was achieved by considerable management and policy actions to contain pressures.</p>	year	Under/over spent	amount	% of budget	2002/3	Overspent by	£170k	0.14	2003/4	Underspent by	£362k	0.26	2004/5	Underspent by	£1,931	1.32	2005/6	Overspent by	£63k	0.04	2006/7	underspent	£30k	0.03
year	Under/over spent	amount	% of budget																							
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2005/6	Overspent by	£63k	0.04																							
2006/7	underspent	£30k	0.03																							

15	Financial Management	<p>The Council's financial information and reporting arrangement are sound.</p> <p>For the Revenue Budget:</p> <ul style="list-style-type: none"> • Directorates produce monthly monitoring returns to a strict timetable. The report discussed at their DMT before being consolidated into regular reports for CMT and each Cabinet meeting • The External auditor following the 2006/07 audit gave an unqualified opinion on the accounts <p>For the Capital Budget:</p> <ul style="list-style-type: none"> • The Asset Management Group meets each month to consider and review the overall capital budget delivery and requirements • The capital monitoring process is enhanced by the AMG sub-Group which has the responsibility for detailed monitoring of individual schemes. • The capital monitoring including Prudential Indicators are reported monthly to the Strategic Director of Finance and Property Services and quarterly to the Scrutiny and Overview (S&O) Committee and the Cabinet.
16	The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level	<p>There is a tight procedure for agreeing Virements and the levels are reviewed regularly as part of Financial Procedural Rules, The Director of Finance reviews the year end procedure in relation to under/overspends every year in light of the expected outturn position and impact on balances and considers whether there should be carry forwards or clawback in the following year.</p>
17	The adequacy of the authority's insurance arrangements.	<p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self- insure" some areas.</p> <p>By its nature, insurance is a service to manage unforeseen risks and reserves levels must be kept under constant review. Every 5 years there is a external tender of all insurance policies and annually officers reviews the risks for each policy with Insurers.</p>

Council Wide- Budget Risk Register

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
Delivering financial management, and Manager and budget holders is not taking ownership of this change	2	Reinforcement of current budget monitoring roles and responsibilities and continuation of monthly budget process including finance presence on monthly divisional	Continue current mitigations, Senior management intervention to be implemented if necessary , i.e budgetary projections indicate a significant adverse position	1
Reducing Cash envelope	1	Forewarning managers of reduced funding for considering how to maintain quality and effectiveness with key areas of delivery. Prioritising statutory and statutory contributions for maintenance	Slimming down services and provision and ensuring they are providing best value	1
Lack of funding – Partner agencies working projects/ service eg health authority	3	Robust pursuit of funding from other partners Joint planning through the Children's Trust and LSP	Working through Joint Strategic Commissioning Group and Children's Trust to secure discrete and joint funding Finalise robust governance arrangements for the children's trust, including partners financial and other resource commitments Evolutionary approach drawing on pilot work to shape practice and developments. Clear accountability related to funding in each area	3

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
Staff turnover – Failure to recruit appropriately qualified staff and the need to use agency staff to deliver combination of basic and specialist skills	5	Attractive advertisements, using Sloughs good reputation. Encourage transfer of agency staff to core staffing	Review remuneration to attract candidates Strengthen career progression and succession planning	3
Contractual obligations – The funding of PFI Unitary Charge is subject to inflationary pressures and changes in pupil numbers	2	Submit inflationary bid during budget build process to ensure funds keep pace with price increases	Prolonged receipt of insufficient inflationary growth may require re-configuration of other budgets or additional growth bids to meet any funding gap should it develop	1
Remodelling of Services- new ways of working i.e implementation of the MALT;s agenda will inevitably result in changes in practice and emergence of differing cultures and ethos between localities. Overall outturn harder to manage as individual Malt's compete for same scarce resources	3		Evolutionary approach drawing on pilot work to shape practice developments, Clear accountability related to funding in each area	3
Client needs changing- SBC unable to meet specific needs	4	Working with Slough partners to develop local provision and developing residential provision within Slough, improving the level and quality of support made available Service planning projects and plans for the future needs of current and expected population	Predicting needs over the next ten years Planning and implementing further service and provision development within Slough Borough Council Continue current mitigations	2

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
			Ongoing management oversight of activity data to provide early alert to changes. Clear and robust thresholds for service provision	
<p>Working with Partners Local NHS/ PCT pressures</p> <p>The Continuing Care budget has been identified as on where spend will be constrained by the PCT. This will directly affect H&SC as this division will have to contribute more than they would have done before this clampdown</p>	4		The service will continue to discuss the implications of this clampdown with Health Colleagues. It will also continue to refer deserving cases for continuing care funding in line with its obligations	2
People 1st SLA	8	Risk that People 1 st could pull out of current SLA reducing income	Meeting to be held in Jan to agree SLA for 2008/09 Reserves to be identified	8

Customer Service Centre (CSC)	7	Current savings sit in CSC budgets. Unisys contract soon to finish	Meeting to be held to discuss likely BPR work and savings allocated to service before 1 st April	5
Fundamental review savings	6	Delay in new structure and centralisation means unable to allocate savings to services at this stage and make managers accountable		
Land charges income	6	Income less than budget due to introduction of HIPS and mortgage market	Holding vacant posts	
Accommodation Strategy	5	Large savings to be achieved built into budgets. Delay in Council making decision re Town Hall Delay in moving out of Wellington House / mothballing		
Housing Benefits	7	Subsidy-1% error impacts by £500k LA error Overpayments – the more successful sections become could reduce to fall in income Difficulty of recruiting and retaining high quality staff	Policy to train all staff Experienced staff reviewing all LA errors	5

DECS Budgetary Risk Register

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
<p>Client Numbers increasing - Demand led service and increase in demand for special services</p> <p>Increase in demand for basic services e.g Asylum Seekers</p>	7	<p>Our focus on developing effective preventive services should address this. However, initially this may lead to identification of more children in need of specialist services and so maintain the risk</p> <p>This risk is mainly outside the control of SBC. Ongoing lobbying of government re financial impact. Joint working with other agencies to address specific issues when they arise</p> <p>Developing local solutions to provision; promoting inclusive placements in mainstream schools</p>	<p>Ongoing management oversight of activity data to provide early alert to changes. Clear and robust thresholds for service provision</p> <p>Increased monitoring and scrutiny of placements out of authority with a view to returning young people to local provision; developing more within Slough placements</p> <p>Continue current mitigations. Ongoing management oversight of activity data to provide early alert to changes. Clear and robust thresholds for service provision.</p>	5
<p>IT Risks</p> <p>Children & Family IT System - Failure to meet implementation deadline - and impact on smooth service delivery</p> <p>New i-Procurement system - impact on 'smoothness' of service</p>	5	<p>Ongoing management oversight and performance monitoring</p> <p>High levels of support during early stages of new system. Continual communication of</p>	<p>Innovative use of short term grant funding.</p> <p>Review of any problems that occur with structured feedback to empower end users</p>	ECS 4

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
delivery and staff engagement as classically occurs with significant change.		developments as they occur coupled with adequate, timely training and positive reinforcement of good practise.	to influence further development of processes. Refresher or new user training programme set in place.	
Sure Start client numbers decreasing - Shortfall in users and the non achievement of specific income target - to ensure a self funding service	4	The service is currently recruiting sufficient children. Penn Wood is highest risk but due to income generated from other centres, the risk is minimised	To ensure that ALL centres are self sufficient thus becoming financially independent. This is an area that will require close monitoring over the next 2-3 years.	2
Shortfall of statutory places – Projected shortfall of reception places by Sep 2010. Live births in 2005-6 were 2,234 a rise of 8.9% in one year and 19.8% over 4 years	5	Additional form of entry being added in Cippenham plus funding being explored for further increases in places.	1. School Organisation Task and Finish Working Group being set up to plan for long term changes. 2. Primary Strategy for Change document to be approved by Cabinet May 2008.	3
Implementation of ABG 'below the line' Removes previous expectation and culture of automatic c/fwds for underspends – may lead to unnecessary spend against some £5m now allocated in this way, particularly as new process and role of LSP is unclear. Removal of 'grant' status sets a precedent that inflationary pressures will be	3	Communicate the consequences of the accounting treatment of ABG following move away from specific grant to budget holders at earliest opportunity and ensure that they have a robust budget plan in place at start of financial year. Manage the expectations of budget holders by reinforcing the limited availability of financial resources to allow for real terms growth to keep pace with price increases. Require that medium term budget planning allows for the impact of this within existing	Continual monthly monitoring of spend and commitments via the monthly budget monitoring process.	ECS

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
<p>met by LA rather than from within grant cash envelope – thus resulting in a thinner spread of already depleted inflationary funds / core budget.</p> <p>Partnership Working</p> <p>Lack of funding - Partner agencies failure to fund joint working projects / services e.g. health authority</p>		<p>resources</p> <p>Robust pursuit of funding from other partners</p> <p>Joint planning through the Children's Trust and LSP</p>		
<p>Remodelling of Services - New ways of working i.e. implementation of the MALT's agenda will inevitably result in changes in practice and emergence of differing cultures and ethos between localities. Overall outturn harder to manage as individual MALT's 'compete' for same scarce resources.</p>			<p>Working through Joint Strategic Commissioning Group and Children's Trust to secure discrete and join funding.</p> <p>Finalise robust governance arrangements for the children's trust, including partners' financial and other resource commitments</p> <p>Evolutionary approach drawing on pilot work to shape practice and developments. Clear accountability related to funding in each area.</p>	3
<p>Client Needs changing - SBC unable to meet specific needs</p>	4	<p>Working with Slough partners to develop local provision and developing residential provision within Slough; improving the level and quality of support made available</p> <p>Service planning projects and plans for future</p>	<p>Predicting needs over the next ten years; Planning and implementing further service and provision development within Slough</p> <p>Continue current mitigations Ongoing management oversight of activity data to</p>	2

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
		needs of current and expected population	provide early alert to changes. Clear and robust thresholds for service provision	
Contractual Obligations – The funding of PFI Unitary Charge is subject to inflationary pressures and changes in pupil numbers	2	Submit inflationary bid during budget build process to ensure funds keep pace with price increases.	Prolonged receipt of insufficient inflationary growth may require re-configuration of other budgets or additional growth bids to meet any funding gap should it develop.	1
Devolving financial management, and Manager and budget holders is not taking ownership of this change	2	Reinforcement of current budget monitoring roles and responsibilities and continuation of monthly budget process including finance presence on monthly divisional management tam meetings. Ensure that relevant finance staff are located geographically with service managers.	Continue current mitigations. Senior management intervention to be implemented if necessary, i.e. if budgetary projections indicate a significant adverse position.	1
Reducing cash envelope - Impact on service delivery- weaker services and inevitable political impact	1	Forewarning managers of reduced funding for considering how to maintain quality and effectiveness with key areas of delivery. Prioritising statutory and statutory contributors for maintenance;	Slimming down services and provision and ensuring they are providing best value;	1

C&CS Budgetary Risk Register

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
<p><u>Inflation Strategy</u></p> <p>Following the inadequate amount of inflation provided, the department is yet to determine its inflation strategy. Whatever is agreed will need to ensure services are delivered for less in real terms, which will be very difficult</p>	7		C&CS SMT to approve strategy to identify and contain unfunded inflationary pressures. Compensating savings/ efficiencies will have to be found to avoid overspends	3
Insufficient resources Savings	4	The service has achieved the top performance rating despite financial challenges in the past. However, it will find it hard to achieve both financial balance and top performance		2
<p>Customer demand</p> <p>Many of the department's services are demand led with varying degrees of volatility. Service demands could either drive up costs or result in clients needs not being met</p>	7	The service has a good record to proactively managing demand.		5
<p>Inherent Cultural & Community Services financial pressures</p> <p>There are several long standing financial pressures present within the Cultural & Community Services budget.</p>	4	Various actions, including the allocation of additional budget resources, have been implemented to contain these pressures but rigorous monitoring needs to be maintained to ensure budget parity.	Efforts over the past 2 years to tackle long standing budget gaps and achieve budget parity have been encouraging. These efforts will need to continue.	2

Green and Built Budgetary Risk Register

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
<p>Contractor Performance – APCOA = loss of income, Accord = CPA/CAA rating, Atkins = failure to deliver highway improvement schemes etc</p>	5	Regular monitoring Meetings and Reporting mechanisms	Further Development of reporting data mechanisms Benchmarking	3
<p>Increased Costs</p> <p>Concessionary Fares – lack of funding due to increased operator charges plus other costs beyond our control (inflation, fuel prices)</p>	5	Annual Negotiations with all service operators	National benchmarking, continued negotiations with service operators	3
<p>increased Demand</p> <p>Landfill Costs and Tax - Costs of sending waste to landfill increase dramatically over the next few years</p> <p>Increased waste from increased population</p> <p>Delay in commissioning efw plant</p>	5	Strategy in place to reduce amount of waste going to landfill, increased recycling etc...	Implementation of improved recycling scheme and further negotiations with Grundons EFW Contract	3
<p>Loss of Income</p> <p>Income from Demand Led Services – reduction in income generation = On and Off Street Parking, Planning, Building Control, Cem & Crem, Registrars due to</p>	4	Robust service plans in place, monthly budget monitoring, regular reporting mechanisms	Continuous monitoring and reporting	2

Risk	Risk Score	Current Mitigations	Further Actions Required	Revised Score
reduced service demand.				
Working with Partners DAAT/DIP further reductions in funding from PCT	7	Ongoing Negotiations /lobbying with PCT and other partners to help fund the gap	Conclude Negotiations with partners Restructure DAAT to achieve savings Complete procurement Improve DAAT performance (impacts on level of funding received)	5

Scoring Matrix

Severity	Critical	4	7	9
	Significant	2	5	8
	Noticeable	1	3	6
		Low	Medium	High
		Probability		

CAPITAL PROGRAMME RISK REGISTER - November 2007

Appendix F(ii) Continued

Ranking	Risk	Summary Detail	Mitigation/Comment	Likelihood	Impact	Dept/Section	Type
						Responsible	
1	ALMO funding not available	Will impact on the whole of the capital programme.	ALMO re-inspection now complete. Awaiting confirmation of funding	9	10	D/C	FR
=2	Delays in securing capital receipts	Either for economic, political or planning reasons. Current capital programme is heavily reliant on capital receipts. Will impact MRP and therefore revenue budget.	Monitored by Finance & Property Services with regular updates to AMG.	8	10	C/D	FR
=2	Accommodation Strategy	Delay in delivering proposed accommodation strategy and the subsequent delay in release of capital receipts will impact on borrowing requirement/size of the capital programme/MRP	Monitored by Finance & Property Services with regular updates to AMG.	7	10	C/D	FR
3	Adverse revenue position incl MRP	Overall overspends on the service revenue budgets and future projections of service demands, potential impact of MRP if capital borrowing is increased.	Rev budget monitoring and corrective action being recommended. Cap prog has been re-assessed and adjusted.	8	9	D	FR
4	Customer Services Centre	Project overspend and/or revenue savings not achieved.	Monitored by the Board. Post implementation review to be undertaken.	8	8	D/C	FR
5	Delays in securing capital grants	Either the grant claim not submitted on time or changes to the grant conditions.	Scheme Must not be approved until grant confirmed.	7	8	D/C	FR
6	Partnership commitment not met	Increased Partnership working and therefore any change in partners or their commitment not fully met.	Regular Monitoring include high level monitoring for big projects such as Heart of Slough.	6	7	D/C	FR
7	Incomplete Estimates	Scheme/s missed out completely.	Thorough bidding and star chamber process. However, until project management and monitoring improves in all departments, risk remains.	5	8	D/C	FR
8	Community Care Day centre & Extra Care Sheltered Hsg schemes	Both these schemes are funded from either Grants or partnerships & essential that there is no adverse impact on council's resources, both capital & revenue.	Report to January 07 Cabinet on the appointment of partner for the Day Care scheme. DoH grant received for the sheltered scheme.	9	6	D	FR/LEG
9	Project Management Problems	Includes lack of scheme monitoring, lack of scheme planning, quality of both.	Monitoring improving. Stricter rules for C/F of slippages implemented. Service Depts to report slippages to O&S Cttee. Post project implementation reviews started.	8	7	D	STAFF

CAPITAL PROGRAMME RISK REGISTER - November 2007 (Cont.)

Ranking	Risk	Summary Detail	Mitigation/Comment	Likelihood	Impact	Dept/Section Responsible	Type
10	Britwell and Northborough Regeneration	Committed to proceed on launch of scheme without cost certainty and issues of the capital funding gap being resolved.	Clear project plan and close project management, break clauses and member lead reviews at key stages.	6	7	D/C	FR
11	Capital spend - both under and over	Could be either overall or individual schemes.	Monthly monitoring by AMG sub group. Scheme overspends in the year to be met from following years capital provision. Service Depts to report on scheme overall spends.	7	7	C&D	FR
12	Investment default (Treasury)	Counterparty gone into administration with loss of deposits. Impact on both revenue and capital budgets, not to mention adverse publicity.	Risk assessment of counter parties carried out with lending limits. However current "credit crunch" could have adverse impact on individual counter parties.	5	10	C	FR
13	Capacity / Staff turnover	Over reliance on same staff for new Initiatives	Depts and CMT must consider capacity issues prior to project approval.	7	9	C	STAFF
14	Systems failure (treasury & Banking)	Logotech and Financial Director systems.	Can survive for 3-4 days before becoming critical	8	7	C	IT
15	VAT partial exemption impact	VAT exempt income generated following capital spends resulting in the overall 5% VAT threshold breached.	VAT implications included in the bidding forms. Grant funded projects need to be formally assessed and approved by the group. Pro-active advise being provided on individual proposals.	5	8	D/C	FR
16	Adverse movement in interest rates	Higher interest rates impact on long term borrowing costs mitigated by short term investment income	Borrowing requirement for 2007/08 and 2008/09 is minimal (excluding ALMO). Part of investment portfolio tied up for longer than 364 days.	9	5	C	FR
17	Change in legislation / proper Accounting practices	includes capacity to understand, interpret and apply new legislation. Accounting practices and changes may have potential changes/impact on revenue i.e. MRP, premiums, off balance sheet treatment of PFI project.	CIPFA has already carried out initial consultation. Further guidance notes published December 2007.	9	4	C	LEG

C= Corporate	FR = Financial Risk
D= Service Department	IT = IT Risk
	LEG = Legislation
	POL = Political

Appendix F(iii)

Appendix F iii

Calculation of level of reserves required for 2008/09

Area of risk	Controllable budget or max exposure	Assessed risk level	Factor	Value	Earmark reserves	General reserve
Inflation						
Sals & wages	55,000,000	Low	0.25%	137,500	137,500	
Other inflation to be funded	1,302,860		10%	130,286	130,286	
Vacancy factor						
DECS	347,600		10%	34,760	34,760	
CWB	469,140		10%	46,914	46,914	
GBE	204,160		10%	20,416	20,416	
Central	294,200		10%	29,420	29,420	
Interest rates						
Borrowing lending reduction of 0.25% from 5.3%				23,000	23,000	
Capital received				233,000	233,000	
Lea school site	5,000,000		5.50%	137,500		137,500
Town hall	8,000,000		5.50%	220,000		220,000
Demand led pressures						
adult /children care clients				1,000,000	1,000,000	
Income						
car parking	1,337,700	5	10%	133,770		133,770
PCNs	1,050,000		10%	105,000		105,000
planning	563,500	5	10%	56,350		56,350
building control	439,000	5	10%	43,900		43,900
Cem & Crem	1,030,500	5	10%	103,050		103,050
Registration	190,000	5	10%	19,000		19,000
land charge income	385,200	6	40%	154,080		154,080
Surestart	1,000,000		10%	100,000		100,000
Efficiency gains						
procurement saving	350,000		10%	35,000	35,000	
fundamental review	350,000	6	10%	35,000	35,000	
CSC BPR savings	486,000	8	10%	48,600	48,600	
accommodation str:	250,000	5	10%	25,000	25,000	
incremental drift						
DECS	260,000		10%	26,000	26,000	
CWB	209,000		10%	20,900	20,900	
GBE	100,000		10%	10,000	10,000	
Cent	214,000		10%	21,400	21,400	
Partnership risks						
GBE DAAT	100,000			100,000		100,000
DIP						
Impact of ABG fund	7,353,000		2.00%	147,060		147,060
Financial guarantees & contractual obligations						
Interserve	6,000,000		14.98	898,800		898,800
GBE Accord guarantee				800,000		800,000
Emergency planning						
Bellwin	350,322	absolute		350,322	100,000	250,000
ICT Continuity plan				150,000		150,000
other risks						
corp disengagement of cost centre managers						
DECS budget	21,001,000		1%	210,010		210,010
CWB	29,044,000		1%	290,440		290,440
GBE	21,737,000		1%	217,370		217,370
Central	18,386,000		1%	183,860		183,860
Central						
SLA lost income from HRA/People 1st benefits	51,436,000	8		400,000	400,000	
Job evaluation/ sing	1,200,000	5	0.50%	257,180		257,180
			10%	120,000		120,000
CWB Care home reprovion in 2009/10						
extra care housing	250,000			250,000		250,000
GBE Kenedy park landfi						
	100,000	5	60.00%	60,000		60,000
Concessionary fare:	150,000	7	50.00%	75,000		75,000
				7,413,888	2,331,196	5,082,370

This is a justification for the level of general fund balances. The risks identified in the process has highlighted that further earmarked reserves are required.

Note

Appendix Fiv General Fund Reserves

	2006/07	2007/08		2008/09	2009/10	2010/11
	Actual	Committee Approved	Realigned Projected Out-turn as reported to Cabinet 21st Jan 2008	Projected Budget	Projected Budget	Projected Budget
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Balance						
Balance as at 1st April	6,710	5,345	5,675	5,080	5,080	5,080
Planned Contribution to / (from) Revenue Account	(1,035)	(595)	(595)	0	0	0
Balance as at 31st March	5,675	4,750	5,080	5,080	5,080	5,080
Earmarked Reserves						
Balances as at 31st March:						
Department Services	307	0	70	0	0	0
Miscellaneous Reserves:						
Finance System Upgrade	100	0	80	0	0	0
Berkshire Liabilities	760	650	760	500	500	500
Future Debt & Capital Requirements	3,009	4,038	2,409	3,500	3,850	3,600
PFI & Feasibility	700	100	500	100	0	0
Lobbying	67	0	80	80	80	80
Statutory Property Function & Landlord Duties	1,055	200	850	500	500	500
Contingencies	400	0	1,000	1,000	1,000	1,000
Harmonisation	0	0	1,500	0	0	0
Emergency Planning	0	0	100	100	100	100
SLAs loss from HRA/People 1st			400	0		
	6,091	4,988	7,679	5,780	6,030	5,780
Trading Accounts	301	0	301	0	0	0
IT Reserves	583	0	0	0	0	0
Insurance Reserves	636	500	522	500	500	500
Capital Reserves	297	0	0	0	0	0
Total Earmarked Reserves	8,215	5,488	8,572	6,280	6,530	6,280
Total General Fund Reserves	13,890	10,238	13,652	11,360	11,610	11,360
School Reserves - General	7,156	3,079	5,392	??	??	??
School Reserves - Langley Grammar Sch	2,737	0	1,368	0	0	0
	10,369					

Education and Childrens' Services Budget Report
SLOUGH SCHOOLS FORUM
23 January 2008

Preliminary Budget Position for 2008-09
(Director of Education & Children's Services)

1 PURPOSE OF REPORT

- 1.1 To bring to the attention of Schools Forum a **preliminary budget** position for 2008-09 before the full School Census is undertaken in January 2008.

2 RECOMMENDATIONS

- 2.1 That Schools forum notes preliminary budget position

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is appropriate for the Schools' Forum to comment on the indicative budget position presented within the main body of the report.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not applicable.

5 SUPPORTING INFORMATION

- 5.1.1 As members of the schools forum will recall a timetable for the preparation of the schools budget was agreed in July 2007 (see appendix A), which provided an outline of the steps necessary to finalise the schools budgets for the next financial year by March 2008.
- 5.1.2 In addition to having completed the consultation stage (see separate report) the local authority is in a position to provide Schools Forum with preliminary budget figures for 2008-09.
- 5.1.3 The preliminary budget figures are detailed in Appendix B, together with a comparison to the amounts delegated for 2007-08.
- 5.1.4 The budget figures are based upon the data collected from Schools for the Autumn Pupil Count. The statutory School Census will take place in January 2008 and it this data that will be used in calculating schools budgets for 2008-09. Risks associated with the data collected are outlined in paragraphs 5.5.1 and 5.5.2.
- 5.1.5 As presented in Appendix B, a base allocation to schools of £79.60 million delivered through the formula will ensure that Slough meets the obligations under the Minimum Funding Guarantee and the funding of government priorities, for example Personalised Learning.
- 5.1.6 Schools were consulted in November and December 2007 on changes to the fair funding formula and in calculating the preliminary figures

presented in Appendix B it has been assumed that three proposals from the consultation have been adopted. These are:

- The revision of the Social Deprivation Factor based upon Free School Meal entitlement.
- The introduction of a new factor for Social Deprivation based upon the Index of Multiple Deprivation.
- The allocation of funding for Teachers on the Upper Pay Scale

The headroom funding distributed in 2007-08 on the basis of pupil numbers has been allocated through the new IMD factor. The proposal to distribute the remaining available headroom towards Social Deprivation has not been included at this stage and is further discussed in section 5.4.

5.1.7 The funding for Post 16 studies have not yet been announced by the Learning & Skills Council (LSC) and the amounts included have been left at the 2007-08 level to enable a better comparison between the years. More information is expected in due course from the LSC.

5.1.8 In comparing the delegated budgets for 2007-08 to the preliminary 2008-09 budget there is an overall cash increase of 6.4% year on year. Adjusting for the delegation of the Teachers Pay Grant this figure is 4.2% or £3.44 million. The main factors that contribute to this relate to the increase in pupils (1.1%) across the borough and the increase in funding for Personalised Learning (See separate report on Formula Factors 2008-11).

5.1.9 Schools Forum will note that there has been an increase in the allocation of Minimum Funding Guarantee funding. Changes at individual schools, such as falling or rapidly increasing rolls, have meant that the protection offered by the Minimum Funding Guarantee has been required. The delegation of the Teachers Pay Grant funding will also have contributed towards this figure.

5.1.10 In combination with the Central DSG budgets of £6.9 million the total budget allocation is estimated to be £95.5 million.

5.2 School Specific Contingency

5.2.1 A separate report has been presented on the School Specific Contingency

5.2.2 The 2007-08 underspend and the reduction in the 2008-09 budget will increase the headroom by £314,642.

5.2.3 It should be noted that the funds available resulting from the underspend in 2007-08 (£245,158) is only available for a single year.

5.3 Headroom

5.3.1 Following the calculations of the preliminary budget for 2008-09 there remains an element of headroom between the allocated funds and the anticipated income. Appendix C(iii) shows the estimated headroom of £2.2 million.

5.3.2 Within the consultation with Schools (see separate report) there were two items relating to possible uses of headroom. The first asked schools to prioritise between a number of options. These are listed below in the order of preference.

Rank	Proposal	Amount
1	Primary Provision for Behaviour	£100,000
2	Chalvey Early Years Assessment	£20,000
3	Mainstream Resource Bases	£50,000
4	SEN Transport	£40,000
5	Haybrook College	£377,000
6	Increased support for Visual Impairment	£30,000
7	Arbour Vale – Outreach Development	£50,000
Total		£667,000

5.3.3 If all those items were taken up the headroom would be £1.53 million.

5.4 Social Deprivation

5.4.1 The second item within the consultation was related to the use of any available headroom and proposed that any available headroom be directed towards social deprivation. The majority of respondents supported this proposal.

5.4.2 Schools Forum will recall that in September 2007 a report was presented indicating that Slough allocated only 70% (£5.97 million) of the funding that it received through the DSG for Social Deprivation towards the most deprived pupils. Within the 2007-08 DSG allocation, £8.50 million was identified as being for Social Deprivation. This figure is expected to increase to £8.9 million for 2008/09.

5.4.3 Including the adjustments made to the budget following the consultation with schools the estimated allocation for Social Deprivation is £7.31 million. This equates to 82% of the estimated funding for Social Deprivation within the DSG. Allocating all the available headroom, £1.53 million, would raise the figure to £8.8 million or approximately 99% of the funding.

Autumn Pupil Count Pupil Numbers and Data

5.4.4 In addition to being a statutory responsibility for schools to provide up to date pupil data, the Autumn Pupil Count data has been used in advance of the School Census in January 2008.

5.4.5 Because of the nature of the data necessary to the Fair Funding Formula it has not been possible to comprehensively obtain all the data necessary to run the fair funding formula. For example, post code information is not collected in the Autumn census and the 2007-08 information has been used for modelling purposes. Updated information will be collected as part of the School Census in January 2008.

5.4.6 Other discrepancies may also be identified when finally compared to the final School Census figures and therefore, some degree of caution should be taken in relation to the budget figures provided.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The relevant legal provisions are contained within the main body of this report.

Section 151 Officer – Borough Director of Finance & Property Services

6.2 The financial implications of the report are outlined in the supporting information.

Access Implications

6.3 There are no access implications.

7 CONSULTATION

Principal Groups Consulted

7.1 None.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

Appendix A – Funding Formula Timetable 2007-08

Appendix B – Preliminary Budgets 2007-08

Appendix C – Calculation of Headroom 2008-09

Contact for further information

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Appendix A
Funding Formula 2008-09 – Timetable

4th July 2007 (SF) – Initial Indication of areas for review

17th October 2007 (SF) – Proposals from SEN and Social Deprivation Task & Finish Groups

7th November 2007 (SF) – Draft Proposals for Formula for 2008/09 onwards

21st November 2007 – Start of Consultation with Schools on changes to the Fair Funding Formula

21st December 2007 – End of Consultation

23rd January 2008 (SF) – Outcome of Consultation – Outline Budget Position

5th March 2008 (SF) – Indicative Budgets for Schools

31st March 2008 – Final Budgets for Schools

(SF) – Indicates Schools Forum

Appendix B
Preliminary Budget 2007-08

Factors	Amount Delegated	% of Phase Total	% of Overall Total	2007-08 Delegation	Change £	Change %
Primary						
AWPU	28,592,734	76.8%	32.7%	27,617,610	975,124	3.5%
SEN						
<i>Pupils with Statements</i>	1,092,948	2.9%	1.3%	1,001,950	90,998	9.1%
<i>PWoS - IMD</i>	406,038	1.1%	0.5%	383,927	22,111	5.8%
<i>PWoS - SATS KS1</i>	458,580	1.2%	0.5%	461,654	-3,074	-0.7%
<i>Resource Units</i>	941,554	2.5%	1.1%	922,185	19,369	2.1%
Personalised Learning						
<i>NOR</i>	108,685	0.3%	0.1%	55,462	53,223	96.0%
<i>IMD</i>	252,603	0.7%	0.3%	129,072	123,531	95.7%
<i>SATS</i>	350,239	0.9%	0.4%	184,471	165,768	89.9%
<i>Turbulence</i>	201,167	0.5%	0.2%	197,030	4,137	2.1%
<i>Social Deprivation - FSM</i>	683,536	1.8%	0.8%	532,643	150,893	28.3%
<i>Small School Protection</i>	51,075	0.1%	0.1%	56,906	-5,831	-10.2%
<i>Salary Protection</i>	16,399	0.0%	0.0%	17,961	-1,562	-8.7%
<i>Catering</i>	573,109	1.5%	0.7%	645,881	-72,772	-11.3%
<i>Rates</i>	438,476	1.2%	0.5%	393,470	45,006	11.4%
<i>New Schools</i>	85,446	0.2%	0.1%	104,114	-18,669	-17.9%
<i>Lump Sum</i>	1,490,716	4.0%	1.7%	1,409,716	81,000	5.7%
<i>Partial Class Size</i>	52,071	0.1%	0.1%	54,000	-1,929	-3.6%
<i>PFI Factors</i>	186,949	0.5%	0.2%	180,080	6,869	3.8%
<i>Teachers Pay Grant</i>	640,001	1.7%	0.7%	-	640,001	100.0%
<i>Social Deprivation - IMD</i>	631,745	1.7%	0.7%	-	631,745	100.0%
<i>Headroom</i>	-	0.0%	0.0%	777,453	-777,453	-100.0%
Primary Total	37,254,072	100.0%	42.6%	35,125,585	2,128,487	6.1%
Secondary						
AWPU	26,874,024	63.8%	30.8%	26,036,118	837,906	3.2%
SEN						
<i>Pupils with Statements</i>	581,202	1.4%	0.7%	534,926	46,276	8.7%
<i>PWoS - SATS KS2</i>	921,639	2.2%	1.1%	935,497	-13,858	-1.5%
<i>PWoS - SAP*</i>	808,848	1.9%	0.9%	792,135	16,713	2.1%
<i>Resource Units</i>	366,469	0.9%	0.4%	358,928	7,541	2.1%
Personalised Learning						
<i>NOR</i>	200,129	0.5%	0.2%	104,464	95,665	91.6%
<i>IMD</i>	469,682	1.1%	0.5%	243,755	225,927	92.7%
<i>SATS</i>	670,427	1.6%	0.8%	348,691	321,736	92.3%
<i>Turbulence</i>	142,935	0.3%	0.2%	139,995	2,940	2.1%
<i>Small School Protection</i>	88,076	0.2%	0.1%	105,686	-17,610	-16.7%
<i>Salary Protection</i>	10,905	0.0%	0.0%	10,681	224	2.1%

Factors	Amount Delegated	% of Phase Total	% of Overall Total	2007-08 Delegation	Change £	Change %
<i>Catering</i>	427,982	1.0%	0.5%	446,403	-18,421	-4.1%
<i>Rates</i>	363,085	0.9%	0.4%	365,209	-2,124	-0.6%
<i>Lump Sum</i>	563,585	1.3%	0.6%	551,991	11,594	2.1%
<i>PFI Factors</i>	265,584	0.6%	0.3%	258,167	7,417	2.9%
<i>Headroom</i>	-	0.0%	0.0%	546,551	-546,551	-100.0%
<i>Teachers Pay Grant</i>	1,025,962	2.4%	1.2%	-	1,025,962	100.0%
<i>Social Deprivation - FSM</i>	306,231	0.7%	0.4%	-	306,231	100.0%
<i>Social Deprivation - IMD</i>	240,330	0.6%	0.3%	-	240,330	100.0%
<i>LSC</i>	7,785,964	18.5%	8.9%	7,785,964	0	0.0%
Secondary Total	42,113,058	100.0%	48.2%	39,565,161	2,547,897	6.4%
Nursery						
<i>Places</i>	1,122,058	54.7%	1.3%	1,098,979	23,079	2.1%
<i>SEN</i>	343,394	16.7%	0.4%	336,364	7,030	2.1%
<i>Deprivation</i>	84,466	4.1%	0.1%	76,613	7,853	10.2%
<i>Condition/Property</i>	28,629	1.4%	0.0%	28,040	589	2.1%
<i>Rates</i>	17,756	0.9%	0.0%	26,069	-8,313	-31.9%
<i>Lump sum</i>	297,305	14.5%	0.3%	291,190	6,115	2.1%
<i>Other Funding</i>	108,791	5.3%	0.1%	106,554	2,238	2.1%
<i>Teachers Pay Grant</i>	49,445	2.4%	0.1%	-	0	100.0%
<i>Headroom</i>	-	0.0%	0.0%	7,835	-7,835	-100.0%
Nursery Total	2,051,844	100.0%	2.3%	1,971,644	80,200	4.1%
Special Schools						
<i>Places</i>	3,928,504	68.4%	4.5%	3,796,110	132,394	3.5%
<i>Supplements</i>	231,425	4.0%	0.3%	219,326	12,099	5.5%
<i>Pupil Led Funding</i>	501,454	8.7%	0.6%	500,845	609	0.1%
<i>Catering</i>	35,709	0.6%	0.0%	40,821	-5,113	-12.5%
<i>Lump Sum</i>	322,331	5.6%	0.4%	315,701	6,630	2.1%
<i>Residential Unit</i>	367,848	6.4%	0.4%	214,578	153,270	71.4%
<i>PFI Factors</i>	247,467	4.3%	0.3%	261,753	-14,286	-5.5%
<i>Teachers Pay Grant</i>	77,100	1.3%	0.1%	-	77,100	100.0%
<i>Deprivation - FSM</i>	33,911	0.6%	0.0%	-	33,911	100.0%
<i>Headroom</i>	-	0.0%	0.0%	33,911	-33,911	-100.0%
					0	
Special Total	5,745,748	100.0%	6.6%	5,383,046	362,702	6.7%
<i>Primary MFG</i>	228,601	100.0%	0.3%	112,694	115,907	102.9%
<i>Secondary MFG</i>	-	0.0%	0.0%	-	0	0.0%
<i>Nursery MFG</i>	-	0.0%	0.0%	-	0	0.0%
<i>Special MFG</i>	-	0.0%	0.0%	-	0	0.0%
Total MFG	228,601	100.0%	0.3%	112,694	115,907	102.9%
All Schools Total	87,393,323		100.0%	82,158,130	5,235,193	6.4%

Appendix C – Calculation of Headroom

Formula Allocation		
Primary	37,482,673	
Secondary	42,113,058	
Special	5,745,748	
Nursery	<u>2,051,844</u>	
Total Schools Allocation		87,393,323
School Specific Contingency	1,158,495	
Central DSG Items	<u>6,905,060</u>	
Total Central Items		8,063,555
Total - Schools + Central Items		<u>95,456,877</u>
Funding		
DSG	88,208,512	
Other Funding including PFI and LSC	9,200,554	
Unspent 2007-08 Contingency	<u>245,158</u>	
Total Funding		<u>97,654,224</u>
Headroom		2,197,346
Consultation Headroom Requests		
Primary Provision for Behaviour	100,000	
Chalvey EY Assessment	20,000	
SEN Transport	40,000	
Mainstream Resource Bases	50,000	
Increased Support for Visual Impairment	30,000	
Haybrook College	377,000	
Arbour Vale - Outreach Development	<u>50,000</u>	
		667,000
Unallocated Headroom		1,530,346
<i>% of Total Schools Allocation</i>		<i>1.8%</i>

Council Tax Capping

I. Introduction

- I. This briefing paper is divided into three parts. The first sets out the current approach which ministers are taking towards capping, and the way that councils have responded to it. Secondly, we will look further back in time to set out the background and context to capping, tracing the origins of capping back to the early 1980s, and mapping the key policy changes along the way. The third part analyses the effect of capping on the council tax levels over time. Appendices provide a handy reference guide to councils capped in the past, and the criteria used.

- II. The history of local tax and expenditure capping in Britain is a story of successive governments trying to control local authority finance with an extremely blunt instrument, sharpening it from time to time. Ten years ago, when the Labour Party came to power with a promise to end “crude and universal capping”, local government held its collective breath, but capping was not abolished completely – just made more sophisticated, to be kept in reserve for emergencies. Capping has been less prominent as an issue but never actually disappeared.

- III. With the opposition taking renewed interest in the subject¹, and the Government likely to be on the defensive in the run up to the next General election, not to mention a tight three year funding settlement for local government, capping is clearly going to be an issue for the future. With that in mind, this briefing has been prepared to give a fresh look at (or for some, a painful reminder) the history of capping and to put the current debate in context.

Part 1 – Current Council Tax Capping Policy

- 1.1. The Labour Government, when it came to power in 1997, had pledged an end to “crude and universal capping”. What the Government in fact did was to considerably enhance its own freedom of action in setting capping limits² but then to say that it would only keep those powers in reserve. A new relationship between central and local government developed initially, helped to some extent by the fact that the Labour Government appeared better disposed towards local government than its predecessor, and by having a single local government association

¹ In November 2007 David Cameron announced a new proposal to replace capping with local referenda.

² Section 30 and 31 and Schedule 1 to the Local Government Act 1999

for it to deal with.³ As a result, no authorities were capped between 1999 and 2003.

1.2. In 2003/04 two significant statistical barriers were breached: firstly, the average Band D council tax for England passed £1,000 for the first time; secondly the average council tax increase passed the 10% mark for the first time, hitting 12.9%. The reasons for this sudden peak are many and various, but from the Government's point of view, the strategy of being nice to local government so that they would keep council tax down had failed. In 2004/05 capping came back with a vengeance. The key announcements can be found on the DCLG website at:

<http://www.local.communities.gov.uk/finance/capping.htm>.

1.3. The following are some of the key features.

1.4. Ostensibly the purpose of capping is to protect local tax payers from excessive increases in Council Tax. In commenting on his capping proposals in 2004/05, Nick Raynsford, the then Local Government Minister said:

*"This is not something which we are doing lightly. The government attaches great importance to local accountability and believes that first and foremost it is for local authorities to set their council tax and justify it to their local electors. However, we also have a duty to protect council taxpayers from increases which we believe to be excessive."*⁴

1.5. Raynsford was perhaps the most sympathetic local government minister local government has ever had. It is probably no coincidence that, straight after the 2005 General Election, he was consigned to the back benches. His successor, Phil Woolas was blunter in 2006, using a manifesto commitment to require council tax increases to be kept down:

*"However, as we said in our 2005 Election Manifesto, we will use capping to protect council-tax payers from excessive increases. There can be no doubt that the recent, more modest, increases in council tax could not have occurred without the Government making judicious use of these powers"*⁵.

³ An arguable point, particularly as London local authorities have continued to have their own representative organisation sitting alongside the LGA. However, previous governments had been able to "divide and rule" because of the political polarisation of the three predecessors to the LGA – the Associations of District, County and Metropolitan Authorities.

⁴ Source- Hansard 29 April 2004, also at <http://www.local.communities.gov.uk/finance/ctax/capstat056.pdf> . The same wording appears in Raynsford's speech the following year (23 March 2005).

⁵ Source Hansard, 27 March 2006, also at <http://www.local.communities.gov.uk/finance/ctax/capstat067.pdf>

- 1.6. In truth, Phil Woolas was only being pragmatic. Since the 1980s, the main purpose of capping has been to protect the Government of the day (rather than tax payers) from the effect of “excessive” increases in capping. Council Tax increases since 1997 have been well in excess of inflation, but when the two milestones of £1,000 and 10% were passed within a couple of years of the next likely General Election it was politically inevitable that capping would be revived. Since the Poll Tax it has become a virtual law of British politics that if local taxes shoot up, it is the government that will be blamed. All of the rhetoric about local accountability goes out of the window when the Government’s reputation is at stake.
- 1.7. Without Standard Spending Assessments (SSA’s) to refer to after the change to the current Formula Spending Shares (FSS) system, the Government initially produced the most elaborate capping criteria yet. The following are the key features:
- The capping criteria were not published in advance either for 2004/05 or the two subsequent years when capping was used.
 - However, the Government did say at the time of the provisional settlement that it expected council tax increases **on average** to be under 5%. That practice has continued in subsequent years and has had the desired effect up to 2007/08.
 - The actual capping criteria – published **after** councils had set their budgets prescribed a percentage increase in budget requirement and a percentage increase in council tax⁶. Councils had to exceed **both** limits before being capped. During the 1990s it was the budget requirement itself that was capped, without any reference to the tax increase. The last time a combination of factors was used like this was 1990/91, the first year of the community charge.
 - In 2004/05 a total of seven different categories of authority were defined for capping purposes with, effectively six different definitions of excessive spending. In 2005/06 and 2006/07 the same criteria applied to all local authorities.
 - For the first time, there was the option of “nominating” a council, which meant that it is not required to re-bill in the current financial year, but has to budget in the following year in line with a notional budget notified by central government. This avoids the cost of re-billing but locks the authority into a government determined budget.
 - Of the 24 authorities capped, 14 have been designated for “in-year” capping and 10 nominated.
 - No local authority has been capped more than once under this new regime.

⁶ See appendix 2 for details

- In the 1990s capped authorities were predominantly London or Metropolitan Boroughs and Shire Counties. Not one of those three classes of authority has been capped since 2004.

Responding to Capping

1.8. Of the 24 local authorities that have been capped by the present Government since 2004, only two, South Cambridgeshire in 2004 and Hereford and Worcester Fire Authority in 2005 have successfully challenged their caps. On one occasion⁷ a designation was changed to nomination. As Table 1 in the third section of this report highlights, the response of local authorities to capping or the threat of capping has been to conform as far as possible to the norm. Apart from inner London, all regions and classes of authority have a Band D Council Tax within 5% of the national average. By 2007/08 only 8 out of 458 local authorities (including police and fire authorities) had set a council tax increase of more than 5%. Without the help of pre-announced capping criteria, councils are now capping themselves, much as they did during the 1990s.

SR 2007 and beyond – the future of capping

1.9. As expected the Government did not announce capping criteria in advance with the provisional finance settlement for 2008/09-2010/11. The message being put out is, however, that increases “substantially less than” 5% on average are what is expected of local government. The Chairman of the Local Government Association on the day of the Settlement was predicting average increases of around 4.5%.

1.10. Individual councils will make their own judgement on how close to the “magic figure” of 5% they can go. The sensible advice would be to certainly avoid going over 5%, but if possible, to aim for 4.5% to be safe. It is possible that that the criteria, when announced in the Spring of 2008 will have a Band D Council Tax limit as low as 4.5%. If everyone aims for 5% then the average will not be “substantially below” 5% and some authorities are going to be unlucky.

1.11. Going on what has happened in the past, we can expect an announcement on capping in either mid March or early April 2008, depending on which side of the Easter recess the announcement can be fitted in. Designated authorities have 21 days to appeal (most normally do) and final decisions are normally announced in late June or early July.

⁷ Telford and Wrekin in 2004/05

Part 2 – A brief history of capping

Early days – Claw back 1980-1984

- 2.1 After the Conservative government of Margaret Thatcher came to power in 1979 open warfare with Labour controlled big city councils soon broke out. The relationship between central and local government at this point was dominated by a polarised political division, and this fed through into the methods used by the government to control local authority expenditure.
- 2.2 The first attempts to cap local authorities used the indirect method of withholding **Rate Support Grant** from high spending councils⁸. The theory was that they would be forced to rein in spending, but a number of big city councils just increased their rate demands to compensate. From the perspective of 21st century local government finance that might seem highly unlikely, but at that stage, local authorities had control of the business rate as well as what was then the domestic rates. The GLC reached the point by 1983 where it received no central government grant at all as a result of the Government clawing back its “over-spending” from previous years.

Rate Capping 1984-1989

- 2.3 This led to the **Rates Act 1984**, which marked the beginning of capping as a mechanism for directly controlling local tax increases. The act gave the Government the power to cap increases in rates and prosecute, fine and bar from office for up to 10 years council leaders who did not comply. In all 31 authorities (30 of which were Labour controlled) were capped under these provisions, but only two, Lambeth and Liverpool defied their caps.
- 2.4 The political motivation for capping at this stage in its history was quite blatant. The final solution to the Thatcher Government’s problems with County Hall was to abolish the GLC and the Metropolitan Counties. The perceived problem with the rating system would have to wait another three years for the system which was intended to bring an end to local council profligacy and remove the need for capping.

The Community Charge 1990-1992

- 2.5 A key problem for any government posed by the rating system was the need for periodic revaluations. Rates were (and non-domestic rates still are) based on notional rental value of the property, and changes to property markets over the years mean that the rateable value was increasingly less fair as a means of distributing the tax burden. The **Community Charge**⁹, it was hoped, would kill two birds with one stone:

⁸ Powers to do this were contained in the Local Government Finance and Planning Act 1980 and Local Government Finance Act 1982

⁹ Introduced in Scotland in 1989, and England and Wales in 1990, by the Local Government Finance Act 1988.

- Firstly, it was a charge levied on every adult rather than on the property they lived in, so would never require costly and unpopular revaluations.
- Secondly, because every adult was liable to the tax they would have a greater incentive to vote for councillors who would keep the community charge down.

2.6 Some commentators since have argued that the community charge would have worked if it had not been expected to do too much: the proportion of local expenditure it funded was too high and in practice people blamed the Government, rather than councils for the perceived unfairness of the new tax, and its size. Other changes the 1988 Act made to the local government finance system have endured and have had a more far reaching impact. Three aspects of the 1988 act are particularly significant for the development of capping:

- The introduction of a simplified funding system of Revenue Support Grant, distributed by reference to a Standard Spending Assessment (SSA); SSAs gave the Government an arguably objective measure of “standard spending for a standard level of service” as the basis for a capping regime.
- The “nationalisation” of the business rate dramatically reduced the tax base available to local councils, and multiplied the “gearing effect”: until then local government had control over nearly half of its income. From 1990 it was less than a quarter. This was made worse in 1991 when the Chancellor, Norman Lamont used a 2.5% increase in VAT to provide enough extra grant to reduce the poll tax by £140 per head.
- The capping system itself – based on two measures – absolute excessiveness of the budget, and excessive increases in the budget compared with previous years. For the first time capping became, theoretically, a universal system applying to all principal local authorities (although initially a £15m lower limit was initially set on the budgets that could be capped, thus excluding the vast majority of Shire Districts.

2.7 Capping continued under the poll tax, ostensibly as a transitional measure. Unfortunately the tax did not last long enough to see whether it would have really worked that way. The way in which capping was implemented under the community charge legislation had far reaching consequences, but curiously perhaps the most significant feature was not part of the legislation, but almost an afterthought.

2.8 1990/91 was a very turbulent year for local government finance – the first year of the Community Charge. The changes in the finance system meant that if the Government used the absolute excessiveness criterion, it could not avoid capping some Conservative controlled

councils. Similarly, if it used the year on year increase in the personal charge (based on the notional figures calculated for each authority for 1989/90), some conservative councils would also be caught. However, by combining the two criteria it was possible to come up with a list of 21 candidates for capping which were all Labour controlled.

- 2.9 Exasperated councils pleaded to be told in future what the rules were in advance, and in the 1991/92 provisional settlement Chris Patten, the Environment Secretary did just that. This was a great relief to Finance Directors, who now knew the rules of the game they were playing. It was however a blow for local accountability because, knowing in advance how far they could go without getting capped, most authorities from then on set their budgets by reference to the provisional capping limit rather than a judgement on local priorities. This practice continued into the Council Tax System, and was only abandoned by the Labour Government in 1999.

The Council Tax – “Crude and Universal Capping 1993-1998

- 2.10 The experiment in personal taxation to fund local government was short lived. Plans were put in place almost immediately by the Major government to replace it with the Council Tax¹⁰. The capping system was also simplified in the sense that councils knew at the time of the settlement what they had to do to avoid being capped. The capping criteria from 1991/92¹¹ fell into an established pattern of regarding anything more than 12.5% over SSA as excessive, and setting steadily decreasing limits to budgets set above SSA. As a result, fewer and fewer councils were in fact designated for capping, and of those quite a few successfully challenged their caps.

Sophisticated and specific capping 1999 to 2007

- 2.11 It was a common witticism in local government finance circles after the Labour landslide of 1997 that, in place of “crude and universal” capping, we would get “sophisticated and specific” capping instead. That turned out to be quite accurate in the end, but some interesting ideas were thrown around on the way. As has been hinted at above, the Labour government, and particularly the Treasury, found capping a useful policy tool which they were unwilling to completely abandon. Gordon Brown was developing a reputation for “prudence with a purpose”, and was loath to let go of any economic lever at his disposal. However, with a manifesto pledge to honour, “crude and universal” capping had to be seen to go.
- 2.12 The flagship of the New Labour approach to local government was Best Value (BV). Some hoped that BV authorities would, ipso facto be regarded as sufficiently trustworthy as to be spared any threat of capping. But New Labour was desperate to be seen as dependable, reliable and not in any way profligate with tax payer’s money and need

¹⁰ Introduced by the Local Government Finance Act 1992

¹¹ See Appendix 2

to have something to show that they were still in control. Capping powers would be retained as a fall back, but something else was needed as a sign that there would not be a return to the “bad old days”.

- 2.13 One proposal discussed during the 1998 local government finance review was to require a local referendum for increases in budgets or council tax above a particular level - an idea recently resurrected by the Conservative Party. The objections to this as an alternative to capping were the same as they are today: Who decides what level of proposed spending or taxation should trigger a referendum? The answer is, of course, the Government, who in the process have created capping criteria by another name.
- 2.14 Labour continued with the previous government’s spending targets for its first two years in power, but by 1999 Best Value was ready and universal capping was abandoned. No councils were capped between 1999/2000 and 2003/04, and no provisional capping criteria were published in advance. However, as we now know, capping has not gone away, and shows no sign of being consigned to the dustbin of history just yet.

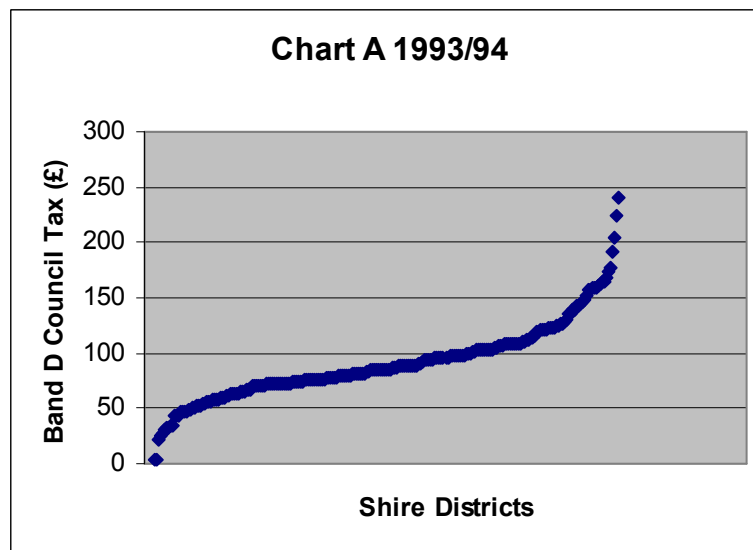
Part 3 – The impact of Capping

- 3.1 A list of those authorities capped from 1990/91 onwards is included in Appendix 1, and Appendix 2 summarises the capping criteria used by the government, up to and including the 2004/06 period. The following is a commentary on the impact of capping on local authorities in general.
- 3.2 Clearly those local authorities actually capped had their freedom of action severely curtailed. However, pre-announced universal capping affected all local authorities, because it created an incentive to set budgets in relation to published capping criteria rather than local priorities. The trends that this created in terms of the council taxes set by upper tier authorities are difficult to map on a class basis during the 1990s because of the effects of local reorganisation in shire areas, and the creation of separate police authorities and (in some areas) joint or combined fire authorities¹².
- 3.3 However, it is possible to extract council tax data relating to the 238 shire districts that survived the Banham review of the mid 1990s. These councils did not suffer any transfer of responsibilities which might distort the picture, and did not have education funding increases to be passported through. The majority of them were excluded from capping before 1993 because of the size of their budgets. The pattern

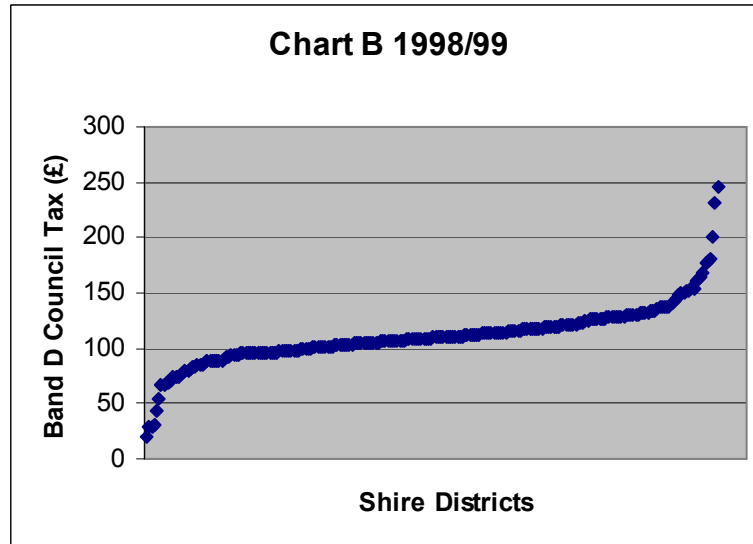
¹² In fact the official DCLG database, which this report draws on, says “Complete sets of regional and class data are not readily available prior to 1997-98”.

of council tax levels for the shire districts is therefore the clearest demonstration of the effects of universal capping.

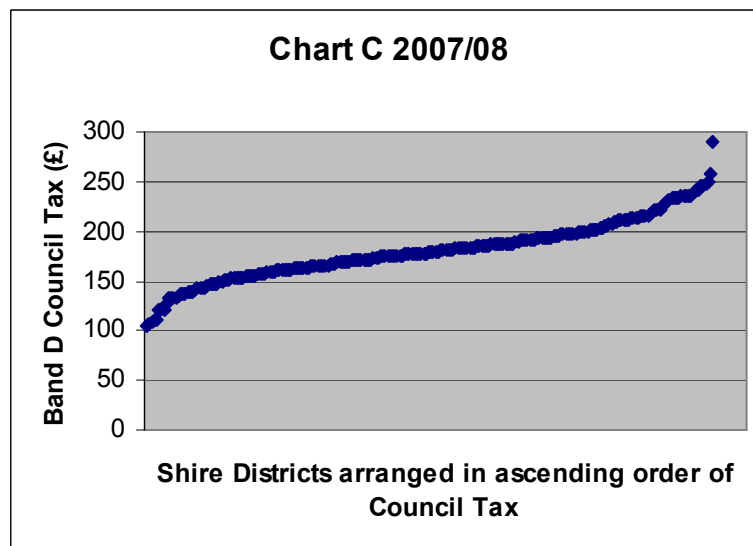
- 3.4 Charts A, B and C show that the effect was to progressively homogenise council tax levels. In each case, the each shire district has been plotted onto a graph in ascending order of their band D council tax. To make the scales comparable, the handful of figures above £300 and below £0 have been excluded. Four districts set negative council tax rates in 1993/94, and one district (Harlow at £556) exceeded £300. By 2007/08, however, only Sedgefield and Easington (£354 and £327 respectively) exceeded £300 and no Shire District set a council tax below £100. What is quite clear is that the council taxes are being set in an increasingly narrow band, with not only the highest rates coming down relative to the rest, but the lowest rates also coming much closer to the average.



- 3.5 Chart B shows the distribution for the same authorities for 1998, a mere five years later. They are all much more closely clustered together. This is not surprising, as by that point all Shire Districts spending above SSA had been capped at 0.5% for three years, with a slight relaxation to 1.5% in the last year of universal capping.



- 3.6 Despite the Labour Government's relative reluctance to use capping powers, Chart C shows that this levelling up and down has continued. Notably, the really low council taxes have disappeared altogether



- 3.7 Another way of viewing the effect of capping is to look at the national and class averages. These are only available on a consistent basis from 1997/98 onwards, but as Table 1 shows, the homogenisation of council tax rates has continued on a national basis since Labour came to power. Apart from the inner London Boroughs, (which have Westminster, Wandsworth, Kensington and Chelsea and the City of London to thank for falling even further behind), every region and class of authority is now within 5% of the national average, and most within 3%.

Table 1 - variation from national average council tax by class and region

	1998-99		2007-08	
	£		£	
England average	747		1321	
Regional averages				
North East	841	13%	1380	4%
North West	856	15%	1345	2%
Yorkshire and the Humber	768	3%	1286	-3%
East Midlands	776	4%	1348	2%
West Midlands	757	1%	1297	-2%
East of England	709	-5%	1349	2%
London	687	-8%	1258	-5%
South East	710	-5%	1331	1%
South West	731	-2%	1352	2%
Class averages				
			-	
Inner London boroughs (including GLA)	658	12%	1090	-18%
Outer London boroughs (including GLA)	703	-6%	1361	3%
London boroughs (including GLA)	687	-8%	1258	-5%
Metropolitan districts (including major precepting authorities)	833	12%	1284	-3%
Unitary authorities (including major precepting authorities)	736	-1%	1302	-1%
Shire districts (including major precepting authorities)	738	-1%	1362	0%

3.8 Technically this convergence of council tax levels during the 1990s was inevitable for the following reasons:

- The SSA system was designed to determine what a council needed to provide a “standard level of service”, and to distribute central funding, with Council Tax being the balancing figure. The gearing effect meant that there was a strong financial imperative to use the Council Tax for Standard Spending as a target to aim for.
- The threat of capping gave local authorities the incentive to spend closer to SSA, particularly traditionally high spending authorities.
- Because no authority could be capped at a level below its SSA, there was a strong incentive for traditionally lower spending authorities to increase Council Tax towards the SSA level.

- A key element of the SSA calculation was historic spending levels. As that spending came increasingly to reflect capped budgets, the calculations become increasingly circular.

3.9 The really interesting thing is that this trend has continued since the end of “crude and universal” capping. This suggests that, true local accountability in the setting of local tax rates is a thing of the past, unless something really radical, like a return of business rates or a different, more buoyant tax system is devised.

Appendix 1 – Capped Local Authorities (England) Since 1990/91	
Part 1 1990/91 – 1998/99	
1990/91	1992/93
Avon	Basildon
Barnsley	Langbaugh
Basildon	Middlesbrough
Brent	Cheltenham
Bristol	Gloucester
Calderdale	Gloucestershire
Camden	Greenwich
Derbyshire	Hillingdon
Doncaster	Lambeth
Greenwich	Warwickshire
Hammersmith and Fulham	1993/94
Haringey	Castle Point
Hillingdon	Gloucestershire
Islington	Harlow
North Tyneside	1994/95
Rochdale	Langbaugh
Rotherham	Slough
Southwark	Sheffield
St Helens	1995/96
Wigan	Devon
Lambeth	Gloucestershire
1991/92	Shropshire
Basildon	Somerset
Bristol	Norwich
Ipswich	Sheffield
Lambeth	Newcastle Upon Tyne
Norwich	Barnsley
Stoke on Trent	South Yorks FCDA
Wirral	Lincolnshire Police
Warwickshire	1996/97
Greenwich	Cambridgeshire
Langbaugh	Oxfordshire
Middlesbrough	Essex
Milton Keynes	Greater Manchester FCDA
Reading	Tyne and Wear FCDA
Somerset	Merseyside FCDA
1992/93	1997/98
Basildon	Oxfordshire
Langbaugh	Somerset
Middlesbrough	Warwickshire
Cheltenham	1998/99
Gloucester	Derbyshire
Gloucestershire	
Greenwich	
Hillingdon	
Lambeth	
Warwickshire	

Part 1 – 1999/2000-2007/08			
1999/2000-2003/04	Status	2005/06	Status
No Capping		Aylesbury Vale	Designated
2004/05		Daventry	Designated
Herefordshire	Designated	Hambleton	Designated
Nottingham	Designated	Huntingdonshire	Designated
Telford and Wrekin	Nominated	Mid Bedfordshire	Designated
Torbay	Designated	North Dorset	Designated
Fenland	Designated	Runnymede	Designated
Shepway.	Designated	Sedgemoor	Nominated
Hereford & Worcester Fire	Designated	South Cambridgeshire	Designated
Bedfordshire and Luton Combined Fire	Nominated	2006/07	
County Durham & Darlington Fire	Nominated	Medway	Nominated
Essex Fire	Nominated	York	Nominated
Nottinghamshire & City of Nottingham Fire	Nominated	2007/08	
Cumbria Police	Nominated	No capping	
Northamptonshire Police	Nominated		
West Mercia Police	Nominated		

Appendix 2 Summary of Capping criteria

Part 1 1990/91 -1998/99

	Criteria	Shire Counties	Shire Districts	Unitaries	Met Districts	Outer London	Inner London	Police	Fire
1990/91	All authorities: Expenditure exceeds SSA by at least 12.5% and by at least £75 per adult.								
1991/92	SSA+	9%	9%	n/a	9%	9%	9%	9%	9%
	SSA+ 5%	7%	7%	n/a	7%	7%	7%	7%	7%
	SSA+10%	5%	5%	n/a	5%	5%	5%	5%	5%
1992/93	SSA+	6%	6%	n/a	6%	6%	6%	6%	6%
	SSA+ 5%	4%	4%	n/a	4%	4%	4%	4%	4%
	SSA+10%	2%	2%	n/a	2%	2%	2%	2%	2%
1993/94	SSA+	2.5%	2.5%	n/a	2.5%	2.5%	2.5%	2.5%	2.5%
	SSA +1%	1.75%	1.75%	n/a	1.75%	1.75%	1.75%	1.75%	1.75%
	SSA+ 5%	1%	1%	n/a	1%	1%	1%	1%	1%
	SSA+10%	0.5%	0.5%	n/a	0.5%	0.5%	0.5%	0.5%	0.5%
1994/95	SSA+	1.75%	1.75%	n/a	1.75%	1.75%	1.75%	1.75%	1.75%
	SSA+ 5%	1.25%	1.25%	n/a	1.25%	1.25%	1.25%	1.25%	1.25%
	SSA+10%	0.75%	0.75%	n/a	0.75%	0.75%	0.75%	0.75%	0.75%
1995/96	SSA+	0.5%	0.5%	n/a	0.5%	0.5%	2.0%	2.5%	0.5%
	SSA+ 5%			n/a			1.25%	1.5%	
	SSA+10%			n/a			0.5%	0.5%	
1996/97	SSA+	3%	0.5%	3%	2%	2%	1.5%	3%	2%
1997/98	SSA+	2%	0.5%	1%	1%	2%	1%	3%	3%
1998/99	SSA+	3%	1.5%	3%	3%	3%	1.5%	3%	4.5%

Part 2 1999 onwards									
	Criteria	Counties	Shire Districts	Unitaries	Met Districts	Outer London	Inner London	Police	Fire
2004/05	Budget requirement	6.5%	2%	6.5%	6.5%	6.5%	6.5%	7%	7%
and	Band D Council tax more than mean CT for category	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	13%	13%
and		n/a	£137	n/a	n/a	n/a	n/a	£93/£121*	£45/£53*
2005/06	Budget requirement	6%	6%	6%	6%	6%	6%	6%	6%
and	Band D Council tax	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
2006/07	Budget requirement	6%	6%	6%	6%	6%	6%	6%	6%
and	Band D Council tax	5%	5%	5%	5%	5%	5%	5%	5%

Capping criteria – explanatory notes.

1. From 1991 to 1998, budget requirements at 12.5% above SSA were deemed excessive.
2. No authority could be capped for a level of spending below SSA. Different limits were set depending on whether BR was just above SSA, 5% above SSA and so on.
3. * In 2004/05, Police and Fire Authorities were each divided into two classes for capping purposes. The class mean Band D Council Taxes quoted in these columns were, respectively, for: Police authorities in Metropolitan Areas/Other Police Authorities; and Metropolitan FCDAs/ Combined Fire Authorities.

TREASURY MANAGEMENT POLICY STATEMENT 2008/09

STRATEGIC OBJECTIVES

The Council's treasury management policy sets out the framework for the conduct of its treasury management activities and accords with the requirements of:

- a. The guidance formally issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003;
- b. The CIPFA's Code of Practice on Treasury Management; and
- c. CIPFA's Prudential Code for Local Authority Capital Finance.

COUNCIL'S TREASURY MANAGEMENT OBJECTIVES

1. The Council defines its treasury management activities as "the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management. In addition, the Council attaches a high priority to a stable and predictable revenue costs and investment income from its treasury management activities.

INVESTMENT OBJECTIVES

4. The underline investment priorities for the Council are:
 - a) The security of capital;
 - b) Liquidity of its investments;
 - c) Aim to achieve optimum return on its investments commensurate with appropriate levels of security and liquidity; and
 - d) The borrowing of monies purely to speculate, invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

BORROWING OBJECTIVES

5. The Council's borrowing objectives are:
 - a) To minimise borrowing costs;
 - b) To investigate and assess new sources of finance, borrowing instruments and debt rescheduling opportunities in order to achieve revenue savings at a minimum level of risk.

CASH FLOW MANAGEMENT

6. Unless required by statutory or regulatory requirements, all monies in the Council's bank accounts will be under the control of the Strategic Director of Resources and will be aggregated for cash flow and investment purposes. The Cash flow will be

monitored on a regular and timely basis by the Treasury Management Panel to ensure liquidity risk is managed.

TREASURY MANAGEMENT PRACTICES (TMP)

7. In achieving the treasury management objectives, the following Treasury Management Practices will be followed, which complement those already contained in the Council's treasury management operational manual:

RISK MANAGEMENT

8. Liquidity - Borrowing

a) In accordance with the Local Government Act 2003 and the CIPFA's Prudential Code for Capital Finance, the Council's overall borrowing limits, for financial years 2007-08 to 2010-11 will be as follows:

Prudential Indicator – External Debt	2007-08	2008-09	2009-10	2010-11
Authorised limit for external debt	£75.0m	£101.0m	£126.0m	£138.0m
Operational boundary - external debt	£73.2m	£98.1m	£121.9m	£134.2m

Indicator – Interest Rate Exposure	2007-08	2008-09	2009-10	2010-11
Upper limit -fixed interest rate	100%	100%	100%	100%
Upper limit - variable interest rate	25%	25%	25%	25%

b) The Council will arrange long term borrowing with maturity profile that would enable future renewal or refinancing terms, if required, that would be competitive and as favourable as could reasonably be achieved in light of market conditions prevailing at that time. Therefore, the amount of projected borrowing that will be fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate will be as follows:

Prudential Indicator – Maturity Structure of Fixed Rate Borrowing:	Upper Limit	Lower Limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	95%	25%

c) The Council's approval will be sought for any subsequent adjustment to the above borrowing limits. In addition to the above limits, the Council's bank overdraft limit with the Co-operative Bank PLC will be £750,000.

d) The Council's cash flow will be managed to ensure that in periods of high interest rates the incidence on temporary borrowing is minimised by arranging investment maturities to coincide with known substantial outflows of funds.

8. Interest Rate Exposure

a) The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs by arranging capital financing at the minimum cost

possible and securing its interest revenues at the highest rate possible. The above are subject at all times to the cash flow requirements and risk control.

- b) The Council will manage fixed interest rate exposure within the range 75% to 100% and variable interest rate exposure within the range 0% to 25%. This is a continuation of current practice.
- c) The Council will not use any unauthorised financial derivatives such as interest rate swaps for interest rate management.

9. Sources of Borrowing

The following sources of borrowing will be utilised:

- i. Public Works Loans Board
- ii. Institutions authorised for lending money under the Financial Service and Markets Act 2000.

10. Approved Instruments

The following instruments will be exclusively utilised to transact borrowing business:

- i. Loans from the Public Works Loans Board (PWLB)
- ii. Local Authority Loan Instrument (Bonds)
- iii. Sterling Commercial paper / medium term notes
- iv. By overdraft or temporary loans from authorised Institutions

RISK MANAGEMENT - INVESTMENTS

11. The Council is at risk when lending/depositing temporarily surplus cash. To manage the risk, investment guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003 and the CIPFA's Prudential Code for Treasury Management will be observed and therefore:

- a) All investments and repayment thereof will be denominated in sterling
- b) No investment will involve either share capital or loan capital in any corporate body

12. Specified and Non-Specified Investments

In accordance with guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003, the following organisations are approved for the making of specified and non-specified investments:

Specified Investments

- i. UK government and local authorities
- ii. Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with F1/A1 credit rating
- iii. Money Market Funds with AAA credit rating

Non-Specified Investments

- i. Top rated (by assets) 30 Building Societies
- ii. Wholly owned subsidiaries of clearing banks with credit rating of A2/F2
- iii. Long term investments with Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with F1/A1 credit rating

13. The following overall investment restrictions will be observed:
- No more than 90% of total investments be non-specified investments
 - 100% of total investments can be specified investments
14. The risk will be further managed by application of credit criteria and lending limits to individual counter parties.
15. **Credit Ratings**
 The credit rating of financial institutions will be measured using the FITCH rating lists which, provide long term ratings (**A to F**), short term ratings (**F1 to F3**) with time horizon of less than 13 months and support rating (**1 to 5**) indicating the probability of external support if required from the parent company, state, acquisition by some other corporate entity or injection of new funds from its shareholders. Long- term ratings are normally combined with support rating and therefore a very strong bank with an extremely high probability of external support would be rated as A1. Summary definitions of the above ratings are as follows:

Long Term Ratings (A to F)

- **A** – A very strong bank with outstanding profitability and balance sheet.
- **B** – A strong bank with no major concerns
- **C** – An adequate bank with concerns regarding profitability, balance sheet, management and operating environment
- **D** - A bank which has weaknesses of internal and/or external origin including management, operating environment and future prospects
- **E** - A bank with very serious problems which is likely to require external support
- **F** - A bank which would have defaulted (or has defaulted) if it had not received external support.

Short Term Ratings

- **F1** – Highest Credit Quality indicating strongest capacity for timely repayment
- **F2** - Good Credit Quality with satisfactory capacity for timely repayment of financial commitments but the safety of margin is not as great as in the case of F1
- **F3** – Fair Credit Quality with adequate capacity for timely repayment but adverse changes could impact on the ability to repay

Support Rating

- **1** - There is an extremely high probability of external support from a provider who is highly rated in its own right
- **2** - There is a probability of external support from a provider who is highly rated in its own right
- **3** - There is a moderate probability of support due to uncertainties about the ability of potential provider of the support to do so.
- **4** - There is a limited probability of support due to significant uncertainties
- **5** - External support cannot be relied upon.

16. The Council will only use counter parties with credit rating of A/F1. The Head of Treasury will keep under review the organisations approved for investments and either add or remove counter parties in accordance with the market conditions and intelligence including movement in their credit ratings.
17. Following lending limits/ investment restrictions on individual category of institutions will be observed:

No more than:

- i. £10m will be invested in Gilts
- ii. £10m be lent to anyone of the clearing banks and those categorised as A/F1
- iii. £7.5m be lent to anyone of the top 10 Building Societies
- iv. £6m be lent to anyone of the Building Societies ranked 11-25
- v. £4m be lent to anyone of the Building Societies ranked 26-30
- vi. £6m be lent to the Money Market Funds
- vii. £6m be lent to the Clearing Bank Subsidiaries and those ranked A/F1.

LIQUIDITY OF INVESTMENTS

18. Subject to cash flow requirements and risk control, the long term investments are restricted to following:

Prudential Indicator	2008-09	2009-10	2010-11
– Sums invested longer than 364 days	£M	£M	£M
Investments maturing beyond year end	35.0	30.0	30.0

MONEY LAUNDERING

19. Money Laundering has the objective of concealing the origin of money generated through criminal activity. In summary, it is an offence to assist anyone suspected of laundering money generated by any crime and it is a defence for an individual if they have reported knowing or suspecting at the first available opportunity. In carrying out the treasury management activities, the Council will maintain procedures for verifying the identity of clients and record keeping procedures for evidence of identity and transactions. Treasury Management staff will be provided with relevant training on procedures including reporting suspicions to relevant officer.

20. BEST VALUE & PERFORMANCE MEASUREMENT

- a) The Council is committed to the pursuit of best value in its treasury management activities, and to use of performance methodology in support of that aim, within the framework set out in this policy statement.
- b) Banking Services - will be tendered every 3 to 5 years depending on the market conditions
- c) External Managers/Consultants - the Council does not currently have any of its funds managed on its behalf nor are external consultants appointed to advise on the market conditions and forecasts.
- d) Money brokering services - In the course of transacting treasury business, the Council utilises the services of money market brokers. These brokers when performing business on behalf of the Council are acting merely as intermediaries

and advice on the security of dealings is not sought from them. A range of brokers is used to ensure accurate market information and competitiveness of bidding. The currently approved brokers utilised by the Council are as follows:

Exco Inter Capital Plc
Prebon Marshalls Yamane
City Deposit Brokers
Martin Brokers (UK) Plc
Sterling Brokers Ltd

It is also proposed that no more than 50% of investment business is placed in the hands of any one broker at any one time. Direct dealing with counter parties may be undertaken from time to time should the circumstances dictate. The direct dealing can be either via the phone or other electronic means such as the internet secure site.

- e) Benchmarks and performance rates - For investments, the treasury management performance will be measured against the average three-month Local Authority Deposit rate. In addition, both the investment and borrowing rates will be compared against other peer authorities.

21. **DECISION MAKING AND ANALYSIS**

The Council will maintain appropriate records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

22. **REPORTING & MANAGEMENT INFORMATION ARRANGEMENTS**

The delegation and reporting on treasury management activities will be as follows:

i. The Council -

- Approve annual borrowing limits and interest rate exposure as required by the Local Government Act 2003 and CIPFA's Prudential Code for Capital Finance.
- Approve the Treasury Management Policy statement via the Cabinet

ii. The Cabinet

- Receive annual report in February/March on the proposed Treasury Management activities including relevant information with regard to Treasury Management policy and Strategy;
- Receive an annual report on Treasury Management activity for the preceding financial year.
- The Cabinet will make necessary resolutions, when required, upon items contained within the reports.

iii. Treasury Management Panel consisting of:

- Strategic Director of Resources (Section 151 Officer)
- Assistant Director – Accountancy
- Head of Treasury

- To oversee overall control and management of all monies in the hands of the Council and monitor the cash flow to ensure liquidity risk is managed.
- Deciding on borrowing and investment policies to be undertaken by subordinates
- Advising on the acceptability of financial instruments to be utilised
- Ensure that the organisation of the Treasury Management is adequate to meet current demands
- Undertake regular reviews of the Treasury Management activity examining costs, performance, impact of earlier decisions and economic trends
- Monitoring adherence to approved policy by Treasury Management staff
- Reporting to elected members and advising the monitoring officer and external auditors where appropriate

iv. Head of Treasury -

- Ensuring that day to day activities accord with the Treasury Management Policy
- Managing the overall Treasury Management function including cash flow forecasting and monitoring, training of staff, dealing procedures and maintaining and reviewing the Treasury Management System Document.
- Production of regular performance monitoring reports to the Treasury Management Panel.

SUMMARY OF CAPITAL PROGRAMME

Appendix Ji

Line	Summary	2007/2008 July 2007 Estimate	2007/2008 March 2008 Estimate	2008/2009 March 2008 Estimate	2009/2010 March 2008 Estimate	2010/2011 March 2008 Estimate	2011/2012 March 2008 Estimate	2012/2013 March 2008 Estimate	TOTAL March 2008 Estimate
	<u>EXPENDITURE</u>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	GENERAL FUND PROGRAMME								
1	Community and Wellbeing	2,154	2,568	2,466	1,600	0	0	0	6,634
2	Education and Children's Services	16,082	12,585	14,542	3,644	0	0	0	30,771
3	Green and Built Environment	8,125	6,977	7,039	3,870	600	0	0	18,486
4	Green & Built Environment: Affordable Housing	4,322	2,299	2,223	1,797	1,893	0	0	8,212
5	Resources	10,916	8,154	10,608	6,414	0	0	0	25,176
6	Capital Bids to be Approved	0	1,930	5,805	8,710	4,695	5,471	266	26,877
7		41,599	34,513	42,683	26,035	7,188	5,471	266	116,156
	HOUSING REVENUE ACCOUNT								
8	Housing Revenue Account	14,100	15,571	12,822	13,912	14,004	16,809	0	73,118
9		14,100	15,571	12,822	13,912	14,004	16,809	0	73,118
10	TOTAL CAPITAL PROGRAMME	55,699	50,084	55,505	39,947	21,192	22,280	266	189,274
	<u>SOURCE OF FINANCING</u>								
	GENERAL FUND PROGRAMME								
11	Capital Grants & Contributions	15,791	16,752	10,052	267	0	0	0	27,071
12	Capital Fund	155	263	0	0	0	0	0	263
13	Prudential Borrowing	4,803	0	6,393	15,293	4,188	5,471	266	31,611
14	Capital Receipts	20,850	17,498	26,238	10,475	3,000	0	0	57,211
15		41,599	34,513	42,683	26,035	7,188	5,471	266	116,156
	HOUSING REVENUE ACCOUNT								
16	Capital Grants & Contributions	86	86	0	0	0	0	0	86
17	Revenue / Major Repairs Allowance	4,726	4,726	4,283	5,234	4,885	4,977	0	24,105
18	Prudential Borrowing (Including ALMO)	8,538	8,538	8,539	8,538	8,539	11,250	0	45,404
19	Capital Receipts	750	2,221	0	140	580	582	0	3,523
20		14,100	15,571	12,822	13,912	14,004	16,809	0	73,118
21	TOTAL FINANCING	55,699	50,084	55,505	39,947	21,192	22,280	266	189,274

SOURCES OF FUNDING

M = Mainline Resources: Prudential Borrowing, Capital Receipts, Revenue Contributions, Major Repairs Allowance.

G = Capital Grants and Contributions

A

GENERAL FUND CAPITAL BIDS RECOMMENDED FOR APPROVAL

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Line	CAPITAL SCHEME	Source of Funding	2007/2008 March 2008 Bid	2008/2009 March 2008 Bid	2009/2010 March 2008 Bid	2010/2011 March 2008 Bid	2011/2012 March 2008 Bid	2012/2013 March 2008 Bid	Total March 2008 Bid
			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community and Wellbeing								
1	Haymill Community Centre Site Improvements	M	0	100	3,000	3,400	0	0	6,500
	Green and Built Environment								
2	Art at the Centre	M	0	1,500	400	0	0	0	1,900
3	Britwell & Northborough	M	250	1,000	1,000	0	0	0	2,250
4	Crematorium EPA	M	0	0	1,300	50	50	0	1,400
5	Waste & Recycling Containers	M	0	1,075	85	40	20	0	1,220
	Resources								
6	Accommodation Strategy	M	1,680	2,130	2,925	0	0	0	6,735
7	Heart of Slough	M	0	0	0	1,205	5,401	266	6,872
8	Total Recommended for Approval		1,930	5,805	8,710	4,695	5,471	266	26,877

GENERAL FUND CAPITAL PROGRAMME

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Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community and Wellbeing									
1	Boiler/Electrical Replacement - Community Facilities	M	66	66	0	0	0	0	0	66
2	Britwell Learning Centre (45 Wentworth Avenue)	G	47	47	0	0	0	0	0	47
3	Britwell Neighbourhood Learning Partnership (BNLP)	G	27	27	0	0	0	0	0	27
4	Britwell Neighbourhood Learning Partnership (Marish)	G	14	14	0	0	0	0	0	14
5	Care Home Reprovision - Associated Roadworks	M	0	616	0	0	0	0	0	616
6	CCTV (Retail)	G	0	48	0	0	0	0	0	48
7	Childrens Play Area - Redesign & Upgrade	M	90	90	0	0	0	0	0	90
8	Community Care / Day Care Project	M	0	0	584	0	0	0	0	584
9	Cornerhouse Works (Sensory Needs Team)	M	24	0	24	0	0	0	0	24
10	DDA/SEND Act Compliance Works (2005/2006)	G	11	0	11	0	0	0	0	11
11	Heritage Lottery Parks Bid (Herschel Park)	G / M	0	0	1,500	0	0	0	0	1,500
12	Home Care e-rostering System	M	60	0	60	0	0	0	0	60
13	Home Care e-timesheet System	M	60	0	60	0	0	0	0	60
14	Ice Arena - Replace Roof	M	35	35	0	0	0	0	0	35
15	Lascelles Pavilion Refurbishment	G	98	1	97	0	0	0	0	98
16	Leisure Services Programme	M	473	473	100	100	0	0	0	673
17	Longcroft Care Home - Install LST. Radiators	M	22	22	0	0	0	0	0	22
18	Montem Sports Centre - CCTV.	M	50	52	0	0	0	0	0	52
19	Montem Sports Centre - Replace Cooling Tower (CPF)	M	12	12	0	0	0	0	0	12
20	Newbeech House - Install LST. Radiators	M	2	2	0	0	0	0	0	2
21	Playground Upgrade / Improvements	M	120	120	30	0	0	0	0	150
22	Property Purchase - Housing Charity	G	16	16	0	0	0	0	0	16
23	Refurbish & Upgrade Community Facilities	M	36	36	0	0	0	0	0	36
24	Refurbish Costs Montem & Langley	M	3	3	0	0	0	0	0	3
25	Refurbishment Costs - Langley Library	M	25	25	0	0	0	0	0	25
26	Replace / Upgrade Library Computer System	M	30	30	0	0	0	0	0	30
27	Slough Library - CCTV/Security	M	2	2	0	0	0	0	0	2
28	Slough Supported Housing Partnership Initiative (Longcroft)	G / M	17	17	0	0	0	0	0	17
29	Social Care IT System (Replacement System for CRIS)	M	639	639	0	0	0	0	0	639
30	Speedwell Relocation Project (Wexham Nursery Site)	M	90	90	0	0	0	0	0	90
31	Upton Court Park Changing Rooms-Fire Protection Works	M	11	11	0	0	0	0	0	11
32	Voluntary Sector Accommodation	M	0	0	0	1,500	0	0	0	1,500
33	Weekes Drive Community Centre Modifications	M	25	25	0	0	0	0	0	25
34	West Wing Arts Centre - Car Park Resurface	M	15	15	0	0	0	0	0	15

GENERAL FUND CAPITAL PROGRAMME

Appendix Jiii

Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
35	Wexham House - Install LST. Radiators	M	4	4	0	0	0	0	0	4
36	XEMBRACE IT. System Purchase	M	30	30	0	0	0	0	0	30
37	Total Community and Wellbeing		2,154	2,568	2,466	1,600	0	0	0	6,634
	Education and Children's Services									
38	Amalgamation/School Reorganisation - Lea School	M	1,213	97	2,287	63	0	0	0	2,447
39	Amalgamation/School Reorganisation - Marish School	M	20	20	0	0	0	0	0	20
40	Baylis Court - Building Services (heating) Phase 1	G / M	17	17	0	0	0	0	0	17
41	Baylis Court - Building Services (heating) Phase 2	G / M	399	49	350	0	0	0	0	399
42	Baylis Court - Provision of science lab/art room/suitability	G / M	375	0	375	0	0	0	0	375
43	Baylis Court - Sports Hall to replace gymnasium Phase 1	G / M	688	18	670	0	0	0	0	688
44	Beechwood/Arbour Vale - Fibre optic installation diversion	G / M	20	20	0	0	0	0	0	20
45	Castleview Primary - Library improvements	G / M	70	68	2	0	0	0	0	70
46	Castleview Primary - SEN Improvements Phase 1	G / M	66	64	2	0	0	0	0	66
47	Centre Nursery - Doors/Window replacements	G / M	18	18	0	0	0	0	0	18
48	Chalvey Y & C Centre - ICT Equipment	G / M	16	16	0	0	0	0	0	16
49	Chalvey Y & C. Outdoor Games Area	M	0	0	80	0	0	0	0	80
50	Cippenham Junior - External hardplay/drainage repairs	G / M	50	44	6	0	0	0	0	50
51	Cippenham Junior - Window replacement	G / M	100	0	100	0	0	0	0	100
52	Cippenham Nursery Graduated Childrens Centre	G	645	458	203	0	0	0	0	661
53	Cippenham Primary School - Western House	M	56	56	0	0	0	0	0	56
54	Colnbrook Graduated Childrens Centre	G	300	20	355	0	0	0	0	375
55	DDA/SENDA Access works	G / M	472	172	300	0	0	0	0	472
56	Education Capital - Improvements to Schools Portfolio	M	349	342	410	0	0	0	0	752
57	Godolphin Infant - Roof replacement	G / M	388	125	263	0	0	0	0	388
58	Godolphin Infant - Window replacement phase 2	G / M	84	0	84	0	0	0	0	84
59	Godolphin Junior - Safety glazing upgrade	G / M	15	6	0	0	0	0	0	6
60	Godolphin Junior Phase 1 (M&E)	G	0	20	56	0	0	0	0	76
61	Herschel Grammar - M&E services upgrade phase 2	G / M	105	105	0	0	0	0	0	105
62	James Elliman Graduated Childrens Centre (Farnham)	G	579	460	134	0	0	0	0	594
63	Khalsa Sikh Primary School (Funding Gap)	M	183	183	0	0	0	0	0	183
64	Lea Nursery School - Windows	M	26	26	0	0	0	0	0	26
65	Littledown School - Toilets	M	39	37	2	0	0	0	0	39
66	Lynch Hill Primary - Replacement windows/remodelling	G / M	50	0	50	0	0	0	0	50
67	Lynch Hill School - External Surfaces	M	365	80	295	0	0	0	0	375
68	Marish Children's Centre	G	39	39	0	0	0	0	0	39

GENERAL FUND CAPITAL PROGRAMME

Appendix Jiii

Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
69	Marish Junior - M&E services upgrade	G / M	99	99	0	0	0	0	0	99
70	Marish Junior - Replacement windows	G / M	255	190	65	0	0	0	0	255
71	Montem School - Entrance	G / M	16	16	0	0	0	0	0	16
72	New Deal Modernisations	M	48	0	0	0	0	0	0	0
73	Our Lady of Peace Infant - Autistic Resource Unit	M	114	10	104	0	0	0	0	114
74	Outside Sports Renovation Orchard Y & C.	G / M	50	50	0	0	0	0	0	50
75	Parlaunt Park Primary - Roof works	G / M	230	30	200	0	0	0	0	230
76	PFI. Safe Routes to School	M	138	138	0	0	0	0	0	138
77	Priority 1 repairs at schools awaiting PFI replacement	G / M	25	25	0	0	0	0	0	25
78	Priory School - Correct / replace drains	G / M	7	7	0	0	0	0	0	7
79	Schools Devolved Capital	G	0	4,276	0	0	0	0	0	4,276
80	Schools Kitchen upgrades - Godolphin Junior Ventilation	G / M	1	1	0	0	0	0	0	1
81	Schools Kitchen upgrades Programme	G / M	79	55	24	0	0	0	0	79
82	Site Controller Accommodation - refurbishment programme	G / M	50	50	0	0	0	0	0	50
83	Slough & Eton CE School (TCF)	G / M	3,638	3,638	3,785	0	0	0	0	7,423
84	Slough Grammar - Mechanical Services Upgrade	G / M	190	0	190	0	0	0	0	190
85	Slough Grammar - Window replacement phase 1	G / M	83	13	70	0	0	0	0	83
86	Slough Grammar - Window replacement phase 2	G / M	186	0	252	0	0	0	0	252
87	St Mary's Graduated Childrens Centre (Upton)	G	765	254	506	25	0	0	0	785
88	The Crown Relocation (Young Peoples Centre)	G / M	15	15	0	0	0	0	0	15
89	Voluntary Aided Schools LEA Liability	M	63	23	40	0	0	0	0	63
90	Westgate School - M&E services upgrade Phase 2	G / M	323	156	167	0	0	0	0	323
91	Westgate School - Replace gym windows and structure	G / M	240	80	160	0	0	0	0	240
92	Wexham Court Primary-Drains/upgrade external area	G/M	173	180	47	0	0	0	0	227
93	Wexham School for the Future (TCF)	G / M	2,541	713	2,908	3,556	0	0	0	7,177
94	Wexham Secondary School - Windows	M	6	6	0	0	0	0	0	6
95	Total Education and Children's Services		16,082	12,585	14,542	3,644	0	0	0	30,771
	Green and Built Environment									
96	20 mph Speed Zones	M	200	100	300	0	0	0	0	400
97	A4 Bath Road / Huntercombe Toucan Crossing (S106)	G	70	3	67	0	0	0	0	70
98	Air Quality Award Grant	G	19	19	0	0	0	0	0	19
99	Air Quality Award Grant (2007/08)	G	0	32	0	0	0	0	0	32
100	Air Quality Management	M	20	20	0	0	0	0	0	20
101	Art at the Centre - Revitalising the High Street	G / M	2,461	2,461	1,660	0	0	0	0	4,121
102	Centre Nurseries Boiler Replacement	G	33	33	0	0	0	0	0	33

GENERAL FUND CAPITAL PROGRAMME

Appendix Jiii

Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
103	Chalvey Ward Highways Improvements	M	100	100	0	0	0	0	0	100
104	Chalvey Waste Transfer Station	M	35	0	35	0	0	0	0	35
105	Gas Analysers - Slough Crematorium	M	0	0	0	40	0	0	0	40
106	Greener Travel	M	497	250	805	558	0	0	0	1,613
107	Hatfield Car Park Concrete Works	M	2	2	0	0	0	0	0	2
108	Hatfield Car Park Refurbishment	M	375	375	0	0	0	0	0	375
109	Hatfield MSCP Improvements (S106)	G	112	112	0	0	0	0	0	112
110	Hatfield Road (S106)	G	100	100	0	0	0	0	0	100
111	Highway Asset Management System	M	50	50	0	0	0	0	0	50
112	Highway Maintenance Programme	M	768	768	0	0	0	0	0	768
113	Highway Reconfiguration & Resurface	M	0	0	600	600	600	0	0	1,800
114	Highways/Land Drainage- Rehabilitation/Upgrading	M	171	110	237	0	0	0	0	347
115	Housing Imp. Grants: Disabled Facilities (Discretion)	M	71	71	50	0	0	0	0	121
116	Housing Imp. Grants: Disabled Facilities (Mandatory)	G / M	566	590	503	0	0	0	0	1,093
117	Housing Imp. Grants: Landlord (Private Rented)	G / M	469	120	558	586	0	0	0	1,264
118	Housing Imp. Grants: Minor Works	G / M	287	150	300	300	0	0	0	750
119	Housing Imp. Grants: Renovation (Owner Occupied)	G / M	258	150	300	300	0	0	0	750
120	Langley Neighbourhood Offices	G	10	10	0	0	0	0	0	10
121	Local Safety Scheme Programme	M	325	325	375	425	0	0	0	1,125
122	Parking Strategy	M	120	20	100	0	0	0	0	120
123	Public Transport Cippenham Commitment (S106)	G	0	0	30	0	0	0	0	30
124	Replacement of Cremator Brickwork	M	47	47	11	14	0	0	0	72
125	Road Safety Programme / Safe Routes to School	M	325	325	33	0	0	0	0	358
126	Section 106 Cippenham Sector Dev. Infrastructure Works	M	34	34	0	0	0	0	0	34
127	Street Lighting Improvements Programme	M	500	500	500	500	0	0	0	1,500
128	Subway Closure Programme	M	0	0	375	200	0	0	0	575
129	Urban Traffic Control System Development	M	100	100	200	347	0	0	0	647
130	Total Green and Built Environment		8,125	6,977	7,039	3,870	600	0	0	18,486
	Green & Built Environment: Affordable Housing									
131	Airways (A2 Housing) - William Hartley Yard	G / M	650	125	125	0	0	0	0	250
132	New Housing Provision Unallocated (pending funding)	G / M	2,562	1,000	1,500	1,500	1,893	0	0	5,893
133	Radian - 184 Northern Road	G / M	64	64	0	0	0	0	0	64
134	Paradigm - 1-7 High Street, Slough	G / M	0	298	0	297	0	0	0	595
135	Radian - 69 Granville Avenue	G / M	64	64	0	0	0	0	0	64
136	Thames Valley - Lynch Hill Lane	G / M	55	55	0	0	0	0	0	55

GENERAL FUND CAPITAL PROGRAMME

Appendix Jiii

Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
137	Thames Valley - Slough Garage Site Phase 2	G / M	500	266	266	0	0	0	0	532
138	Thames Valley - Wordsworth Road	G / M	67	67	0	0	0	0	0	67
139	Warden - Slough Garage Site Phase 1	G / M	360	360	332	0	0	0	0	692
140	Total Green & Built Environment: Affordable Housing Resources		4,322	2,299	2,223	1,797	1,893	0	0	8,212
141	Access Control System (T.Hall/W. House/Landmark)	M	140	25	122	0	0	0	0	147
142	Air Conditioning Units	M	10	10	0	0	0	0	0	10
143	Asbestos Removal Works	M	215	215	450	33	0	0	0	698
144	Business Objects / Discoverer	M	20	0	20	0	0	0	0	20
145	Committee Report System	M	50	50	0	0	0	0	0	50
146	Computer Hardware & Operating Systems	M	385	385	250	0	0	0	0	635
147	Corporate Property Fund	M	487	485	974	0	0	0	0	1,459
148	Customer Service Centre	M	3,400	2,276	1,624	0	0	0	0	3,900
149	DDA Improvement Works	M	1,888	1,888	1,000	1,000	0	0	0	3,888
150	E-government Project (PSA) / Intranet Development	M	83	83	0	0	0	0	0	83
151	E-Purchasing	M	294	294	200	0	0	0	0	494
152	Heart of Slough Project	M	2,057	580	5,779	5,368	0	0	0	11,727
153	Oracles Financial Upgrade	M	80	80	0	0	0	0	0	80
154	Public Service Agreement No. 2	G	456	456	0	0	0	0	0	456
155	Server Replacement and clustering	M	50	50	0	0	0	0	0	50
156	St Martins Place Fit Out Works	M	1,095	1,095	0	0	0	0	0	1,095
157	Town Hall Computer Room	M	74	50	24	0	0	0	0	74
158	Town Hall Security Equipment/Software	M	7	7	0	0	0	0	0	7
159	Town Hall Server Room - Data Wiring	M	44	44	0	0	0	0	0	44
160	Water Hygiene (Legionella Prevention)	M	81	81	165	13	0	0	0	259
161	Total Resources		10,916	8,154	10,608	6,414	0	0	0	25,176
162	TOTAL GENERAL FUND CAPITAL PROGRAMME		41,599	32,583	36,878	17,325	2,493	0	0	89,279

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

Appendix Jiii

Line	CAPITAL SCHEME	Source of Funding	2007/2008	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
			July 2007 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Stock Improvements:									
163	Affordable Warmth / Central Heating	M	13	13	0	0	0	0	0	13
164	Broom & Poplar MSB Refurbishment	M	0	100	0	0	0	0	0	100
165	Capitalised Essential Repairs	M	130	270	197	235	322	350	0	1,374
166	Digital Switchover	M	100	100	182	445	552	121	0	1,400
167	Environmental Improvements	M	212	212	45	45	46	64	0	412
168	External Improvements	M	0	0	428	418	1,878	1,730	0	4,454
169	Garage Improvements	M	50	50	46	0	0	0	0	96
170	Integrated Housing IT System	M	100	100	491	150	0	0	0	741
171	Kitchen & Bathroom Modernisation 2005-06	M	54	54	0	0	0	0	0	54
172	Knolton Way Shops Flat Roof Replacement	M	2	2	0	0	0	0	0	2
173	Major Aids & Adaptions (C.Tenants)	M	750	750	682	445	460	663	0	3,000
174	Mechanical Systems Upgrading	M	80	80	91	89	92	128	0	480
175	Misc. Modernisations & Health & Safety	M	108	108	155	568	690	938	0	2,459
176	New Projects	M	25	25	25	25	25	25	0	125
177	Package Improvements	M	2,889	4,920	1,092	1,513	920	1,375	0	9,820
178	Rewiring Improvements	M	4	4	0	107	92	130	0	333
179	Security & Controlled Entry Modernisation	M	157	157	137	133	138	313	0	878
180	Supported Housing DDA Assessment - Essential Repairs	M	100	100	91	0	0	0	0	191
181	Window Replacement Programme	M	700	900	683	668	0	0	0	2,251
182	Window Replacement Programme - Burford Gardens	M	2	2	0	0	0	0	0	2
183	Winvale Refurbishment	M	0	0	749	534	0	0	0	1,283
184	ALMO - Internal Package Improvements	M	6,500	5,500	5,460	6,230	6,440	7,500	0	31,130
185	ALMO - External Package Improvements	M	1,500	1,500	1,954	1,851	1,914	2,580	0	9,799
186	ALMO - Improvements for Sustainability	M	538	538	314	456	435	892	0	2,635
187	Total Stock Improvements		14,014	15,485	12,822	13,912	14,004	16,809	0	73,032
	Other Housing Expenditure									
188	Acquisition of C.P.O Property	G	86	86	0	0	0	0	0	86
189	TOTAL HOUSING REVENUE ACCOUNT		14,100	15,571	12,822	13,912	14,004	16,809	0	73,118

GENERAL FUND CAPITAL BIDS AWAITING FUNDING (Reserve List)

Appendix Jiv

Line	CAPITAL SCHEME	Source of Funding	2007/2008 March 2008 Bid	2008/2009 March 2008 Bid	2009/2010 March 2008 Bid	2010/2011 March 2008 Bid	2011/2012 March 2008 Bid	2012/2013 March 2008 Bid	Total March 2008 Bid
			£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community and Wellbeing									
1	Extract Ventilation System Central Library	M	20	0	0	0	0	0	20
2	Langley Leisure Centre / Pool	M	198	0	0	0	0	0	198
3	Security - Community Facilities	M	25	0	0	0	0	0	25
4	Total Community and Wellbeing		243	0	0	0	0	0	243
Education and Children's Services									
5	Resource Commissioning & Performance - Modernisation	M	0	0	1,318	124	0	0	1,442
6	Resource Comm & Perform - Basic Need / Schools Access Initiative	M	0	0	2,253	2,253	0	0	4,506
7	Resource Commissioning & Performance - Primary Capital Programm	M	0	0	3,000	5,378	0	0	8,378
8	Resource Commissioning & Performance - Improve School Portfolio	M	0	0	250	250	0	0	500
9	Schools Modernisations & Other Capital (Supported borrowing)	M	0	3,571	0	0	0	0	3,571
10	Youth Service - Essential Maintenance	M	0	0	85	85	0	0	170
11	Youth Service - Extension to Orchard Y&C	M	0	0	54	0	0	0	54
12	Youth Service - Horsemoor Green Annexe Refurbishment	M	0	0	115	0	0	0	115
13	Total Education and Children's Services		0	3,571	7,075	8,090	0	0	18,736
Green and Built Environment									
14	20mph Zones	M	0	0	400	400	400	0	1,200
15	Air Quality and Congestion Action Plan	M	0	500	550	600	600	0	2,250
16	Civic Pride	M	0	0	1,000	500	500	0	2,000
17	Composting & Recycling	M	765	30	30	0	0	0	825
18	Footpath Lighting	M	0	0	50	50	50	0	150
19	Greener Slough	M	161	24	24	0	0	0	209
20	Highway and Land Drainage Improvements	M	0	0	100	100	100	0	300
21	Highway Energy Use Reduction	M	0	0	100	100	100	0	300
22	Housing Imp. Grants: Disabled Facilities (Discretionary)	M	0	0	50	50	50	0	150
23	Housing Imp. Grants: Disabled Facilities (Mandatory)	M	0	0	236	236	236	0	708
24	Housing Imp. Grants: Landlord (Private Rented)	M	0	0	250	250	250	0	750
25	Housing Imp. Grants: Minor Works	M	0	0	200	200	200	0	600
26	Housing Imp. Grants: Renovation (Owner Occupied)	M	0	0	200	200	200	0	600
27	Parking Strategy	M	0	0	120	120	120	0	360
28	Parking Watch Project	M	0	120	120	120	120	0	480
29	Pedestrian Crossing Improvements BVPI 165	M	0	150	100	0	0	0	250
30	Real Time Passenger Information	M	0	500	1,100	600	0	0	2,200
31	Recycling & Waste Management Containers	M	242	79	61	0	0	0	382
32	Road and Pavement Resurfacing	M	0	0	200	200	200	0	600
33	Safer Routes to School/Road Safety Programme	M	0	345	355	395	395	0	1,490
34	Station Forecourt Enhancements	M	0	0	500	100	0	0	600
35	Stoke Poges Lane Footpath	M	0	0	0	0	0	0	0
36	Town Centre CCTV	M	0	0	74	0	0	0	74
37	Wexham Nursery Biomass Boiler	M	0	0	50	0	0	0	50
38	Total Green and Built Environment		1,168	1,748	5,870	4,221	3,521	0	16,528
Resources									
39	Asbestos Rectification in Corporate Buildings	M	19	0	0	0	0	0	19
40	DDA Improvement Works (CPF)	M	0	0	0	1,000	1,000	0	2,000
41	Health & Safety Works	M	100	100	100	0	0	0	300
42	Thinclient /PC / Laptop / PDA Replacement	M	0	0	250	250	250	0	750
43	UNIX Server Replacement	M	0	0	50	50	50	0	150
44	Total Resources		119	100	400	1,300	1,300	0	3,219
45	TOTAL OF BIDS AWAITING FUNDING		1,530	5,419	13,345	13,611	4,821	0	38,726

APPENDIX K

PRUDENTIAL INDICATORS	2006-07 ACTUAL	2007-08 July 07 Estimate	2007-08 Mar 08 Estimate	2008-09 Mar 08 Estimate	2009-10 Mar 08 Estimate	2010-11 Mar 08 Estimate	2011-12 Mar 08 Estimate	2012-13 Mar 08 Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure								
1 General Fund	22,031	41,599	34,513	42,683	26,035	7,188	5,471	266
2 HRA	8,075	14,100	15,571	12,822	13,912	14,004	16,809	0
3 Total Capital Expenditure	30,106	55,699	50,084	55,505	39,947	21,192	22,280	266
Sources of Capital Financing								
4 Grants & Contributions	8,042	15,877	16,838	10,052	267	0	0	0
5 Capital receipts	16,109	21,600	19,719	26,238	10,615	3,580	582	0
6 Capital Fund	32	155	263	0	0	0	0	0
7 Revenue & Major rep. allow.	5,923	4,726	4,726	4,283	5,234	4,885	4,977	0
8 Supported Borrowing	0	13,341	8,538	13,550	13,680	12,660	11,250	0
9 Self Financed Borrowing			0	1,382	10,151	67	5,471	266
10 Total	30,106	55,699	50,084	55,505	39,947	21,192	22,280	266
AFFORDABILITY								
Ratio of financing costs to revenue stream:								
11 General Fund	-0.32%	-1.83%	-3.55%	-2.91%	-1.28%	-0.07%	0.12%	0.18%
12 HRA	38.87%	41.67%	41.21%	46.84%	50.52%	53.15%	54.09%	53.36%
Incremental Impact on:								
13 Council Tax Band D	£0.00	£2.95	-£5.40	£0.94	£17.86	£21.47	£4.71	£9.15
14 HRA weekly rent	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capital Financing Requirement (CFR)								
15 General Fund	25,799	30,602	25,799	32,192	47,430	51,156	56,142	55,705
16 HRA	-15,044	-6,506	-6,506	2,033	10,571	19,110	30,360	30,360
17 Total	10,755	24,096	19,293	34,225	58,000	70,266	86,502	86,065
PRUDENCE								
Net borrowing and CFR								
18 Net borrowing	-38,329	-10,300	-53,800	-23,275	8,725	20,725		
19 Capital Financing Requirement in year 3	33,176	51,937	58,000	70,266	86,502	86,065		
20 Does net borrowing exceed year 3 CFR?	NO	NO	NO	NO	NO	NO		
EXTERNAL DEBT								
Authorised Limit for External Debt								
21 Authorised Limit for Borrowing	62,679	89,000	74,000	100,000	125,000	137,000	154,000	153,000
22 Authorised limit for other liabilities	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
23 Authorised Limit for External Debt	62,679	90,000	75,000	101,000	126,000	138,000	155,000	154,000
Operational Boundary for External Debt								
24 Operational Boundary for External Debt								
25 Operational Boundary for borrowing	62,679	86,000	72,200	97,100	120,900	133,200	149,400	149,000
26 Operational Boundary for other liabilities	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
27 Operational Boundary for External Debt	62,679	87,000	73,200	98,100	121,900	134,200	150,400	150,000
TREASURY MANAGEMENT (TM)								
CIPFA Treasury Management Code								
28 Has the Council adopted the TM code?	YES	YES	YES	YES	YES	YES	YES	YES
External Debt - Interest Rate Exposure								
29 Upper Limit on fixed rate exposure	93.6%	100%	100%	100%	100%	100%	100%	100%
30 Upper Limit on variable rate exposure	6.4%	25%	25%	25%	25%	25%	25%	25%
Maturity Structure of Borrowing								
31 Lower and Upper limits:								
32 Under 12 months	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%
33 1 to 2 years	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%
34 2 to 5 years	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%
35 5 to 10 years	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%
36 10 years +	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%
Investments longer than 364 days								
37 Limit on amount maturing beyond	£10,500	£35,000	£35,000	£35,000	£30,000	£30,000		

PRUDENTIAL INDICATORS 2008-09 – DEFINITIONS / INTERPRETATION

CIPFA's Prudential Code for Capital Finance requires local authorities to prepare Prudential Indicators of their intended capital spending plans for the forthcoming and future years. The indicators are intended to help the decision making process within an authority and must be approved by the full Council before the beginning of the financial year. The indicators are neither comparative statistics nor performance indicators. Different Council's will have different figures reflecting their history and local circumstances.

1. **Estimate of total capital expenditure to be incurred** – This summarises the Council's current plans for the total capital expenditure over the next 5 years. Details of individual schemes are contained within Appendix C.
2. **Estimates of Capital Financing Summary** – Although the Prudential Code does not require this indicator, it is included so that the capital financing sources can be clearly identified.
3. **Estimated Ratio of financing costs to net revenue stream** - This indicator has been calculated as debt interest, borrowing refinancing costs, minimum revenue provision, depreciation for HRA and net of investment income and divided by the General Fund (GF) budget requirement for the GF element of costs and the total of HRA income for the HRA costs. For GF Account, the indicator has been calculated gross of government support in the form of RSG for the proportion of capital expenditure funded from supported level of borrowing.
4. **Incremental Impact on Band D Council Tax** – This represents debt charges i.e. the interest and Minimum Revenue Provision (Principal repayments) of all General Fund borrowing, gross of government support in the form of RSG plus opportunity cost of self financing from revenue and capital receipts.
5. **Incremental Impact on average weekly housing rent** – For HRA capital programme, the proposed ALMO borrowing is 100% supported by government grant with the balance of the capital expenditure funded from the Major Repairs Reserve (Grant/Subsidy), revenue contributions and capital receipts and therefore will not impact the indicator for HRA.
6. **Capital Financing Requirement** – This represents Council's underlying need to borrow to finance historic capital expenditure and is derived by aggregating specified items from the Council's balance sheet. The actual **net borrowing** is lower than this because of the reserve part of capital receipts accumulated till 31st March 2004.
7. **Actual Net Borrowing** – This is a key indicator and Section 3 of the Local Government Act 2003 requires the Council to ensure that over the medium term, the net borrowing (actual long term borrowing less temporary investments) does not exceed the sum of Capital Financing Requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years.

8. **Authorised Borrowing Limit for external debt** - This indicator represents the maximum amount the Council may borrow at any point in time in the year and has to be set at a level the Council considers is **prudent**. It allows for uncertain cash flow movements and borrowing in advance for future requirements. Although the Council does not currently have any finance lease liabilities, a limit has been separately identified for potential future leasing liabilities.

The recommended authorised limits for external debt are gross of investments and are consistent with the Council's current commitments, existing plans and the current treasury management policy and strategy. The authorised limit determined for 2007-08 is the statutory limit determined under section 3(1) of the Local Government Act 2003.

9. **Operational Boundary for external debt** - The proposed operational boundary for external debt is calculated on the same estimates as the authorised limit but reflects estimates of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. Within the operational boundary, figures for borrowing and other long term liabilities are separately identified.
10. **Treasury Management** – these indicators form part of the treasury management strategy and policy statement approved by the Council each year before the beginning of the financial year. The main indicators are:
- (a) The adoption of **CIPFA Code of Practice for Treasury Management**, which the Council adopted before the current Prudential System was introduced.
 - (b) **Interest Rate Exposure** - The approved Treasury Policy Statement and Strategy contains upper and lower limits for fixed and variable interest rate exposure for net outstanding principal sums. In summary, the Acting Director of Finance will manage fixed interest rate exposures within the range 75% to 100% and variable interest rate exposures within the range 0% to 25%.
 - (c) **Maturity Structure of Borrowing** – The approved treasury management strategy also sets out the maturity structure of the Council's borrowing to ensure the Council is not exposed to risks of having to refinance large level of debt at a time in future when interest rates may be volatile or uncertain.
 - (d) **Investments longer than 364 days** – The approved treasury management strategy includes a limit of £35M for investments maturing beyond 364 days.

ASSET MANAGEMENT PLAN ACTION PLAN

Ref	Corp. vision	Issue	Comments	Client	Lead	2008-2009				2009-2010				2010-2011			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ONGOING ACTIONS																	
AMP 01	5.1	Complete transition of asset responsibility to Corporate Landlord	To be completed during the course of 2008	F&P	HoAM												
AMP 02	5.1	Integrate service asset management arrangements within Corporate Landlord	To be completed during the course of 2008	F&P	HoAM												
AMP 03	5.1	Maintain effective forum for major service input to the actions of the Corporate Landlord	Programme of monthly meetings to support actions required to delivery of the Corporate Landlord objectives	F&P	HoAM												
AMP 04	5.1	Review current status of asset management software	Review complete and new software in use. System to assist development of revised KPIs to be reviewed	F&P	HoAM												
AMP 05	5.1	Review and report Key Performance Indicators (KPIs) for each area of Property Services	Ongoing	F&P	ADPS												
AMP 07	5.1	Implement Valuation Services improvement plan	Ongoing - to be part of corporate landlord actions	F&P	HoAM												
AMP 08	5.1	Implement proposals for the capture, review and reporting of PI data	Ongoing	F&P	PPM												

AMP 10	2.5	Britwell and Northborough regeneration	Report to Members Q1 2008	HRA	ADPS														
AMP 11	5.1	Office accommodation strategy	Accommodation strategy approved by Cabinet March 2007. Implementation ongoing	F&P	ADPS														
AMP 13	5.1	Identify and review property implications of corporate reorganisation	Impact of centralisation and corporate landlord to be considered	F&P	ADPS														
AMP 14	5.1	Develop proposals for future investment/disposals strategy and seek member approval	Ongoing. Phase 1 completed. Phase 2 properties to be reviewed for possible disposal	F&P	HoAM														
AMP 15	5.1	Ongoing disposals programme	Target met 07/08. £42m. Realised.	F&P	HoAM														
AMP 17	5.1	Implement action plan on asbestos	Ongoing	F&P	PPM														
AMP 19	5.1	Implement action plan on legionellas	Ongoing	F&P	PPM														
AMP 21	5.1	Implementation of DDA action plan	Ongoing	F&P	PPM														
AMP 23	5.1	Implement post project evaluation action plan	PPEs undertaken during 07/08 and ongoing.	F&P	PPM														
AMP 24	5.1	Preparation of select list for building contractors	Council now has access to potential contacts via partnership work with SECE & Berks authorities.	F&P	PPM														

AMP 25	5.1	Preparation of select list for consultants	OGC Framework contacts now successfully in place for a number of strategic projects. Further work is ongoing with Berks Authorities for use of local framework agreements on construction projects	F&P	PPM														
AMP 26	2.4	Develop options for Haymill site	Options developed and public consulted. Cabinet approval Mar 07 for implementation.	C&C	HoAM														
AMP 28	2.2	Finalise proposals for Slough Deaf Centre/resource centre development	Negotiations concluded - Legal documentation in hand	C&C	HoAM														
AMP 30	5.1	Issue guidance on departmental Asset Management Plans	Superseded by Corporate landlord initiative	F&P	HoAM														
AMP 31	5.1	Review procedures for consulting building users (link to DAMP's?)	Now part of Corporate Landlord initiative	F&P	HoAM														
AMP 33	5.1	Develop policy/procedures for use of potentially surplus sites by community groups	Part of disposals process - Voluntary Sector resource centre proposal being progressed	C&C	ADPS														
AMP 34	5.1	Work with 2nd/3rd tier to promote AMP "message"	Ongoing / Corporate Landlord Project Team meet regularly - attended by representatives from all service departments.	F&P	ADPS														
AMP 35	2.3	Develop policy for offering sites to RSL's	Ongoing	C&C	HoAM														
AMP 38	4.3	Implement policy for voluntary organisations in Council property	Implementation 2007/2012.	C&C	HoAM														
AMP 40	5.3	Implement action plan on procurement	Ongoing	F&P	PPM														

AMP 41	5.3	Review of energy efficiency/energy management policies	Ongoing	F&P	PPM														
AMP 44	5.1	Review current GIS mapping software	Tied in with new asset management software. Proposal to migrate to MapInfo in 2008	F&P	HoAM														
AMP 45	3.3	Education PFI	Contract completed – three new school completed in 2007	C&E															
AMP 49	2.4	Reprovision of Langley Library	Works commenced in 2007	C&C	ADPS														
AMP 50	5.1	Proposal to increase income from advertising on Council land	Ongoing – significant problems still being encountered in obtaining planning permission.	F&P	HoAM														
AMP 51	1.4, 2.4, 5.1	Management and delivery of the Heart of Slough project.	Master plan approved December 2006. Planning application due for submission March 2008	CE	ADPS														

COMPLETED ACTIONS																			
AMP 06	5.1	Preparation for competing for work from ALMO	Completed	F&P															
AMP 09	5.1	Review process for profiling of capital projects	Completed	F&P															
AMP 12	2.2	Options appraisal for elderly persons accommodation	Completed	C&C															
AMP 16	5.1	Commission asbestos survey and prepare action plan	Completed	F&P															

AMP 18	5.1	Commission legionellas survey and prepare action plan	Completed	F&P															
AMP 20	5.1	Prepare action plan for response to DDA	Completed	F&P															
AMP 22	5.1	Prepare action plan for improving system of post project evaluation (PPE)	Completed	F&P															
AMP 27	2.4	Lease/sale of land for Sikh Sports Club	Completed	F&P															
AMP 29	5.1	Options appraisal for Hatfield MSCP	Completed	G&BE															
AMP 32	2.2	Develop policy for voluntary organisations in Council property	Completed - policy agreed. Separate action for implementation (AMP44)	C&C															
AMP 36	4.1	Identify and manage property implication of local access points for CSC	Completed	ACE															
AMP 37	5.1	Proposals to tackle maintenance backlog	Completed	F&P															
AMP 39	5.1	Identify disposals needed to bridge future funding gap in capital programme	Completed	F&P															
AMP 42	5.3	Prepare action plan for approach to procurement (Egan)	Completed - Subsumed within approach to partnering (AMP29)	F&P															
AMP 43	5.1	Review of investment properties	Completed	F&P															

AMP 46	2.3	Develop ALMO asset management and procurement strategies	Completed - with People 1st	ALMO															
AMP 47	2.3	Support preparation of stock related service improvements for the ALMO	Completed	ALMO															
AMP 48	2.3	Support negotiations to develop improved contract conditions for the Building Maintenance Contract	Completed	ALMO															
AMP 52	3.3	Transfer of Langleywood Schools site	Completed	CE															
AMP 53	3.3	Transfer of Lea School site for new Muslim Faith School	Completed	CE															
AMP 54	3.3	Completion of Western house School,	Completed	CE															

Assistant Director (Property Services)	ADPS
Head of Asset Management	HoAM
Programmes & Procurement Manager	PPM

CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN: ACHIEVEMENTS 2007/08

- 1 Full stock condition surveys of schools and non-school buildings completed.
- 2 New asset management software purchased and now in use.
- 3 Office accommodation strategy implemented.
- 4 Work on new 120 bed dual registered care and nursing home commenced. Construction of two extra-care sheltered housing schemes (90 and 70 units) has also started.
- 5 Proposals for new Voluntary Sector Resources Centre being progressed.
- 6 A £4m. town centre improvement scheme, "Art at the Centre", has commenced.
- 7 Construction work has commenced to replace Langley Library.
- 8 Lottery funding of £800,000 has been secured for the provision of improved facilities at Cippenham Library.
- 9 Funding of £13.5m. confirmed from English Partnerships for Heart of Slough infrastructure works. Masterplan approved in February 2008.
- 10 Re-provision during 2007 of new primary, secondary and special schools. All three schools are now open.
- 11 Targeted Capital Funding received to substantially improve two secondary schools.

Appendix N –Planned Maintenance Schedules

CAPITAL INVESTMENT: PLANNED MAINTENANCE

Appendix N

CAPITAL SCHEME	Source of Funding	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	TOTAL
		March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate	March 2008 Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Boiler/Electrical Replacement - Community Facilities	M	66	0	0	0	0	0	66
Britwell Learning Centre (45 Wentworth Avenue)	G	47	0	0	0	0	0	47
Childrens Play Area - Redesign & Upgrade	M	90	0	0	0	0	0	90
Cornerhouse Works (Sensory Needs Team)	M	0	24	0	0	0	0	24
DDA/SEND Act Compliance Works (2005/2006)	G	0	11	0	0	0	0	11
Ice Arena - Replace Roof	M	35	0	0	0	0	0	35
Lascelles Pavilion Refurbishment	G	1	97	0	0	0	0	98
Leisure Services Programme	M	473	100	100	0	0	0	673
Longcroft Care Home - Install LST. Radiators	M	22	0	0	0	0	0	22
Montem Sports Centre - Replace Cooling Tower (CPF)	M	12	0	0	0	0	0	12
Newbeech House - Install LST. Radiators	M	2	0	0	0	0	0	2
Playground Upgrade / Improvements	M	120	30	0	0	0	0	150
Refurbish & Upgrade Community Facilities	M	36	0	0	0	0	0	36
Refurbish Costs Montem & Langley	M	3	0	0	0	0	0	3
Refurbishment Costs - Langley Library	M	25	0	0	0	0	0	25
Upton Court Park Changing Rooms-Fire Protection Work	M	11	0	0	0	0	0	11
Weekes Drive Community Centre Modifications	M	25	0	0	0	0	0	25
West Wing Arts Centre - Car Park Resurface	M	15	0	0	0	0	0	15
Wexham House - Install LST. Radiators	M	4	0	0	0	0	0	4
Baylis Court - Building Services (heating) Phase 1	G / M	17	0	0	0	0	0	17
Baylis Court - Building Services (heating) Phase 2	G / M	49	350	0	0	0	0	399
Castleview Primary - Library improvements	G / M	68	2	0	0	0	0	70
Castleview Primary - SEN Improvements Phase 1	G / M	64	2	0	0	0	0	66
Centre Nursery - Doors/Window replacements	G / M	18	0	0	0	0	0	18
Chalvey Y & C Centre - ICT Equipment	G / M	16	0	0	0	0	0	16
Chalvey Y & C. Outdoor Games Area	M	0	80	0	0	0	0	80
Cippenham Junior - External hardplay/drainage repairs	G / M	44	6	0	0	0	0	50
Cippenham Junior - Window replacement	G / M	0	100	0	0	0	0	100
DDA/SENDA Access works	G / M	172	300	0	0	0	0	472
Education Capital - Improvements to Schools Portfolio	M	342	410	0	0	0	0	752
Godolphin Infant - Roof replacement	G / M	125	263	0	0	0	0	388
Godolphin Infant - Window replacement phase 2	G / M	0	84	0	0	0	0	84
Godolphin Junior - Safety glazing upgrade	G / M	6	0	0	0	0	0	6
Godolphin Junior Phase 1 (M&E)	G	20	56	0	0	0	0	76
Herschel Grammar - M&E services upgrade phase 2	G / M	105	0	0	0	0	0	105
Lea Nursery School - Windows	M	26	0	0	0	0	0	26
Littledown School - Toilets	M	37	2	0	0	0	0	39
Lynch Hill Primary - Replacement windows/remodelling	G / M	0	50	0	0	0	0	50
Lynch Hill School - External Surfaces	M	80	295	0	0	0	0	375
Marish Junior - M&E services upgrade	G / M	99	0	0	0	0	0	99
Marish Junior - Replacement windows	G / M	190	65	0	0	0	0	255
New Deal Modernisations	M	0	0	0	0	0	0	0
Our Lady of Peace Infant - Autistic Resource Unit	M	10	104	0	0	0	0	114
Outside Sports Renovation Orchard Y & C.	G / M	50	0	0	0	0	0	50
Parlaunt Park Primary - Roof works	G / M	30	200	0	0	0	0	230
Priority 1 repairs at schools awaiting PFI replacement	G / M	25	0	0	0	0	0	25
Priory School - Correct / replace drains	G / M	7	0	0	0	0	0	7
Schools Kitchen upgrades - Godolphin Junior Ventilation	G / M	1	0	0	0	0	0	1
Schools Kitchen upgrades Programme	G / M	55	24	0	0	0	0	79
Site Controller Accommodation - refurbishment	G / M	50	0	0	0	0	0	50
Slough Grammar - Mechanical Services Upgrade	G / M	0	190	0	0	0	0	190
Slough Grammar - Window replacement phase 1	G / M	13	70	0	0	0	0	83
Slough Grammar - Window replacement phase 2	G / M	0	252	0	0	0	0	252
Westgate School - M&E services upgrade Phase 2	G / M	156	167	0	0	0	0	323
Westgate School - Replace gym windows and structure	G / M	80	160	0	0	0	0	240
Wexham Court Primary-Drains/upgrade external area	G/M	180	47	0	0	0	0	227
Asbestos Removal Works	M	215	450	33	0	0	0	698
Corporate Property Fund	M	485	974	0	0	0	0	1,459
Water Hygiene (Legionella Prevention)	M	81	165	13	0	0	0	259
Centre Nurseries Boiler Replacement	G	33	0	0	0	0	0	33
Hatfield Car Park Concrete Works	M	2	0	0	0	0	0	2
Hatfield Car Park Refurbishment	M	375	0	0	0	0	0	375
Hatfield MSCP Improvements (S106)	G	112	0	0	0	0	0	112
Hatfield Road (S106)	G	100	0	0	0	0	0	100
Totals		4525	5130	146	0	0	0	9801

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008

CONTACT OFFICER: Neil Aves, Asst. Director Housing
(For all enquiries) 01753 875527

WARD(S): All

PORTFOLIO: Housing

PART I
FOR CONSIDERATION & COMMENT

HOUSING REVENUE ACCOUNT (HRA) RENT SETTING 2008-2009

1 Purpose of Report

To advise Committee of the Government's advice on rent restructuring and to propose the HRA Rents and ancillary charges for all Council homes for 2008-2009.

2 Recommendation(s)/Proposed Action

- 2.1 That Scrutiny & Overview Committee provide their comments and observations prior to the following recommendations being placed before Cabinet
- 2.2 That Cabinet is requested to resolve:-
- a) That Council rents for 2008/2009 are set in accordance with CLG guidelines and increased by 3.9% (RPI) + ½% +£2 , an average rise of 6.22%.(para 5.7 refers)
 - b) That DISH Company Ltd rents and hostel rents be similarly set in accordance with the guidelines. (para 5.10 refers)
 - c) That garage and garage base rents be increased by 3.9% (RPI). (paragraph 5.11 refers)
 - d) That service charges are increased by 3.9% (RPI) + ½% in accordance with CLG guidelines. (para 5.13 refers)
 - e) That charges for communally supplied heating and hot water be increased by 5.0% (para 5.12 refers)
 - f) That the policy decision is taken to increase the rents for all void properties prior to re-letting directly to target rent level. (para 5.14 refers)
 - g) That the policy decision is taken to re-establish the asset value of all void properties where refurbishment is or has been completed to the full Decent Homes standard in order to re-base the rent. (para 5.20 refers)

3 **Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment**

Priority 1 – Creating safe, environmentally friendly and sustainable neighbourhoods.

Aims

1.1 *Deliver cleaner and safer neighbourhoods.*

The approval of housing rents and ancillary charges and the subsequent HRA Budget for 2008-2009 will allow the Council and People 1st (Slough) to continue to work in partnership to allocate increased levels of capital investment into the Council's homes and estates.

Priority 2 – Improving lives for those in need and creating thriving communities.

Aims

2.3 Provide affordable, decent and safe homes.

Setting rents to create a sustainable HRA Business Plan and balanced HRA Budget will allow the Council and People 1st (Slough) to continue to provide, manage and improve the affordable housing stock.

4 **Other Implications**

(a) Financial

The report and working papers proposing the setting of rents and ancillary charges for the Housing Revenue Account were prepared in accordance with CIPFA guidance and accounting best practice.

(b) Human Rights Act and Other Legal Implications

There are no legal or human rights implications of this report.

5 **Supporting Information**

Rent Setting - Background

- 5.1 Members may be aware that since 2002 the ODPM (Office of the Deputy Prime Minister) and latterly the CLG (Communities and Local Government) has been far more prescriptive in the manner in which local authorities can set the annual council house rents and as such limited discretion exists to vary the nationally applied formula.
- 5.2 The formula was first proposed in the Housing Green Paper – Quality and Choice: A decent home for all in April 2000 with the aim of converging all Council and Housing Association rents by 2012. As a result all similar properties will have directly comparable rents but with inbuilt variances to reflect local property values and average county earnings.
- 5.3 After the three year rent review that was carried out in 2005 the Government has again implement changes to the calculations of local authority rents from April 2008.

on this occasion the changes have had a significant impact on the Council's HRA finances with direct implications for the delivery of services to tenants.

5.4 The main changes to the calculation of the formula rents are;

- The removal of the rental constraint allowance (government funding which compensated a Council for lost income while rents were capped at 5% pa increase)
- The introduction of an option to converge local council rents with those of RSLs over nine years instead of the previously agreed four.

5.5 Rent harmonisation has meant that after applying the variables to each property in the stock, having regard to their attributes it is no longer possible to demonstrate the exact rental value for any particular property size or type. However for illustrative purposes, the average rent charged by bedroom number for the current year is:-

Property Size	Average Rent 2007-2008
Bedsit	£55.47
1 bed	£61.49
2 bed	£74.52
3 bed	£80.79
4 bed	£87.48
5 bed	£107.18

Rent Setting – 2007-2008

5.6 For 2008 – 2009 the CLG has advised that local authority rents shall rise by RPI (Retail Price Index Rate of Inflation) + ½% +£2 where RPI is 3.9%.

5.7 When the formula is applied directly across all 6,700 council dwellings, this equates to an average of a 6.22% rise. In previous years this would have been in breach of the DCLG cap mentioned above in paragraph 5.4. However with the removal of this cap the full rise will be passported on to tenants.

Size	07/08 Rent	08/09 Rent	Average Rise
Bedsit	£55.47	£58.86	5.76%
1 Bed	£61.49	£65.61	6.28%
2 Bed	£74.52	£79.37	6.12%
3 Bed	£80.79	£86.24	6.32%
4 Bed	£87.48	£93.10	6.04%
5 Bed	£107.18	£113.77	5.79%

5.8 When the 5% rent rise cap was introduced in 2006 the ODPM stated their desire to safeguard the affordability of social rents despite the overall longer term plan to converge rents with those charged by RSLs. Having now removed the cap they have instead allowed local authorities to converge rents over 9 years ending 2017 rather than over the four years to 2012.

5.9 By applying both formulas the later convergence date is shown to reduce rents by less than 45p per week but at the same time would deprive the local authority of revenue income of £181,406 per year. Over the additional five years, allowing for inflation, this would require budget savings of over £1,000,000. Accordingly, given

the current situation on the draft HRA (Housing Revenue Account) budget which is also proposed as part of this agenda it is recommended to maintain the target to converge rents over the shorter four year period.

DISH (Development Initiative in Slough Housing) Properties and Temporary Accommodation Hostels

- 5.10 For the next financial year the Council's temporary accommodation hostels and DISH properties (Development Initiative in Slough Housing) have been included within rent restructuring and will see rents rise by similar amounts. The rents for DISH properties will be additionally subject to the approval of the DISH board at a later date.

Garage Rents 2008-2009

- 5.11 Members will be aware of the significant rise in garage rents proposed in 2006 which brought rental levels back into line with long term RPI price increases. For this year it is proposed only to increase garage rents by RPI of 3.9%. For a council tenant this will equate to a rise of 27p per week

Heating and Hot Water charges

- 5.12 A small proportion of the housing stock is still provided with communal heating and hot water supplies and for tenants of these properties the utility bills are covered by a weekly service charge. There is wide acceptance and understanding that the fuel bills charged by the utility companies are rising in an unprecedented manner and accordingly our service charges must rise to keep pace with these increases. If we do not pass on the increased costs in the form of a service charge to specific tenants, recipients of communal heating would effectively become subsidised by our other tenants. Accordingly we are proposing to increase fuel bills by 5%. Current charges are not standard and vary between different addresses and building types but for an average tenant a 5% increase would equate to around 45p per week.

Service Charges

- 5.13 In accordance with CLG guidance all service charges for items such as caretaking and cleaning of communal areas will be increased by RPI (3.9% plus ½%)

Rent setting for void properties

- 5.14 To maintain the medium term sustainability of the HRA Business Plan and to effectively fund People 1st to continue to deliver quality services on behalf of the Council to the Borough's tenants it is essential to maximise all potential rental income.
- 5.15 Members will be aware that the longer term aims of the Government's rent restructuring proposals is to converge local authority and RSL rents until they are on parity for comparable properties in similar areas. By applying the Government's prescriptive formula rents in Slough will converge with those of RSL properties by 2012 thereby limiting the impact of annual rises to our tenants. It is however possible to converge at a faster rate by moving rents on individual properties from the current rents and placing them directly at formula rent.

- 5.16 While we would not wish to impose this on existing tenants within their current homes, officers are now proposing to raise the rents on void properties to formula rent prior to them being offered for relet. Prospective tenants will of course be made aware of the new rents prior to being asked to sign up for new tenancies and as is already the case, the rental cost will be a matter of choice for the prospective tenant along with the current choice of landlord, location, flat or house. For those on Housing Benefit there will be no impact as rents will remain below benefit cap levels. The additional income derived from this action will go some way to recover the additional revenue lost to central government following recent changes in the subsidy calculation rules.
- 5.17 The increase from average rents to formula rents for each property type would be as follows

Size	08/09 Rent	08/09 formula rent	Average Rise
Bedsit	£58.86	£62.74	6.6%
1 Bed	£65.61	£71.98	9.7%
2 Bed	£79.37	£86.42	8.9%
3 Bed	£86.24	£100.70	16.7%
4 Bed	£93.10	£109.25	17.3%
5 Bed	£113.77	£128.97	13.4%

- 5.18 For the avoidance of doubt officers would not be proposing to implement the formula rents when properties are exchanged through the mutual exchange list as it would be administratively burdensome to keep all prospective 'exchangers' aware of the formula rents for prospective properties. Similarly where existing tenants assist the council by agreeing to downsize their accommodation to free up family homes we would not impose a formula rent on the smaller property where this would act as a disincentive and be contrary to the council's aims.
- 5.19 While the move towards formula rents would show significant rises in rent, compared to local RSL rents the figures still look favourable. A trawl of RSL voids currently awaiting allocation shows the following rents.

Size	07/08 Rent
2 Bed	£94.95 and £101.80
3 Bed	£102.56, £92, and £107.20

- 5.20 The housing stock represents the borough's most valuable asset and as such it is imperative that investment work undertaken through both repairs and the decent homes programme is accurately reflected in the stock valuation. This in turn is used as the basis of the government's formula for setting housing rents. If stock valuation is not updated then the full rental value of the property will not be reflected in the formula.
- 5.21 Other than for asset and insurance purposes it would not seem appropriate for revaluations to be undertaken during existing tenancies but instead the exercise will be undertaken either when homes already achieving the decent homes standard fall

vacant or alternatively where decent homes work is completed as part of a void property refurbishment. This will allow the Council to set and collect the correct rent once a new tenancy is created.

6 Comments of Other Committees

In addition to being considered by the People 1st Management Board and its Finance Sub-committee, this report and recommendations on rent setting will be presented to the meeting of the Fed Executive (Slough Federation of Tenant and Resident Associations) on Tuesday 5th February 2008 and of the full Fed body on Tuesday 19th February. Any formal comments received from these organisations will be reported to Council where this report will be formally adopted.

7 Consultation and notification

In accordance with legislation tenants will be formally advised of their new rent levels in writing at least 28 days before they are implemented on the 7th April 2008

8 Conclusion

This report outlines the proposed Council home rents for 2008-2009 having applied the Government's Rent Restructuring formula. In conjunction with the HRA Budget adoption report which appears on this agenda, these recommendations deliver a balanced HRA budget and ensure medium term sustainability for the HRA Business Plan.

9 Background Papers

None.

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008
CONTACT OFFICER: Neil Aves, Asst. Director Housing - 01753 875527
WARD(S): All
PORTFOLIO: Housing.

PART I
FOR CONSIDERATION & COMMENT

HOUSING REVENUE ACCOUNT (HRA) BUDGET 2008-2009

1 Purpose of Report

To propose the Council's Housing Revenue Account (HRA) budget for 2008-2009 and from within that sum to agree the Management Fee to be paid to People 1st (Slough) Ltd. who continue to provide the housing management function on behalf of the Council.

Owing to changes in the Government's housing subsidy system which have adversely impacted upon the level of available resources this report also identifies the actions to be undertaken to maintain a balanced HRA Business Plan over the medium term to enable the continued delivery of the Decent Homes Improvement Programme.

2 Recommendation(s)/Proposed Action

2.1 That Overview & Scrutiny Committee provide their comments and observations prior to the following recommendations being placed before Cabinet

2.2 Cabinet is requested to resolve :-

- a) That the Housing Revenue Account Budget for 2008/2009 be approved. (appendix 1 refers)
- b) That the Management Fee payable to People 1st (Slough) during 2008/2009 be approved.(appendix 2 refers)
- c) That the HRA Business Plan to 2012 be approved (appendix 3 refers),
- d) That Cabinet notes the level of savings to be achieved by People 1st Housing Services and Interserve in 2008/09 and 2009/10 (appendix 4 refers)
- e) That Cabinet notes the People 1st action plan to deliver the required efficiencies and savings (to follow)
- f) That the Cabinet notes the medium term sustainability of the Housing Revenue Account Business Plan

3 **Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment**

Priority 1 – Creating safe, environmentally friendly and sustainable neighbourhoods.

Aims

1.1 *Deliver cleaner and safer neighbourhoods.*

The approval of the proposed HRA Budget for 2008-2009 will allow the Council and People 1st (Slough) to continue to work in partnership to allocate increased levels of investment into the Council's homes and estates.

Priority 2 – Improving lives for those in need and creating thriving communities.

Aims

2.3 Provide affordable, decent and safe homes.

Establishment of a sustainable HRA Business Plan and balanced HRA Budget will allow the Council and People 1st (Slough) to continue to provide, manage and improve the affordable housing stock.

Priority 4 – Ensuring excellence in customer services

Aims

4.1 Deliver excellent customer focused services in an excellent customer environment

The proposed HRA Budget for 2008-2009 will allow People 1st (Slough) to continue to enhance the quality of front line services provided on behalf of the Council and to the residents of Slough.

4 **Other Implications**

(a) Financial

The proposed HRA budget was prepared in accordance with CIPFA guidance and accounting best practice. Budget proposals will ensure balances are maintained at an appropriate level and adequate funding is available to deliver an effective housing service both directly and through the People 1st (Slough) ALMO, in accordance with the HRA Business Plan

(b) Human Rights Act and Other Legal Implications

There are no legal or human rights implications of this report.

5.0 Supporting Information

HOUSING REVENUE ACCOUNT BUDGET 2007-2008

Balancing the HRA Business Plan and Budget

- 5.1 The Council has a legal obligation to set a balanced HRA budget for 2008/09 to ensure that affordable homes continue to be provided and managed for the residents of Slough. Whilst, if balances are available, an 'in year' deficit can be budgeted for, overall there must not be a deficit on the account. The balance carried on the Housing Revenue Account must be set at a prudent level, and based upon the stock size within Slough a prudent level is considered to be £1.2 million. The proposed budget for 2008-2009 is shown at Appendix 1
- 5.2 During the budget setting process twelve months ago, assuming expenditure was in line with budget projections the HRA budget would have carried forward balances into 2008/09 of £3.2 million. This figure is well above the required minimum but recognised that due to the Government's subsidy system these balances would be slowly eroded until 2012 when the HRA would no longer be sustainable.
- 5.3 End of year projections for two months time suggest that actual balances carried forward will be £3.1 million however recent changes have meant that while the HRA budget was previously sustainable until 2011/12, if action is not taken to reduce expenditure, the budget moves into deficit in 2009/10. Members should be aware that this pressure is entirely due to the negative subsidy paid annually to the Government rather than because of any increased expenditure. In 2007/08 the council paid £6.5 million in subsidy to the government and last year's balanced HRA budget was based upon the assumption that in 2008/09, by applying the same formula, this payment would increase to £7.8 million. Changes to the subsidy calculation have meant that the true figure of subsidy payment will be some £900,000 greater at £8.7 million
- 5.4 As mentioned previously the Council has a statutory duty to sustain a balanced HRA budget and business plan and without one the future delivery of the Decent Homes programme would be in jeopardy. The current decent homes delivery programme will be completed by 2012 and in order to ensure that the account remains sustainable until this point the Council in conjunction with People 1st must identify savings within the Management Fee, the managed budgets and the HRA funded services retained by the council.
- 5.5 Addressing this challenge has necessitated the cancellation of some Service Level Agreements (SLA's) between People 1st and the Council as the organisation concentrates solely on its core business. Additionally, it has been agreed that all remaining Service Level Agreements and all central recharges to the Housing Revenue Account will be increased in line with the inflationary amounts given by the Government in the Management & Maintenance Allowances. This means that costs imposed upon the HRA are capped at 1.61%. While this assists in maintaining a viable HRA it is of course recognised that this places a further burden on the council's general fund which is itself under sustained pressure.
- 5.6 In order to ensure that the HRA is sustainable in the medium term, the Council has offered People 1st a reduced management fee within which to operate (appendix 2 refers). People 1st have in turn to identify savings of £225,000 for 2008/09 and a further £300,000 in 2009/10. These savings will be subject to ongoing consultation

and have been discussed at the Tenant's Panel, with the Executive of the Fed and both the Management Board and Finance sub-committee of People 1st.

- 5.7 People 1st is a limited company and as such is required to remain both solvent and financially viable. Because of the scale of the required savings the organisation is required to operate within a management fee of £5,760,350 as compared to the current year where the agreed fee is £523,940 higher at £6,284,290. People 1st (Slough) Ltd is wholly owned by Slough Borough Council which has ultimate liability should the company fail to achieve the required savings. In order to satisfy members that the Council's interests are being safeguarded, People 1st will be required to provide a costed action plan to demonstrate how the savings target will be achieved. The Council is asking for the action plan to be adopted by the Finance Sub-committee of People 1st on the 12th February 2008 and reported to Council at its budget setting meeting on the 21st February.
- 5.8 In addition to the savings identified on the action plan, from 2008/9, the long standing discrepancy in the allocation of some of the Interserve charges is being addressed, and the charge to the Housing Revenue Account from the General Fund will be removed providing a saving of £250,000 per annum..
- 5.9 Finally, discussions have been taking place with Interserve, provider of the Council's housing repair service resulting in proposals to reduce expenditure on repairs by £546,000 within the coming year. This is an extremely challenging target as this cut represents a base budget adjustment which means that budgets are reduced in perpetuity rather than as a 'one off'. Additionally there will be a requirement to save a further £200,000 from within the repairs budget during 2009/10.

6.0 Additional Housing Revenue Account Budget Information

INCOME

- Rents – Central Government's policy objectives expect the harmonisation of average local authority and average Registered Social Landlords' rents by 2012. The key to achieving this is by applying a common formula which is explained more fully in a report elsewhere on the Cabinet agenda. The rent for each individual property is, therefore, set in accordance with the prescribed Government formula that takes into account property valuations and local average earnings. It is for councils to move actual rents towards this formula rent over a period of ten years, which commenced in 2002/03. Within this framework individual property rents may go up or down, dependant on the valuation and existing rent level, but only within the limits of inflation (3.9%), plus ½%, plus £2 per week. Rent harmonisation has meant that all properties have rents set according to a formula, accordingly individual rents are controlled through the application of a number of different variables. However, for illustrative purposes only the average rent across the entire housing stock in 2008-2009 will be £76.10, an increase of 6.22%.
- Non Dwelling Rents – The bulk of this income is derived from shop and garage rents. Shop leases are reviewed on renewal, garage rents are increased by RPI on an annual basis.
- Charges For Services & Facilities – This includes tenants and leaseholders service charges. The recommendation is to increase service charges, in accordance with Government guidelines at RPI + ½%.

EXPENDITURE

- Management – The budget includes People 1st Management Fee which is set at £5,760,350 for 2008/9.
- Capital Charges and Depreciation – (£5,196,000) This equates to the amount of Major Repairs Allowance (MRA) the Council receives from Central Government and consequently has a cost neutral effect on the HRA. The amount payable is reviewed annually.
- Negative Subsidy Payable – (£8,799,000) This represents the net amount of subsidy paid to Central Government based on a 'Notional Housing Revenue Account'. The Government takes what it believes a local authority needs to spend on management, maintenance, major repairs and capital financing costs, and deducts from this the income they believe an authority should raise in rent and earned interest. As this results in a negative amount the authority are required to pay this to the Government. This is then used by the Government to fund positive subsidy for other local authorities and other Government housing budgets
- Working Balances – The budget proposals contained within the report produce a projected working balance at 31 March 2009 of £3,779,000 which is considered a prudent level.

7.0 Comments of Other Committees

7.1 In addition to being considered by the People 1st Management Board and its Finance Sub-committee, this report and recommendations on rent setting will be presented to the meeting of the Fed Executive (Slough Federation of Tenant and Resident Associations) on Tuesday 5th. February 2008 and of the full Fed body on Tuesday 19th February. Any formal comments received from these organisations will be reported to Council where this report will be formally adopted.

8.0 Conclusion

8.1 This report proposes the adoption of the annual Housing Revenue Account Budget and People 1st Management Fee and further identifies the necessary savings to be achieved to ensure that balances remain above the prudent level for the medium term.

9.0 Appendices Attached

Appendix 1 - Housing Revenue Account Budget 2008-2009

Appendix 2 – People 1st Management Fee

Appendix 3 - HRA Business Plan Summary 2007 – 2014

Appendix 4 – Schedule of Savings to be Achieved

10.0 Background Papers

'1' -2003-2010 HRA Business Plan

HOUSING REVENUE ACCOUNT

	BUDGET 2007-08 £	BUDGET 2008/09 £
<u>INCOME</u>		
Dwellings Gross Rental Income	24,017,960	25,472,840
Non Dwelling Rents	1,420,550	1,420,550
Charges For Services and Facilities	1,482,860	1,455,750
Contribution Towards Expenditure	23,870	23,870
	26,945,240	28,373,010
<u>EXPENDITURE</u>		
Management	9,638,460	8,788,190
Housing Repairs Account Contribution	5,886,470	5,546,000
Rents, Rates, Taxes and Other Charges	13,160	13,160
Capital Charges - Interest	18,293,710	0
Capital Charges - Depreciation	4,722,060	4,754,470
Government Subsidies	6,564,570	8,680,020
Housing Benefits Contribution	0	0
Increase in Provision for Bad/Doubtful Debts	100,000	100,000
	45,218,430	27,881,840
NET COST OF SERVICE	18,273,190	-491,170
<u>ASSET MANAGEMENT REVENUE ACCOUNT</u>		
Pensions Interest Cost	0	0
Expected Return on Pension Assets	0	0
	-	
Capital Charges - Interest	18,293,710	0
Amortised Premiums & Discounts	1,372,270	1,372,270
Interest Receivable	-791,350	-1,226,900
NET OPERATING EXPENDITURE	560,400	-345,800
<u>APPROPRIATIONS</u>		
Transfer to/from Pension Reserve	-14,840	-50,000
Transfer to/from Major Repairs Reserve	-16,470	-16,470
Revenue Contributions To Capital	21,000	0
SURPLUS(-)\DEFICIT	550,090	-412,270
<u>WORKING BALANCES</u>		
Brought Forward	1,841,000	1,290,910
Surplus/Deficit(-)	-550,090	-412,270
Balance C/Fwd	1,290,910	878,640

People 1st Management Fee

Housing Management		£
J123	Housing Management	183,320
J125	Housing Management - East	177,100
J126	Housing Management - West	362,740
J203	Rent Recovery	275,210
J010	Supported Housing	1,032,660
J016	Caretaking	703,770
		<u>2,734,800</u>

Customer Services and Community Participation

J028	Tenant Participation	158,540
J204	Customer Services	0
		<u>158,540</u>

Finance & Support

J150	Leasehold Administration	40,320
J202	Right To Buy	49,210
J208	Rent Accounting	160,420
J252	Finance Team	365,990
J254	Performance Management	184,010
J255	CEO	-170,120
J360	Communications & Publicity	126,070
J361	Management Board	51,100
J370	Management & Support	964,160
J371	Val/Com Management	75,000
J372	IT	336,460
J373	HR/Training	125,580
		<u>2,308,200</u>

Assets and Contracts

J380	Voids Team	88,840
J450	Assets & Contracts Team	314,600
J455	Decent Homes Project Team	155,370
		<u>558,810</u>

TOTAL MANAGEMENT FEE**5,760,350****Managed Budgets**

J015	Managed Budgets	573,880
J350	S&M General	2,338,810
J214	Utilities	364,960
		<u>3,277,650</u>

Savings to be achieved

0

HRA BUSINESS PLAN SHOWING MEDIUM TERM SUSTAINABILITY TO 2011-12

Year	Rents & Income	Management	Subsidy	Repairs	Depreciation	Capital Charges	RCCO	Total Expenditure	In Year Surplus (-) /Deficit	C/Fwd
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2006/07	-26,750	9,325	6,219	5,771	4,657	652	214	26,838	88	-2,948
2007/08	-27,591	9,780	6,515	5,886	4,721	531	0	27,433	-158	-3,106
2008/09	-28,916	8,862	8,799	5,546	4,738	458	0	28,403	-513	-3,619
2009/10	-30,162	8,781	10,445	5,540	4,812	443	0	30,021	-141	-3,760
2010/11	-31,438	8,998	12,187	5,734	4,895	442	0	32,256	818	-2,942
2011/12	-32,744	9,221	14,003	5,935	4,978	462	0	34,599	1,855	-1,087
2012/13	-33,992	9,449	14,685	6,143	5,063	522	0	35,862	1,870	783
2013/14	-35,266	9,683	15,376	6,358	5,149	631	0	37,197	1,931	2,714

SCHEDULE OF SAVINGS TO BE ACHIEVED

BUDGET AREA	YEAR	
	2008/09	2009/10
	£	£
HRA Retained Services	145,000	0
HRA/GF recharges	250,000	0
Interserve repairs contract	546,000	200,000
Savings on People 1 st Management fee	225,000	300,000
Savings brought forward from 07/08	167,000	0
Savings within People 1 st to fund inflation, pay award and incremental drift	300,000	0
TOTAL SAVING TO BE ACHIEVED	£1,633,000	£500,000

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008

CONTACT OFFICER: Manju Dhar Private Sector Housing Manager
(For all enquiries) (01753) 875251

WARD(S): All

PART I
FOR CONSIDERATION & COMMENT

CONSIDERATION FOR THE FUNDING OF A HOUSE CONDITION STOCK AND HOUSES IN MULTIPLE OCCUPATION SURVEY OF THE PRIVATE SECTOR

1 **Purpose of Report**

The purpose of this report is to advise members of the costs for a House condition Survey and a Houses in Multiple Occupation (HMO) survey to enable determination of what resources and priorities will be for Private sector housing in Slough from 2009 onwards.

2 **Recommendation**

Members consider the report and make comments to cabinet.

3 **Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment**

Priority 1 – Creating safe, environmentally friendly and sustainable neighbourhoods.

Aims

- 1.1 *Deliver cleaner and safer neighbourhoods.*
- 1.2 *Protect and enhance public health and well being*

Priority 2 – Improving lives for those in need and creating thriving communities.

Aims

- 2.1 *Focus on vulnerable people and those living in poverty*
- 2.2 *Provide affordable, decent and safe homes.*
- 2.3 *Strengthen community activity through collaborative working in the most disadvantaged neighbourhoods.*

Priority 3 – Improving life chance for children and young people

Aims

- 3.1 *Improve outcomes for vulnerable children.*

Priority 4 – Ensuring excellence in customer services

Aims

- 4.1 *Deliver excellent customer focused services in an excellent customer environment*
- 4.2 *Deliver excellent internal and external relations.*

Priority 5 – Maintaining excellent governance within the council to ensure it is efficient, effective and economic in everything it does.

Aims

- 5.1 *Improve financial and asset planning, monitoring and stewardship.*
- 5.2 *Improve project, performance and major project management.*
- 5.3 *Gain efficiencies and ensure effective procurement.*
- 5.4 *Ensure compliance with the law.*

4 Other Implications

4.1 Financial

4.1.1 In order to establish the current position regarding HMOs in Slough it is necessary to carry out a full HMO survey in addition to a house condition survey. A full house condition survey (HCS) costs in the region of £48,000 to £52,000 typically for up to 1,000 properties. A full HMO survey would cost £50,000 for up to 1,000 properties. If a HMO survey were to be done at the same time there would obviously be some economies arising from the surveyors already being on site.

4.1.2 The total cost for both HCS and HMO survey running at the same time would be between £80-£100,000. These are approximate costs; the final amount would depend on the detail required from the survey and the timescales in which the council wanted it completed. This is a one-off cost and not included within the current budget and therefore will need to be met from balances.

4.1.3 The combination of surveys will establish key data to enable the development of a long term HMO programmed inspection programme targeted at risk. Even spread over several years the cost of this has been estimated to be in excess of £500k per year. However, this excludes the impact and costs on other services such as planning, planning enforcement, building control, homelessness, legal and the fire service. These are estimated to be in the region of £400k per year. The funding implications will need to be considered as part of future budget setting processes. However, the detailed research will help strengthen the case to lobby for additional Government funding.

(a) Human Rights Act and Other Legal Implications

The are no direct Human rights implications that result from the actions recommended in this report

5 Supporting Information

5.1 At the Cabinet meeting on 21st January 2008 the Cabinet considered a motion relating to HMOs that was referred from the Council meeting on 11th December 2007. The Cabinet resolved that costed options for a full house

condition survey and a HMO survey be reported back to the next Overview and Scrutiny Committee and Cabinet.

- 5.2 A full survey of housing conditions in the private sector was last done in 1998 and a survey of houses in multiple occupation in 1997. The last surveys were done under previous legislation. In April 2006 the Housing Act 2004 was implemented. This replaced the Housing fitness standard with the Health and Housing rating system and also introduced a licensing scheme for HMOs of three or more storeys, with 5 or more people and an element of sharing facilities.
- 5.3 Since 2002 local authorities have been working towards PSA7, to ensure that at least 70% of vulnerable households in the private sector are in decent accommodation by 2010, rising to 75% by 2020. However, Slough Borough Council does not currently have any accurate baseline data to evidence any improvements.
- 5.4 Since the last surveys both housing legislation and the reporting that is required from the council has changed significantly and the council needs to do the surveys in order to demonstrate that its commitment to improving housing conditions in the private sector and the way that it sets policies and priorities is based on up to date information.
- 5.5 The data on which the Private Sector Housing Service is based is also one of the Audit Commission's Key Lines of Enquiry (KLOE) for private sector housing. This KLOE requires that the council has data on private sector stock condition, updated within the last 5 years which is of sufficient sample size to provide reliable estimates on key indicators e.g. cost of private sector repair, energy efficiency levels, hazards under the new rating system, nature, concentration and size of the private rented stock, number of empty homes and the proportion of vulnerable households in the private sector living in decent homes. Once the survey has been carried out we will be able to keep our private sector house condition survey up to date through updated information available via the grants system, planning, building control and partners.
- It will also give us a wide range of contextual data e.g. on household statistics, demographics, health and incomes.
- 5.6 Due to the problems of overcrowded HMOs in Slough officers consider that we need to carry out a full HMO survey in addition to a house condition survey. This survey will assist in correctly identify problematic areas, understand where resources need to be targeted and help strengthen the case if opportunities for additional funding arise. It will be more cost effective to have both the House Condition Survey and HMO survey running at the same time. Costs of between £80 -£100k have been estimated
- 5.7 If funding for these surveys is approved the research project will need to be procured, the fieldwork carried out, the data evaluated and reported. This will take 9-12 months to complete, but initial findings are likely to be available in October.

6 **Conclusion**

It is essential for Slough Borough Council to have access to current up to date information within its private sector stock to enable the council to assess the situation effectively and formulate an effective private sector strategy

7 **Background Papers**

- '1' Housing Act 2004 The Council Policy for Implementation March 2006-
- '2' Housing act 2004
- '3' PSA Target 7 - Decent Homes Department of Communities and Local Government

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

DATE: 7th February 2008

CONTACT OFFICER: Nigel Dicker, Head of Environmental Services & Quality

(For all Enquiries): [01753] 875218

WARD(S): All

**PART I
FOR DECISION**

EXPANSION OF HEATHROW AIRPORT

1.0 Purpose of Report

To seek the Overview & Scrutiny Committee's comments on the proposed response to the DfT Consultation entitled "Adding Capacity at Heathrow Airport". This report will also be presented to Cabinet on 11th February 2008. The report also seeks comments on the motion referred from Council.

2.0 Recommendation

- (a) The Committee is requested to consider the responses to the DfT's specific questions **Appendix 1** (to follow).
- (b) The Committee is invited to consider the motion referred from Council (**Appendix 2**) and pass any comments and recommendations back to the Council.

3.0 Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

Priority 1: Creating safe, environmentally friendly and sustainable neighbourhoods.

- (a) Adopt a green and sustainable approach to managing and developing the environment:

Expansion of the airport on the scale proposed in the consultation and making the proposed changes to airport operations will have serious impacts in term of noise pollution, congestion, air pollution and pressure on Council services.

- (b) Protect and enhance public health and well being:

Added environmental burdens in an area that is facing increased stress may have a deleterious effect on physical and mental well being of communities in Slough.

- (c) Improve transport:

Expansion of the airport will increase the need for local surface transportation and increase demand placed on the local road network. The consultation proposals do not address surface access issues nor do they consider properly the need for improved rail links. A surface access strategy will apparently be submitted by British Airports Authority when the planning application is made for the expansion project.

4.0 Other Implications

(a) Financial

There are no financial implications arising from the proposed action.

(b) Human Rights Act and other Legal Implications

There are no Human Rights Act implications arising from the proposed action.

5.0 Supporting Information

5.1 Background

5.2 In 2003, the Government published a White Paper "The future of Air Transport". Amongst other things, this included proposals for Heathrow and its expansion. The proposals were justified on the basis of economic benefits for the south east region and the country as a whole. The White Paper made clear that, given the strong economic benefits, the government supported the further development of Heathrow, by adding a third runway and exploring the scope for making greater use of the existing two runways.

5.3 This support was conditional on there being no increase in the size of the area significantly affected by aircraft noise, European air quality limits being met around the airport and improvements being made to public transport access to the airport.

5.4 The Project for the Sustainable Development of Heathrow (PSDH) was a large piece of work undertaken by the Government to examine these and other issues, following the 2003 White Paper. The Government has now opened a consultation process in which it seeks views on how Heathrow could be developed over the next 20 years or more, in the light of the PSDH work and what is has found.

5.5 There is widespread concern amongst the London Boroughs and in areas close to Heathrow that the proposals have not properly taken into account the likely environmental impacts in terms of noise, congestion and air pollution, and that the economic arguments in favour of the increased activity at Heathrow do not take into account environmental costs as well as the benefits. There is unease that the new jobs created will be filled by people from outside the region, adding to existing pressures on local authority services.

5.6 On 22nd January, the London Assembly Environment Committee held an "evidentiary session" to review the plans for Heathrow. Representatives from the

airline industry, British Airports Authority, local government and HACAN were present. Affected local authorities submitted position papers to the committee on the proposals, and Slough Borough Council's outline position, previously endorsed by Cabinet on 21st January, was part of this process.

5.7 The position paper made clear the Council's serious concerns about the environmental impacts of the expansion proposals and its doubts about the assumptions and projections in respect of air quality and noise. The economic arguments were also questioned, as was the apparent lack of any detail concerning future surface access arrangements.

5.8 Previous Policy In Respect of Heathrow

5.9 The Council has not been "anti Heathrow" in the past, and has been generally positive about expansion, and the attendant economic benefits for Slough, provided that environmental impacts have been mitigated satisfactorily. In the 1990s, Slough Borough Council took part in various legal challenges aimed at stopping changes to the Night Flights regime.

6.0 Policy In respect of the Current Proposals

6.1 Following the London Assembly Position Paper on this issue, the Council has formed the basic position that the current expansion proposals are of great concern and that alternatives should be examined, including the development of other UK airports and high-speed train links. The Council also believes that the economic arguments have not been properly justified and that the rights of residents in the area should carry more weight than they appear to have been given under the current expansion proposals.

6.2 Responses to the Consultation.

6.3 Specific responses are to be found in **Appendix 1** (to follow). The general views below will also be included with these specific responses to DfT's eleven questions.

6.4 Noise and Air Quality

6.5 Any expansion at Heathrow must take into account environmental issues such as noise and air quality fully, as well as improving public transport services to the airport. The Council does not feel that the information in support of the proposals in the consultation documentation addresses these concerns properly, some predictions may be based upon potentially flawed or optimistic assumptions and that key evidence is being ignored, in particular, the ANASE study.

6.6 The Council does not agree that expansion on the scale proposed and changes to airport operations will be without unacceptable additional noise and annoyance impacts in the community especially in areas under new flight paths. In respect of impacts to the West, Slough Borough Council shares the core concerns of Windsor & Maidenhead, South Buckinghamshire District Council and others, as well as the concerns of the already heavily burdened London Boroughs.

6.7 The Consultation Process

6.8 The consultation process is quite technical in nature and residents will not be in a position to answer the questions posed in an informed way, despite the exhibitions, because of the sheer volume and complexity of information presented. There is concern that a significant part of the consultation was run over Christmas and New Year making debate and formulation of responses more difficult, and may have also distracted members of the public from attending exhibitions.

6.9 Surface Access, Transport and Planning Policy

7.0 Surface access is a key issue for consideration at this stage, and no real attempt has been made to address public transport links to Slough and the West. There is no reference to a Western Region rail link, and the Council believes that a direct link between Heathrow, Slough and Staines is essential. Part of the local road network in the East of the Borough is already subject to an air quality management area (AQMA) and further declarations are possible in other parts of Slough, within the next few months. Additional congestion arising directly and indirectly from airport expansion will exacerbate air quality problems. The consultation document makes no link to South-East Plan (Regional Spatial Strategy), and airport policy is seemingly being looked at in isolation. There is no reference to impact on Green Belt and / or Strategic Gaps.

7.1 Employment, Skills, Housing and population

7.2 The Council is concerned that jobs mooted as a result of the expansion will be filled by people from outside the area, bringing people travelling into the area to work, adding to congestion, or coming to Slough to live, when there is already pressure on housing capacity. There is no mention of skills issues and the capacity of Slough or the region to provide sufficient workforce skilled in the correct way to benefit from the new jobs that are predicted.

7.3 Slough is already suffering from under funding, as the Government has failed to recognise the true size of its population, in the process of calculating the size of grant allocations. Service provision has suffered as a result. The population of Slough, has, by many measures, increased dramatically in the last three years. A large influx of jobs bringing new people to the area will only serve to aggravate this problem and services to Slough's communities may well suffer to an even greater degree.

7.4 Construction and Infrastructure Works

7.5 Handling the nuisance, disruption and environmental impacts during the construction of T5 was a significant concern and burden for Hillingdon Borough Council, the local planning authority at the time. The current proposals seem to be far wider reaching than those for T5, yet no mention of the scope or severity of construction impacts is made, nor does an approach to mitigation appear to be outlined in the consultation document.

7.0 Conclusion

7.1 **Appendix 1** (to follow) shows the proposed response to DfT for consideration by Cabinet on 11th February. The response needs to be submitted, along with the suggested general comments in paragraphs 6.4 – 7.5.

8.0 Motion Referred from Council

8.1 The Council on 11th December, 2007 referred the motion attached as **Appendix 2** to this Committee for consideration and report back. Members' comments are requested.

9.0 Background Papers

9.1 DfT: "Adding Capacity at Heathrow Airport" November, 2007

Question 1

ADDING A THIRD RUNWAY AND PASSENGER TERMINAL FACILITIES

The Government acknowledges the case made by BAA in 2003 that a three runway airport should be supported by additional passenger terminal facilities, with road and rail connections. A new terminal would better serve the mix of airlines at Heathrow; without it, the use of a third runway would be significantly limited by the need for aircraft to taxi across the existing northern runway. Adding a third runway and associated passenger terminal facilities would require additional land, increasing to around 700 the number of properties required, including the community of Sipson. The details would be subject to planning permission, but the Government accepts that there should be an opportunity to comment at this stage on the proposal in principle.

Do you agree or disagree with the proposal that a third runway at Heathrow, if built, should be supported by associated passenger terminal facilities? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council does not feel that a third runway and 6th terminal should be built, on the basis of the information provided on environmental impacts, and the assumptions made in coming to the conclusions drawn by Dft.

The Council does not support the compulsory purchase of 700 properties in Harmondsworth and Sipson and the destruction of these communities.

Question 2

The Government acknowledges the rationale for a slightly longer runway (2,200m operational length) than was proposed in 2002, both for operational reasons and to facilitate a balanced use of the airport, along with associated passenger terminal facilities. The Government believes that the environmental pre-conditions for policy support – as set out in the White Paper remain valid and are appropriate for this revised proposal. (3.42)

Do you agree or disagree with the Government's view on the continuing validity of the environmental conditions? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council does not support this view and it believes that the assumptions made in respect of the likely introduction of quieter or less polluting aircraft are in doubt and the probable levels of annoyance that will be experienced by residents have been underestimated. The ANASE study illustrates that people's sensitivity to aircraft noise has increased significantly since the last investigation - the ANIS study, 22 years previously. The concept of a "quiet" aircraft is at best difficult to accept and it is likely that environmental impacts will increase following expansion owing to the vastly increased number of air traffic movements.

Question 3

The Government believes that, on the basis of improved modelling following the air quality technical panel work reported in July 2006, and with the benefit of substantial reductions in emissions expected over the next decade or so, a short third runway as described could be added at Heathrow by around 2020 and enable EU air quality limits for PM10 and NO2 to be met without the need for further mitigation measures. The ability to meet air quality limits in future years largely results from substantial improvements in road vehicle emissions due to further developments in European emission standards. It also reflects trends in cleaner aircraft engines and moves towards a higher proportion of twin-engined, as opposed to four-engined, aircraft with lower emissions.

Do you agree or disagree with the Government's view on adding a third runway and being able to meet air quality limits without further measures? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council does not agree.

Too greater reliance is being put by the Government on the emergence and application of new vehicle technology, both in road vehicles and in aircraft, to bring about substantial reductions in emissions and hence air pollution levels.

There appears to be no detailed analysis of the various fleet scenarios that may occur. Experience to date indicates that the predicted improvements in emissions from road vehicles have not been achieved.

Question 4

The Government believes that a third runway could be added at Heathrow and operate at maximum capacity in 2030 with around 702,000 ATMs whilst complying with the noise test in the White Paper. The 57dBA Leq noise contour would be 112.9 sq km, against a limit of 127 sq km. In 2020, the airport would need to operate at less than full capacity, but could probably sustain at least 605,000 ATMs and remain within the noise contour limit. The size of the contour in 2020 at that level of activity would be around 126.7 sq km. It would be for the airport operator to carry out further work on this and satisfy the planning authorities that the airport with a third runway would be managed in the 2020-2030 period so as to ensure that the noise limit is adhered to.

Do you agree or disagree with the Government's view that adding a third runway is achievable within the noise contour limit of 127 sq km, at the indicated levels of air traffic? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council disagrees, and holds the view that noise predictions so far in the future are unreliable. Predicted future fleet mixes may not materialise and uncertain external forces will determine if new aircraft are built and bought into use. The unpredictable nature of the factors determining the future noise climate if the proposed expansion is permitted does not give the Council any confidence in the Government's conclusions.

Significantly, in the unlikely event that the noise contour limits were met, a third runway would still have very serious adverse noise impacts in areas newly overflowed by aircraft arriving at, and departing from, a third runway. These communities would be Langley, and areas to the north of the A4 in Slough as areas outside the Slough, in neighbouring Boroughs.

It was the Council's understanding that the Government's policy was "to take all practicable steps to prevent any deterioration in the noise climate at Heathrow, and to continue to do everything practicable to improve it over time" (Aviation White Paper, 2003). In simple terms, the Council cannot understand how the expansion proposals will support this policy, which in itself seems to recognise that existing noise impacts from Heathrow are unacceptable.

Questions 5 and 6

INTRODUCING MIXED MODE ON THE EXISTING RUNWAYS

The Government's view is that mixed mode operations are feasible at Heathrow and could be introduced to provide worthwhile additional capacity on the existing runways as an interim measure before any new runway could be available. Full mixed mode, building up from the current movements limit over time, could bring total movements to around 540,000 by 2015, providing up to 60,000 extra movements a year, subject to further detailed work and formal regulatory approval by the CAA. Planning permission would also be needed to relax the current movements limit of 480,000 a year. Full mixed mode is predicted to meet the noise contour limit in the White Paper, with a 57dBA Leq noise contour at around 125.5 sq km.

Runway alternation would have to cease during any period of mixed mode operations. Noise would be distributed differently around the airport, with some people experiencing less noise, and some more, although if full mixed mode was introduced by 2015 there would be fewer people experiencing noise at 63dBA Leq or above compared with the numbers under segregated mode in 2002.

There would be an option to limit mixed mode to certain hours of the day, allowing some form of runway alternation to remain in place outside the hours of mixed mode operation

There would also be an option to introduce mixed mode operations without increasing air traffic overall. It could be done from around 2010/11. It would give the airport more flexibility to cater for peak demand and to recover from delays caused by, for example, adverse weather conditions.

An important aim of this consultation is to get a better understanding of the importance attached by local communities to the benefits of runway alternation, and the time of day it is of most value, so that this can be taken into account in the decision-making process.

Do you agree or disagree with the Government's view that mixed mode operations could be introduced within the noise limits set out in the White Paper? What are your reasons? Are there any significant considerations you believe

need to be taken into account? If so, what are they? To what extent would you support the introduction of mixed mode operations: throughout the day? a) limited to specific hours (if so, b) would you support mixed mode between 0600 and 1200 hours? Some other period? (please specify) within the current planning c) cap (i.e. with no extra capacity overall)? If you support additional movements, in what periods of the day do you think they should be provided? What are your reasons for these answers? Are there any significant considerations you believe need to be taken into account? If so, what are they? Please provide evidence where you can (e.g. environmental impacts, business benefits).

The Council disagrees.

As already stated, the Council feels that over reliance on future improvements to aircraft fleets and engine technologies is a questionable approach when trying to make predictions as to the future noise climate created by the additional ATMs predicted as a result of expansion.

The predicted noise contour area for 2015 with full mixed mode is 125.5 sq. km, which is less than the contour limit area of 126.6 sq. km for 2002. The lack of any margin for error and the unreliability of the predictions means that the Council does not feel that the noise contour limit can be met with full mixed mode operation at 540,000 ATMs.

Question 7

The Government's view is that the use of full mixed mode on the existing two runways at Heathrow would allow for up to around 540,000 ATMs a year by 2015 and would be compatible with compliance with EU air quality limits for PM10 and NO2 in the vicinity of the airport without the need for further mitigation measures. There would be some limited NO2 exceedences north of the M4. These are not mainly due to the airport but would need to be addressed by a variety of traffic management or other measures.

Do you agree or disagree with the Government's view that full mixed mode operations could be introduced by 2015 and be compatible with compliance with the air quality limits in the vicinity of the airport? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council disagrees. The EU limit for NO2 exceedences must be met in 2010, any permission or derogation for a 5-year extension to this is still to be agreed. The requirements as to where the derogation might be properly applied are not yet known.

WESTERLY PREFERENCE

Question 8

The Government's provisional view is that there are no strong grounds for disturbing the current practice of westerly preference in any future scenario at Heathrow. Ending westerly preference would have some benefit in terms of reducing NO2 concentrations in the area to the north east of the airport, but the issue is not critical to achieving compliance with air quality limits. In general, an increase in easterly operations would result in a smaller area, but with more

people, affected at 57dBA Leq noise levels, because of the higher population density to the east. Noise would be redistributed around the airport, with some communities experiencing less noise, and others more.

Do you agree or disagree with the Government's views on retaining westerly preference? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council agrees.

The Council is not in favour of changing the status quo at the existing airport. Slough Borough Council does not feel it has the right to use this consultation as way of securing small advantages at the expense of others.

The Council notes that westerly departures from a new third runway will have major noise impacts for populations in Slough. A westerly preference to departures will make the impacts of third runway even more noticeable in these newly affected communities.

Question 9

THE CRANFORD AGREEMENT

The Cranford agreement – which avoids easterly departures off the northern runway over the heavily populated area of Cranford – would need to be suspended during any period of mixed mode operations. We believe that ending the Cranford agreement would redistribute noise more fairly around the airport when it is operating on easterlies. Our provisional view therefore is that there would be merit in ending the Cranford agreement, regardless of any other decisions that are taken. However, the main issue that arises from ending the Cranford agreement is whether it is preferable to benefit large numbers of people by removing them from the 57dBA Leq contour, at the expense of exposing smaller numbers of people to increased noise at higher levels.

Do you agree or disagree with the Government's proposal to end the Cranford agreement? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they? Night time rotation of westerly and easterly preference

The Council disagrees

Ending the Cranford Agreement might redistribute some arrivals noise more fairly. However, Cranford residents' suffering would probably outweigh any advantages felt elsewhere, and Slough is supportive of local authorities that may seek to retain the agreement so as to protect affected communities from unacceptable deterioration in the noise climate.

Slough Borough Council does not feel it has the right to use this consultation as way of securing small advantages at the expense of others.

Question 10

The practice of rotating westerly and easterly preference at night since 1999 has been monitored. The Government believes that it has been beneficial in distributing arrivals noise more fairly around the airport, and should be maintained. (3.149) Do you agree or disagree with the Government's views on continuing night time rotation? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they? Runway alternation for arrivals in the early morning (0600 to 0700 hours)

The Council agrees.

The Council accepts that the practice of weekly night time rotation between westerly and easterly preference benefits densely populated areas to the east. Slough Borough Council does not feel it has the right to use this consultation as way of securing small advantages at the expense of others.

The Council fears that the proposal assumes continued flights in the night period. The Council has opposed changes to the night flights regime in the past and in common with other local authorities believes that night flights cause unacceptable noise nuisance to residents.

Question 11

Runway alternation for arrivals was extended to the early morning period in 1999 on a trial basis. Following a monitoring exercise, the Government believes that, on the basis of the evidence, it has been beneficial in sharing the noise burden around the airport. The Government therefore believes that this should be continued on a permanent basis, in so far as it is not precluded by any decisions to introduce mixed mode or by the need for air traffic controllers to authorise the use of both runways for arrivals in the 0600 to 0700 period, to reduce delays to arriving aircraft

Do you agree or disagree with the Government's views on continuing runway alternation in the 0600 to 0700 period? What are your reasons? Are there any significant considerations you believe need to be taken into account? If so, what are they?

The Council agrees.

Alternation helps by bringing days of relief to communities affected by early morning arrivals noise. Slough Borough Council does not feel it has the right to use this consultation as way of securing small advantages at the expense of others.

The Council fears that the proposal assumes continued flights in the night period. The Council has opposed changes to the night flights regime in the past and in common with other local authorities believes that night flights cause unacceptable noise nuisance to residents.

MOTION REFERRED FROM COUNCIL (11.12.07)

(Moved by Councillor Smith, seconded by Councillor Coad)

“This Council notes:

1. That London Heathrow Airport has been, and continues to be, a major employer in and around Slough.
2. That it has been a massive contributor to Slough’s economic success.
3. That Heathrow is beginning to struggle to cope with the number of passengers using it, and needs significant investment and redevelopment to return it to the status of a world class airport. Its runways are operating at 98.5% capacity and use is expected to grow from 65m in 2006 to 120m in 2020.
4. That the Department for Transport (DfT) intends to launch a public consultation on expansion, which includes converting the runway operations to ‘mixed mode’ and building a third runway of 2,200 metres. According to the DfT, this would double the capacity for landings and take offs, despite the fact that the new runway would be shorter than the current runways which are already at full capacity. The DfT proposes that this would render a net benefit of £5bn for the British economy.
5. That this Council was assured by the British Airports Authority (BAA) and the DfT at the Terminal 5 Inquiry that there would be no increase in noise and air quality at Heathrow, with Stansted being the preferred site for development. This promise now appears to have been abandoned, with the Secretary of State proposing an extra 230,000 flights per year.
6. That there has been considerable concern from other local authorities in London, Berkshire, Buckinghamshire and Surrey (the ‘2M Group’) that this process is being significantly influenced by BAA, the owners of Heathrow Airport. Documents released under the Freedom of Information Act show that all data on pollution, noise and consultation has been supplied to the DfT by BAA. This has no independent scrutiny before reaching senior ministers.

This Council resolves to:

1. Work with the DfT and BAA to achieve the best possible outcome for Slough and Heathrow.
2. Co-operate with neighbouring local authorities and the ‘2M Group’ to ensure that the consultation process is a fair one.
3. Express our concern to the Secretary of State for Transport, The Rt. Hon. Ruth Kelly MP, that BAA is having an undue influence on the consultation process and consequently the DfT’s data.

4. Express our concern that BAA has an unfair opportunity to influence the outcome of the Inquiry by passing off its own data and agenda as impartial and objective.
5. Request that the data provided by BAA is made public and independently scrutinised.”

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008
CONTACT OFFICER: Andy Algar, Assistant Director – Property Services
(For all enquiries) 01753 875898
WARD(S): Wexham

PART I
FOR CONSIDERATION & COMMENT

FORMER ARBOUR VALE SCHOOL SITE: FUTURE USE AND DISPOSAL

1. Purpose of report

This report outlines the options available for selling the site in the open market. It also advises of a proposal received on behalf of Slough Town Football Club (“STFC”) and considers the possible implications for the West Wing arts centre and theatre (“West Wing”)

2. Recommendations

There are two broad options to consider – whether to progress with STFC’s proposals or to sell the site in the open market and the recommendations are therefore “either/or”.

In the event that Cabinet wishes to give STFC an opportunity to pursue its proposal further Cabinet is requested to resolve that

- a) The contents of this report and the presentation from Slough Town Football Club be noted.
- b) The terms proposed for the transaction contained in appendix C be approved and that the Assistant Director, Property Services be authorised to complete a formal agreement on these terms, subject to any alterations or amendments required to make commercial sense or to protect the Council’s interests.
- c) STFC’s proposals must provide options for (i) the West Wing arts centre and theatre to be retained as existing and (ii) for the West Wing’s re-provision as part of the new stadium. A decision on these options will be taken a future Cabinet at the same time as STFC’s formal offer and extent (if any) of any under value is considered.

OR

In the event that Cabinet wishes the site to be sold in the open market Cabinet is requested to resolve that

- d) Officers be requested to obtain planning permission for optimum development value prior to marketing the site.

- e) That the sale excludes the West Wing theatre and arts centre at this stage but that proposals be developed to ensure their current site can be redeveloped in the event of the theatre being relocated.

3. Key Priorities – taking pride in Slough and making a difference to communities and our environment.

Priority 2 Improving lives for those in need and creating thriving communities

Priority 3 Improving life chances for children and young people

4. Other implications

(a) Financial

The business case for the education PFI assumed that any capital receipt from the Arbour Vale site would be invested and the income would be used to support the revenue costs of PFI. The capital receipt assumed was £3.5m. The current capital programme assumes this figure will be received in 2010/11.

STFC's initial, conditional offer is £3.5m.

The council's consultant valuers have advised that the value of the whole site for residential development is of the order of £4.0-£4.4m. If the West Wing is retained in its current location the value of the remainder of the site is of the order of £3.0-£3.3m. STFC's initial, conditional offer is therefore between £0.5m-£0.9m below market value but meets the figure estimated for the capital programme. (NB The Council's valuation excludes any value attributable to the adjoining playing fields which STFC has now clarified it requires as part of these proposals).

STFC's offer also assumes that the land for the hotel and the stadium would transfer at nil value. Both these transactions would therefore be at less than market value.

(b) Human Rights Act and other legal implications

There are no Human Rights Act implications.

The council will need to meet its obligations in relations to the disposal of assets under Local Government Act 1972 and the *General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably obtained* ("the Consent").

Under the Consent a local authority has to discretion to sell at an "undervalue" of up to £2,000,000. Undervalue is defined as "*the difference between the unrestricted value of the interest to be disposed of and the consideration accepted*"¹

¹ Paragraph 1 of Disposals Consent

Where an undervalue of less than £2,000,000 exists an authority can dispose at less than market value in pursuance of its “well-being” powers. The full definition from the Consent is:

“(a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

i) the promotion or improvement of economic well-being;

ii) the promotion or improvement of social well-being;

iii) the promotion or improvement of environmental well-being; and

(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds”).²

These are often referred to as the council’s “well-being powers” and this phrase is used as short hand for these legal provisions throughout the report.

At this stage, Cabinet is being asked to agree the principle of the proposal and not the price. A further report will be brought to Cabinet once the STFC’s offer is made and, at that stage, Members will need to formally consider whether a sale at less than market value can be justified under both well being powers and general fiduciary duty.

Supporting information

- 4.1. Cabinet has previously agreed that the Arbour Vale School would be re-provided at the Beechwood site as part of the Education PFI. The new school opened in September 2007 and the former school building is now vacant, with the exception of the West Wing.
- 4.2. In September 2005 the council officially opened the West Wing which was regenerated from a redundant school building. Capital funds of £1.25 million were secured from the DCMS (Department for Culture, Media and Sport), Space for Sports and Arts Programme, with a commitment to continue the project for a twenty one year period.
- 4.3. A plan showing the site is attached as Appendix A.
- 4.4. In the summer of 2007, representatives of STFC met with a cross-party group of councillors³ to see whether a solution could be found STFC’s search for a permanent home. A number of sites were reviewed and discussed and it was agreed that the only possible suitable site that could be investigated further was the former Arbour Vale school site
- 4.5. There have been a number of other unsolicited approaches from parties interested

² Paragraph 2, Annex to Disposals Consent

³ Councillors Cryer, Dhaliwal, Haines, Howard, Small, Smith & Stokes,

in the site. These have not been pursued due to Members' wish to investigate STFC's proposal.

- 4.6. STFC is being supported and advised by Jayne Bradbury. Ms Bradbury is funding the initial feasibility work. The proposals submitted have been made by Ms Bradbury in conjunction with STFC. Technically, the proposals are hers but for the purpose of this report the term "STFC" should be read as being STFC, Ms Bradbury her advisers and proposed development partners.
- 4.7. Following the initial discussions with Members, STFC and its representatives have been working to establish the feasibility of some or all of this site being made available to STFC for a new stadium.
- 4.8. There are three broad issues to be considered – the possible open market sale of the site, the future of the West Wing and the STFC's proposal. Each is considered in turn below.

Possible sale of Arbour Vale site in the open market

- 4.9. The capital programme assumes that the site will be sold in the open market. In line with the council's general practice, it would typically obtain outline planning permission for the most valuable use (in this case residential) prior to disposing of the site.
- 4.10. The entire site is within the Green Belt. Whilst there is a general presumption against development in the Green Belt it is possible to gain permission for development where there are existing buildings. There are however a far higher risks than usual of an application being "called in" by the Government Office. Due to these uncertainties it is expected that a receipt could not be achieved until 2009/10 (at the earliest) and the capital programme assumes a receipt in 2010/11.
- 4.11. Subject to the planning caveats, the estimated value of the site with the West Wing remaining is £3.0m-£3.3m and for the whole site, without the West Wing, is £4.0m-£4.4m.

West Wing Theatre and Arts Centre ("West Wing")

- 4.12. The West Wing was created with capital funding from the Department of Culture Media and Sport (DCMS). The theatre operates as a receiving and producing house offering approximately 260 arts events per year. The facility provides Slough with a mid-scale 250 seat theatre, studio theatre, dance studio, gallery, café bar, artists studios and meeting and training rooms. The West Wing now in its second year of operation has over three thousand people on its mailing list. Programme funding for the next two years has been secured from Arts Council England to champion culturally diverse theatre, music and dance in the region.
- 4.13. No sale of the Arbour Vale site can occur without the future location of the West Wing being confirmed. As detailed above, it would be possible to sell the site with the West Wing in situ but it would have financial and operational issues.
- 4.14. If the site were sold in the open market, one option would be to "ring fence" the difference in value between the site with and without the West Wing (between

£0.7m-£1.4m) and use this to find or fit out an alternative location. However, this sum would not be sufficient to provide a new facility.

- 4.15. A feasibility study has been commissioned to review options for the future location of the West Wing. The following is a brief summary of the report and officers' initial conclusions.

Option	Description	Cost implications (capital)	Comments
1	Closure	£1.25m	The council would need to repay the £1.25m grant it received from DCMS.
2	Retain West Wing in situ	£1.0m	If site were sold in open market the approximate difference in value with and without the West Wing remaining is c. £1m. Impact on capital receipt from STFC's proposals if West Wing retained needs to be established.
3	Relocate to new site in town centre	£4.5m	Capital cost of new building £4.5m (excluding land).
4a	The Centre (adaptation)	£2.2m	Adaptation of part of The Centre for theatre space. Would have an adverse affect on The Centre's revenue as it would impinge on weddings lettings.
4b	The Centre (new build)	£1.9m	Proposes theatre "box" built on car park with ancillary space within the Centre. Would have a revenue impact on the Centre.
5	Reprovided as part of STFC proposal	Unknown	To be investigated.

- 4.16. At present there is no provision in the capital programme to support any of the options outlined above.
- 4.17. Cultural Services' view is that any facility needs to be more centrally located and also needs to be more than just a theatre to make it more viable. For example it should include conference facilities and secondary activity space for dance, rehearsals and meetings. It would also be an advantage to be co-located or located near broadly complementary uses.
- 4.18. None of the site-specific options is centrally located and the options also do not provide ideal amounts of ancillary space.
- 4.19. The initial conclusion is that there is a long-term requirement for an arts venue and it should be planned for in the long-term. This would suggest the best option would be to leave the West Wing in situ whilst a medium to long term strategy for re-provision is identified.

4.20. A re-provision as part of STFC's proposals will be costly and these costs will need to be borne directly by the council. It would also not address the issue of the venue's location.

4.21. It is therefore proposed that STFC be asked to re-work their proposals with the West Wing remaining in situ. In parallel, officers would explore the scope of a new facility within the stadium. The outcome of this work would be brought back to Cabinet at the same time as STFC's proposed offer for the site.

Slough Town Football Club's proposal

4.22. Representatives from STFC will attend the meeting to present their proposals and take questions from Members first hand.

4.23. STFC has no third party financial backing, other than that provided by Ms Bradbury in connection with the development proposals. Its aim from these proposals is to arrive at a position where the overall development of the site could support the initial construction costs of the stadium and that ancillary development would also provide revenue to help support STFC's running costs.

4.24. A plan showing their initial proposal is attached as Appendix B. In financial terms, the basis of STFC's proposal is as follows;

- The council transfers the site in three parts. The area for the stadium to a new stadium trust, the residential land to Paradigm Housing and the area for the hotel to Jayne Bradbury (or her nominated company).
- The cost of the stadium will be recovered from the gross value of the residential land with the council receiving the balance.
- The ground rent from the hotel development will be used to part support the facility's running costs.

4.25. In effect, the council will indirectly fund the new stadium through accepting a lower capital receipt for its land than would otherwise be possible. The basic calculations (using STFC's initial figures) is as follows:

Land value of residential land	£6,500,000
Stadium construction costs	<u>£3,000,000</u>
Balance available for the council	£3,500,000

4.26. STFC have had a number of meeting with officers from property, finance and legal departments who have scrutinised their proposals. STFC has also met separately with officers from planning to discuss the planning and highways implications of the proposals.

4.27. STFC's proposed development contains:

- A new football stadium of up to 3,000 capacity
- A 90-110 bed hotel
- Up to 65 residential units, 30% of which will be affordable.
- Parking

- Football pitches

4.28. Whilst the provision of sports stadia is not a statutory duty for the local authority, it could fall with the council's general "well being" powers, particularly if there is strong evidence that STFC's proposals will be of a broader benefit to the community.

4.29. This is a major project for STFC and they have been highly dependent on their consultant team in pushing the proposal forward. On occasions, deadlines for the provision of information have been missed however in late 2007 professional construction/project management advice was procured and, to date, deadlines have been met.

4.30. Officers have been working with STFC and have provided extensive guidance. Based on the information provided to date there are a number of issues that would need to be resolved before any contract could be entered into.

Financial transparency

4.31. The council will effectively be funding the stadium through a reduced capital receipt. It is therefore important that there is transparency about the costs and values so the council can be satisfied that it has received best value.

4.32. When compared to the council's own valuation advice, STFC's offer appears high. Information about how this offer has been calculated has been requested but was not available at the time the report was drafted. This offer needs to be tested further to understand the planning assumptions that have been used together with other assumptions on costs, values and cashflows. Without this further work the extent of any undervalue cannot be established.

4.33. It would be usual in arrangements such as this for the land to be sold in the open market and the construction of the stadium to be openly tendered. This competitive process would demonstrate transparency and ensure best value for all parties.

4.34. An "open book" approach would also be needed in testing and reviewing the assumptions made behind the business plan for both STFC and the new stadium Trust.

4.35. STFC does not have a backer who will fund the initial feasibility and advice work. They have therefore had to find parties who were willing to undertake this work on an "at risk" basis. They have proposed three separate parties for each aspect of the development.

- Stadium – a new Trust which will hold the ground and lease the football elements to STFC.
- Hotel – Jayne Bradbury who plans to enter into a contract with an operator.
- Residential – Paradigm Housing (a Registered Social Landlord) who would develop the majority of the properties for sale.

4.36. Due to this arrangement STFC is unable to market the residential land or, possibly, the contract for the stadium.

- 4.37. There is a need for the proposal to be structured in a way that is financially transparent (e.g. by all transactions being undertaken on an “open book” basis, i.e. with all costs being openly available to all parties to review and challenge). This will need to be a pre-condition of any agreement with STFC.

Planning

- 4.38. The site is entirely within the Green Belt and gaining permission for any development therefore represents a challenge. STFC is confident that it can demonstrate special circumstances that allow permission to be granted. Planning is a major risk and this is reflected in the council’s proposed terms.

Programme

- 4.39. Officers’ initial view of the likely timescales (based partly on their own judgement and partly on the information provided by STFC) is as follows. It must be stressed that, at this stage, the timescales are highly indicative.

Event	Date	Comment
Cabinet approval	Feb-08	
Detailed Heads of Terms agreed	Mar-08	
Legal agreement completed	May-08	
Applicant develops "viable" scheme (3 months)	Aug-08	Deadline is absolute, SBC can terminate contract if breached
Applicant make SBC an offer	Aug-08	
SBC considers offers and accepts	Nov-08	SBC may accept or reject offer
Detailed planning application submitted (3 months)	Feb-09	deadline is absolute, SBC can terminate contract if breached
Detailed planning permission granted	May-09	If it takes more than six months for planning to be issued SBC may terminate contract or if application refused or called in.
Expiry of judicial review period	Aug-09	
Start on site	Aug-09	
Construct stadium & car parking (MC estimated 200 days)	Feb-10	
Commission sports stadium	Mar-10	
Open new stadium	Mar-10	

Club’s financial standing

- 4.40. STFC has prepared indicative cash flow projections for both STFC and the Trust that will hold the stadium. Officers’ initial view is that the cashflows are optimistic and further information is required about the assumptions that have been made. If the proposal proceeds to the next stage, STFC will be required to provide additional information to demonstrate that the cashflows are realistic and robust.

Community benefits

- 4.41. STFC has prepared a Football Development Plan for the future enhancement of access to football within the Borough. They are also proposing the stadium being used by other sporting organisations and groups. Further details of this aspect will be provided by STFC in their presentation. A copy of the Football Development

Plan and other supporting documents provided by STFC will also be available in the Members' Room.

- 4.42. Officers initial view about the Football Development Plan it that it is ambitious and optimistic but with inadequate information about how it will be funded and how any potential conflicts with existing provision will be dealt with. If the proposal proceeds to the next stage, STFC will be required to provide additional information to demonstrate that the Plan can be funded and delivered and will complement existing provision.

Proposed legal structure

- 4.43. The council's proposed legal structure needs to ensure a successful project can be delivered but also needs to protect the council's interest. In broad terms STFC will be given an initial period of exclusivity when the council could not speak to third parties. This would enable STFC to develop its proposals to a stage where they believe they could be submitted for planning. At this stage they would confirm their offer. If the offer is accepted STFC would then apply for planning and, if successful, obligations would require them to pay the council the capital receipt and develop the stadium. The formal proposal put to STFC is set out in appendix C.
- 4.44. Each of the issues raised above (and any others that may arise) will be tested as objectively as possible and the suggested tests are set out below

Issue	Test
Financial transparency	The proposed structure must be sufficiently transparent and meet the reasonable requirements of the council's finance, property and legal officers. (Prior to completion of agreement)
Planning	The planning assumptions are to be reviewed by the council's planning consultants (Drivers Jonas) and confirmed as reasonable. (Within first three months of agreement)
Consultant team	Officers from Finance, Property and Legal will undertake "due diligence" in respect of the consultant team and must be satisfied that they have sufficient standing and experience for a project of this scale and nature. (Prior to agreement)
Project structure	Officers must be satisfied that the project structure is appropriate for a project of this nature. (Prior to agreement)
Programme	The programme will be reviewed by officers and must be sufficiently detailed, realistic and robust. (Both prior to agreement and within first three months of agreement)
Club's financial standing	STFC will need to satisfy the Council's Finance Officers that their business plan is realistic and sustainable. (Prior to completion of agreement)
Financial offer	To be made on an open book basis and confirmed as reasonable by the council's professional advisers. (Within first three months of agreement and prior to offer being submitted to Cabinet)

Community benefits	The community benefits must be clear and measurable with mechanisms agreed by officers to ensure they can be delivered and monitored. (Prior to agreement and within first three months of contract)
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Risks

- 4.45. There are risks to the council in this proposal. Under STFC's proposals, the council effectively funds the new stadium via the capital receipt. In the event that costs increase or land values decrease the capital receipt will reduce with the consequent impact on the capital programme. The council therefore carries risk without being in control of construction phase.
- 4.46. STFC's proposals assume that the existing St Joseph's playing fields can be used to provide additional pitches. The land is owned by the council but the issue of shared use and the level of playing field provision has yet to be discussed with either the school or the council as the local education authority.
- 4.47. The contract will be tightly drafted to ensure that the council can terminate the agreement at key points. Without these safeguards the site could be tied up via this agreement for up to four years which would also put pressure on the capital programme.

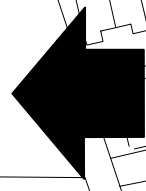
Conclusion

- 4.48. In taking a decision about whether to support STFC's proposal Members need to weigh up and the costs and risks against the possible long term benefits for the people of Slough. Judging the proposals against the well-being powers is considered a useful initial test.
- 4.49. If Members were minded to allow STFC to pursue this proposal further, officers would not recommend entering into any contractual arrangements until and unless
- STFC had satisfied the council on the issues raised above and any other issues that may affect the deliverability and risks of the proposal.
 - The council would need certainty that STFC had the expertise and capacity to manage this project effectively.
- 4.50. Subject to these caveats and safeguards Members are free to support this proposal if they are satisfied that it falls within the council's well-being powers. **No financial commitment is made by this decision as a future Cabinet meeting will decide upon the financial implications once STFC's offer is known.**

5. Appendices

- 'A' Current site layout and usage.
- 'B' Plan of STFC's current proposals.
- 'C' Proposed terms for transaction

6. Background papers – None.



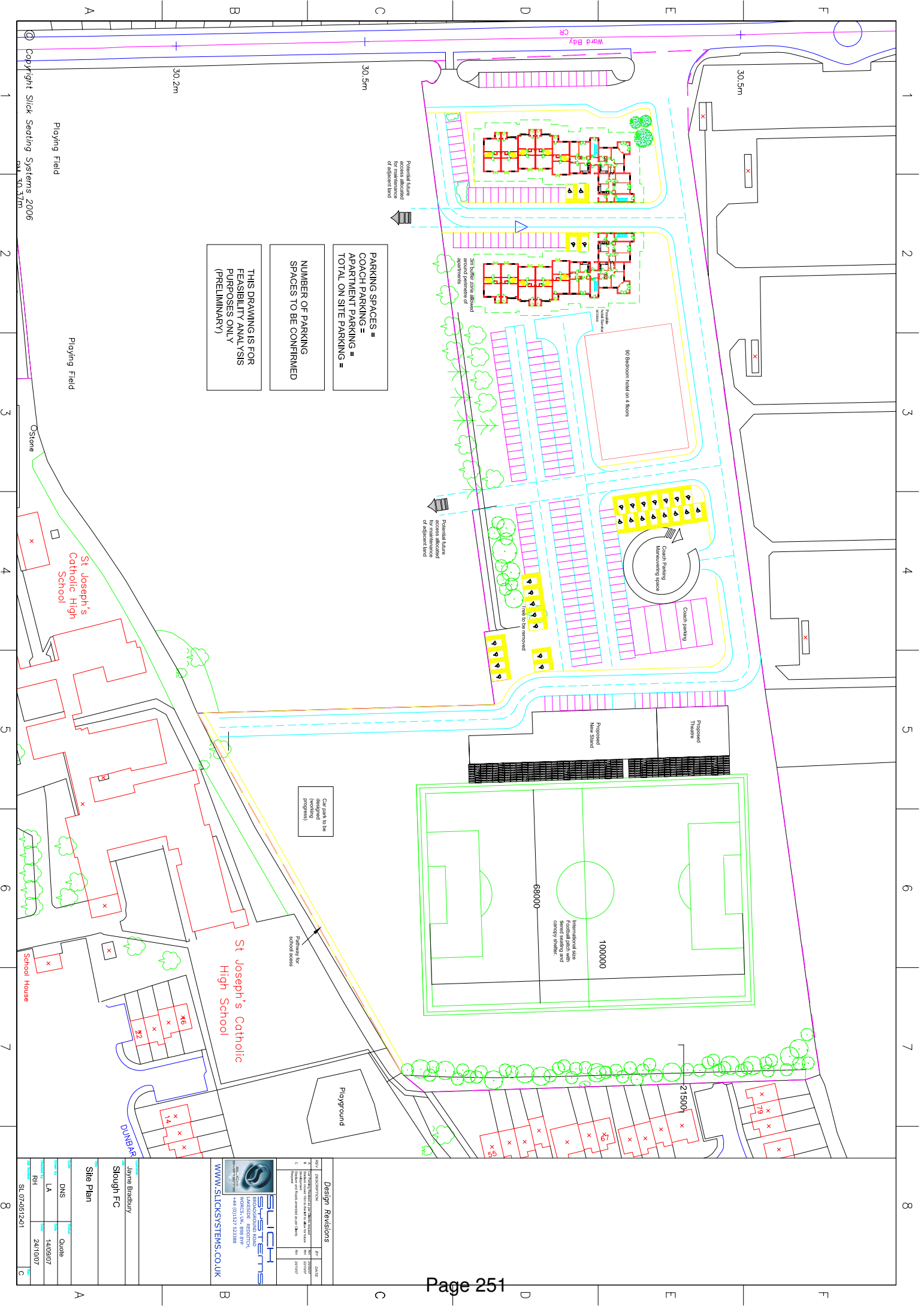
Scale
0 6 12 18 24 30 m

St. Joseph's School Playing Fields

181000N

498000E

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PARKING SPACES =
 COACH PARKING =
 APARTMENT PARKING =
 TOTAL ON SITE PARKING =

NUMBER OF PARKING SPACES TO BE CONFIRMED

THIS DRAWING IS FOR FEASIBILITY ANALYSIS PURPOSES ONLY (PRELIMINARY)

Car park to be designed (subject to progress)

Potential future access allocated for maintenance of adjacent land

Potential future access allocated of adjacent land

68000-
 100000
 International size school seating and canopy shelter.

Coach Parking Manoeuvring space

Coach parking

90 Bedroom hotel on 4 floors

Playground

St. Joseph's Catholic High School

Playing Field

Playing Field

St. Joseph's Catholic High School

School House

REV	DESCRIPTION	BY	DATE
1	Issue for client review	SLICK	22/03/07
2	Issue for client review	SLICK	24/03/07
3	Issue for client review	SLICK	24/03/07

SLICK SYSTEMS UNIT 10, THE MILL WINDERS, UK, RG8 5PQ TEL: 01295 252588 WWW.SLICKSYSTEMS.CO.UK	

Jayna Bradbury Slough FC	
Site Plan	
DNS	Quote
LA	14/09/07
RH	24/10/07
SL 07-0812-01	C

Copyright Slick Seating Systems 2006
 DM 30.37M

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**ARBOUR VALE SCHOOL SITE - PROPOSED TERMS BETWEEN
COUNCIL AND FOOTBALL CLUB**

1. Within three months of completion of the Agreement the purchaser will
 - (a) Prepare all necessary documentation for the submission of a detailed planning application for the proposed development (comprising a new stadium, hotel and residential).

- (b) Based on this assumed development make the council an offer on an open book basis (“the minimum offer”). The purchaser provide a proposed “valuation model” based on the residual basis of valuation and will set out all assumptions about costs, timing, values and all other variables within the model.

In the event of the development proceeding and a greater quantum of development being achieved than assumed the sale price may be varied upwards only.

2. Within [] months of completion of the Agreement the purchaser will provide the following information [] (*NB clause needed to cover any outstanding information – as yet unknown - that may required by the council*).
3. Within three months of this offer the council will decide to either accept or reject the offer. In considering the offer the council will, inter alia, consider the amount the offer if less than market value, the proposed benefits of the proposal and how this sits with the council’s “well-being powers”¹ and its general fiduciary duty.
4. If the council accepts the offer then the purchaser has three months to submit (and get registered by the local planning authority) a full planning application for the whole development.
5. If the application has not been determined within six months either party may determine this agreement.
6. If planning permission is refused, either party may determine the agreement.
7. If planning permission is granted but subsequently “called in”, then either party may determine the agreement.
8. If planning permission is granted then the purchaser has three months from the expiry of the Judicial Review period to commence works to the stadium and car park.

¹ As defined by the Local Government Act 2000

9. The stadium, car park, road and any ancillary infrastructure are to be practically completed within 18 months from commencement.
10. The transfer of the residential land will contain a condition that no house or flat can be sold until practical completion of the stadium.

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008

CONTACT OFFICER: Mike Jennings – Head of Asset Management

(For all enquiries) (01753) 875850

WARD(S): All

PART I
FOR CONSIDERATION & COMMENT

REVIEW OF COMMERCIAL PROPERTY INVESTMENT PORTFOLIO
(PHASE II)

1 Purpose of Report

This report provides information about a review of part of the Council's commercial property investment portfolio

2 Recommendation

The Committee is invited to comment on the following recommendation to Cabinet :

That the properties listed in Appendix A be declared surplus to requirements and that the Assistant Director, Property Services be authorised to take all steps to dispose of these properties.

2.2 Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

Priority 5 – Maintaining excellent governance within the Council to ensure it is efficient, effective and economic in everything it does.

- 5.1 Improve financial and asset planning, monitoring and stewardship.

2.3 Other Implications

a) Financial

The sale of the investment properties will result in a loss of revenue (i.e. rent).

The first call on the revenue savings produced from the capital receipts will be to meet these costs. The use of capital receipts will be in accordance with the council's approved medium term financial strategy.

The receipts from the sale of Housing Revenue Account (HRA) assets are subject to “pooling” arrangements whereby a proportion of the receipt is required by Central Government. There are exceptions to these pooling arrangements when the receipts are reinvested for housing or regeneration projects. It is proposed that the receipts from the HRA disposals will be earmarked for regeneration and used in connection with the Britwell/Northborough regeneration project. An update on this project is due to be reported to Cabinet in March 2008.

b) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications of either proposal.

The proposal has legal implications in respect of the associated property transactions and the council will need to comply with the relevant requirements of the Local Government Act 1972.

c) Workforce

There are no workforce implications arising from the proposed sale of investment properties.

3 Background

- 3.1 The Council owns a small portfolio of commercial non-operational properties held primarily for financial return or for historic reasons. They are let for a range of uses to tenants who hold fixed term leases of varying lengths.
- 3.2 In 2002 the council approved a policy in respect of this portfolio which agreed that investment properties would only be considered for sale if it could be demonstrated that disposal would not be to the detriment of the remainder of the investment portfolio and that the return on the capital receipt would be greater than the net rent.
- 3.3 In line with asset management best practice, a review of the portfolio took place in 2006 to measure its financial performance against alternative forms of investment available to the Council and the financial returns they produce.
- 3.4 Following this review, 25 Properties were declared surplus and sold by auction early in 2007. A total of £16,190,000 was realised from the disposals. It was agreed at that time that officers would identify any further opportunities for investment sale.
- 3.5 It is now proposed that the sale of a further tranche of ten properties be considered.

4 Review process

- 4.1 Based on estimated valuations, it is considered that 10 further investment properties do not currently reach the target rate of return (currently set at 9%) and are not likely to in the future. As such, it is considered that the capital invested in these properties (i.e. the opportunity cost) could be used more effectively elsewhere and that the council should therefore consider a dispose of its interests through auction.
- 4.2 Details of the properties identified for disposal are provided in Appendix A. The estimated aggregate value of these properties is between £2.6m to £3.1m. (£1.36m - £1.54m for the General Fund properties and £1.25m - £1.56m for the HRA properties).
- 4.3 The conclusion that a sale of the assets should be pursued has been reached despite having regard to the wider UK property investment market which shows last year's levels of demand for investment stock have deteriorated. This has resulted in an increase in yields (i.e. rate of return) which translates into reducing sales values.
- 4.4.1 It is considered that a decision to dispose of the Council's investments over the next six to twelve months would still be justified in terms of achieving a capital return. The timing of the disposals will, however, have regard to market conditions in order to maximise the possible returns and avoid the risk that properties might not reach their reserve prices which will be set prior to auction.
- 4.5 Prospects for further disposals in the future are limited and sales will be more complicated in as much as they will either need to involve discussions with tenants or are affected by council regeneration proposals.

5 Disposal strategy

- 5.1 The assets currently identified are well suited to disposal by auction. They typically comprise relatively small lot sizes. They are also non-prime in terms of quality and location and would have a limited appeal to the institutional investment market.
- 5.2 For some of the investments there may be potential "special purchasers". These are principally the existing tenants who may be willing to pay a premium over market value in order to secure the control of the freehold.
- 5.3 Where it is believed that there may be scope for properties to be sold on as development sites in the future, they would be sold subject to claw back that ensure the Council shares in any long term increase in values arising from any development.

6 Timescale

- 6.1 Prior to sale, the council needs to undertake due diligence, e.g. confirming that the title is sound to enable the properties to be sold “cleanly”. It is estimated that it would take a minimum of three months before any of the properties would be placed at auction at an agreed reserve sale price. During this time, potential special purchasers would be approached in order to establish their possible interest in purchasing the freehold interest.

7 Comments of Other Committees

- 7.1 None.

8 Conclusion

- 8.1 In view of the relatively low financial performance of the of the Council’s commercial investment portfolio, the review has concluded that a disposal of specifically identified investment properties would provide an opportunity for the capital realised to be used more effectively elsewhere.

Appendices Attached (if any)

- ‘A’ - Schedule of properties recommended for sale.

Background Papers

- ‘1’ Report to Cabinet 2 September 2002 – re: Target rate of return - Council’s investment property portfolio
- ‘2’ Report to Cabinet 5 June 2002 – re: Proposed Best Practice Protocol on the disposal of property.
- ‘3’ Report to Cabinet 23 September 2006 – re: Office Accommodation strategy and review of commercial property investment portfolio

APPENDIX A

Property	Use	Lease Expiry date
314 High Street, Slough	Restaurant	20/03/2025
Driving Test Centre - Grays Place	Driving test centre	13/06/2009
22/22A Windsor Road	Shop	09/02/2021
24/24A Windsor Road	Shop	17/05/2009
26 Windsor Road (part vacant)	Offices & Vacant Shop	31/03/2007
Total		
279 Long Furlong Drive	Shop	19/05/2013
9 Minster Way	Shop	18/07/2015
Lynch Hill P.H - Long Furlong Drive	Public House	24/03/2041
Merry Makers P.H. Meadow Road	Public House	23/06/2043
Earl of Cornwall PH - Weekes Drive	Public House	19/04/2078

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7th February 2008
CONTACT OFFICER: Andy Algar, Assistant Director, Property Services
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WARD(S): All

PART I
FOR CONSIDERATION & COMMENT

OFFICE ACCOMMODATION STRATEGY: NEXT STEPS.

1 Purpose of Report

This report provides an update on the financial, logistical and planning implications in respect of the sale of the Town Hall site and the progress made in relation to the procurement of alternative, town centre office accommodation.

2 Recommendations

NB The recommendations will differ dependent upon which option is preferred.

Cabinet is requested to resolve that:

- a) in the light of further information about the financial, logistical, planning and design implications provided in this report regarding the sale of the Town Hall site, a decision is taken to whether to require the retention of the “core” of the old Town Hall as a condition of sale.
- b) The current progress in relation to the procurement of an alternative office building is noted.

In the event of Cabinet agreeing that the council should require the retention of the core of the old Town Hall buiding

- c) In making this decision it is agreed that a sale will be at less than market value and Members will need to exercise their fiduciary duty.
- d) The reasons for a sale at undervalue are identified by Cabinet (these grounds to be consistent with the council’s “well-being” powers and will form part of the subsequent submission to the Secretary of State to dispose at less than market value)
- e) Officers be instructed to seek Ministerial Consent for a sale at less than market value.
- f) Subject to obtaining Ministerial Consent, officers submit an outline planning

permission for a predominantly residential scheme which has regard to the retention of the central core of the old Town Hall building with the remainder of all other Town Hall buildings demolished.

- g) Authorise the Assistant Director Property Services to dispose of the Town Hall site on the best terms available with such terms being reported back to Cabinet for approval.

In the event of Cabinet agreeing that the council should agree to a sale which removes the old Town Hall building

- h) To authorise officers to submit an outline planning permission for a predominantly residential scheme which shows all existing Town Hall buildings removed
- i) Authorise the Assistant Director Property Services to dispose of the Town Hall site on the best terms available, with such terms being reported back to Cabinet for approval.

3 Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

Priority 5 – Maintaining excellent governance within the Council to ensure it is efficient, effective and economic in everything it does.

5.1 Improve financial and asset planning, monitoring and stewardship.

4 Other Implications

(a) Financial

The capital receipt for the Town Hall site forms a key part of the council's future capital budget (which is being considered for approval as part of the meeting's agenda). The capital programme, as constructed, assumes a receipt of £8m being received in 2008/09 and £4m in 2009/10. These figures are deliberately cautious and reflect the state of the market, the uncertainty over whether to retain the Town Hall core and the importance of this sale for the overall delivery of the capital programme.

If the receipt is either reduced or delayed the capital programme would need to be either amended (i.e. schemes removed) or reprofiled (i.e. schemes delayed). Conversely, in the event of the receipt exceeding these assumptions then the additional capital could be made available to fund schemes currently on the "reserve list"

(b) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications.
The Council will need to meet its obligations in relations to the disposal of assets under Local Government Act 1972 and the *General Disposal Consent (England) 2003 disposal of land for less than the best consideration that can reasonably*

obtained (“the Consent”).

Under the Consent a local authority has to discretion to sell at an “undervalue” of up to £2,000,000. Undervalue is defined as *“the difference between the unrestricted value of the interest to be disposed of and the consideration accepted”*¹

Where an undervalue of less than £2,000,000 exists an authority can dispose at less than market value in pursuance of its “well-being” powers. The full definition from the Consent is:

“(a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;

i) the promotion or improvement of economic well-being;

ii) the promotion or improvement of social well-being;

iii) the promotion or improvement of environmental well-being; and

*(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds”).*²

The Consent makes it clear that unrestricted value is the value without any covenants or imposition imposed by the authority. In this instance, the requirement *as landowner* to retain the Town Hall core would be a restriction that artificially reduced the value.

Whilst local authorities have discretion up to £2,000,000, there are provisions that this figure can be exceeded provided the Secretary of State’s consent is obtained. The application for consent needs to be made in writing and contain the following information:

i) a written description of the site and buildings, its physical characteristics, location and surroundings together with a plan which should be accurate enough to allow it to be used to identify the land in the Secretary of State’s decision in cases where consent is given;

ii) a written description of the authority’s tenure and a summary of the details of any leases, encumbrances, such as easements etc, to which it is subject. Details should be given of the purpose(s) for which the authority holds the land. Normally land is held for the purposes of the power under which it was acquired, or taken on lease, unless it has since been formally appropriated to another purpose;

¹ Paragraph 1 of Disposals Consent

² Paragraph 2, Annex to Disposals Consent

- iii) a written description of the existing use(s), current planning consents and alternative planning uses(s) that are likely to be permitted;*
- iv) a summary of the proposed transaction, noting the reasons for disposing at an undervalue, the key terms and any restrictions to be imposed by the authority; and*
- v) a detailed Valuation Report covering the matters listed in the Technical Appendix, and signed by a qualified valuer (a member of the RICS). The Department would normally expect the valuation to have been undertaken no earlier than six months before the submission.³*

If an application were to be made officers have sufficient information to satisfy items i) – iii) and item v) could be obtained relatively quickly. Members would need to provide a clear justification to help satisfy iv), in particular “*the reasons for disposing at an undervalue*”.

The Consent offers no explicit guidance as to what the Secretary of State will take into account in arriving at his decision but, implicitly, any application would have to strongly support the council’s well-being powers, outlined above.

Members’ general fiduciary duty also continues to apply.

Workforce

A fully implemented accommodation strategy will impact on staff through (in most cases) a change in location and working practices. Staff and Trades Unions are being fully consulted. Communication to and consultation with staff forms a key part of the project.

5 Supporting Information

- 5.1 At its meeting on 26th November 2007 Cabinet considered a report concerning the council’s office accommodation strategy and resolved
 - a) That the outcome of the public consultation be noted.*
 - b) That a final decision on the retention/removal of the old Town Hall core be taken in light of further advice about the financial, logistical, planning and design implications and a further report be brought to Cabinet on these issues.*
 - c) That the Cabinet consider what additional criteria should be reflected in the evaluation criteria for the new Town Hall building.*
 - d) That, in respect of the sale of the Town Hall site, the Cabinet adopt a wider approach by taking into account adjoining sites including the Montem/Ice Arena complex, with a view to a holistic ‘masterplanning’ approach*
 - e) That a further report to Overview and Scrutiny Committee and Cabinet take*

³ Paragraph 11, Disposals Consent

into account the future of the St. Martin's Place Accommodation.

- f) That Officers seek proposals for Town centre options.
- g) That Officers be requested to prepare proposals for the sale of the Town Hall site for a scheme which will maximise the likely capital receipt for a predominantly residential development. These proposals will also consider the risks and costs of retaining the "core" of the old Town Hall

5.2 The November 2007 Cabinet report also contained detailed information regarding the public consultation exercise and with specific regard to the Town Hall building, responses to the statement "In either case, I would prefer for the old Town Hall core frontage to be retained" were inconclusive and summarised as follows:

	Agree	Disagree	Indifferent	No response
All responses	47% (229)	23% (113)	26% (128)	4%
Slough residents	49% (177)	22% (78)	26% (94)	3%
Council employees	54% (81)	24% (26)	19% (29)	3%
Slough based business/organisations	47% (18)	21% (8)	29% (11)	3%

- 5.3 A petition was also received from a Slough resident containing 774 names supporting the proposal "to save the Town Hall".
- 5.4 In addition the Slough Observer ran an on-line poll asking whether the Council should keep the Town Hall building. 36% of respondents voted in favour of retention of the building.
- 5.5 Officers have investigated development scheme options for the Town Hall site both with and without the Town Hall core retained. Discussions with Planning Officers have also taken place on each alternative.

Financial issues

- 5.6 Three alternative outline site layout schemes have been produced and are shown in Appendix A.
- Option 1 assumes the retention of the Town Hall core and has been designed to maximise the number of residential dwellings on the site (estimated at 470 dwellings).
 - Option 2 also assumes the retention of the Town Hall core building with a design which maximises the visibility of the building from the Bath Road. As a consequence, the estimated number of possible dwellings is reduced to 417.
 - Option 3 has been designed on the basis that the Town Hall building has been removed. The number of possible dwellings increases to 558.

- 5.7 The site value for each of the options is directly related to the number of dwellings that can be provided on the site. The table below provides an indication of viability in each case.

Option	Description	No. Units (approx.)	Estimated value	Difference from optimum value
1	Town Hall retained maximum density	470	£12.0m	£2.5m (88 units)
2	Town Hall retained with "open" frontage to Bath Road	417	£11.25m	£3.25m (141 units)
3	TH demolished	558	£14.5m	£0 (0 units)

Planning issues

- 5.8 A series of discussions with the Council's Planning Officers have been held regarding options for both the retention and removal of the Town Hall have taken place. In summary:

- The principle of a wholly residential scheme on site is acceptable
- Moves to increase the overall level of family housing within the scheme and the reduced density of development at the rear of the site, have been welcomed
- The front of the site is considered to be of "town centre" character, within which higher density development will be supported
- The retention of the Civic Chamber is a key material planning consideration which requires further testing and assessment in terms of potential alternative uses ancillary to residential development.
- Planning Officers' current view is that the Civic Chamber should be retained and that potential alternative uses should be explored.
- If the Chamber is to be removed, there is the requirement for a robust appraisal and justification for its loss, demonstrating that no viable use could be made as part of the overall redevelopment.

- 5.9 To meet the target for the receipt to be received in 2008/09 an outline planning application for the preferred scheme would need to be submitted in early March 2008.

- 5.10 The financial aspects relating to the retention of the Town Hall core have been considered in relation to the costs of conversion for a range of alternative uses and the subsequent building value. (NB for the avoidance of doubt, the council would sell the freehold of the whole site, including the Town Hall core). Possible alternative uses include conversion to residential units, a café, a residents' facility

– e.g. gym and a community based use. Because of the age and internal configuration of the building, such conversion would be expensive – estimated at minimum £1.5m. Developers may regard this as an overall cost to a scheme rather than a financial benefit which may further reduce the capital receipt from the sale of the property.

Logistical issues

- 5.11 There will be a two stage marketing campaign for the sale of the Town Hall site. Submission of developers’ initial bids will be considered on the basis of an assumed continued occupation by the council of part of site. Short-listed developers will be invited to submit unconditional financial offers before a preferred bidder is selected.
- 5.12 Full consideration will be given to phasing of construction to ensure “business as usual”, as far as possible, at the remaining Town Hall offices prior to any relocation to the new Headquarters building.
- 5.13 Options for a temporary Council Chamber following the sale of the site will need to be considered.

Timing issues and risks

5.14 The assumed timetable for sale, assuming no planning issues, is set out below.

Event	Date
Masterplan updated	Jan- Feb 2008
Outline planning application submitted	Mar 2008
Consultation and negotiation with Planning	Q2 2008
Planning decision	Q3 2008
Parallel preparation of tender documentation	Q1-Q3 2008
Tender to developers	Q3 2008
Developer proposals	Q3 2008
Selection/negotiation/heads of terms discussion and agreement	Q3 – Q4 2008
Completion of sale and capital receipt	Q1 2009

- 5.15 If the Town Hall core is retained it is likely to delay the submission of the planning application by between 2 – 4 months (one month to prepare an application to the secretary of state and an assumed 1-3 months for his decision).
- 5.16 Similarly, an application proposing removal of the Town Hall could either be refused or subject to delay due to additional negotiations with planning. There is a

risk therefore under either option that the March 2009 deadline could be missed. The risk is considered to be slightly greater with the Secretary of State consent as the ultimate decision is beyond local control. An summary of the financial, planning and logistical risks for each of the Town Hall options is provided in the Table below. A full risk analysis for both the Town Hall site and Town centre office procurement is provided in Appendix B.

New town centre office requirement

Existing site sale issues:	Financial:	Planning:	Logistical:
OPTION 1			
<p>Council Chamber retained within Courtyard</p> <p>Medium risk</p> <p><i>Value of site will depend on density of design negotiations to justify cost of retained buildings</i></p> <p><i>May delay purchase</i></p>	<ul style="list-style-type: none"> Valuation (Jan08) £12m. Risk of Developer buying "subject to planning for removal Relatively high cost of remodelled retained bldg. v. likely return Retention may be difficult to justify Value may be lower taking into account market in 2008 May affect cash flow 	<ul style="list-style-type: none"> 470 units Site density acceptable Heritage Listing possible Retained building will require reclassified use Developer may want to increase density to justify cost of retention 	<ul style="list-style-type: none"> Use options include <ul style="list-style-type: none"> Community Hall Medical surgery Retail and café Commercial Residential Alternative user servicing access may be required Timing of availability in phased development. Negotiations for sale may be complex Limits developer construction sequencing of works Risk of empty shell building in long term
OPTION 2			
<p>Council Chamber retained - open frontage to Bath Road</p> <p>Highest risk</p> <p><i>Least value return £s</i></p>	<p>As Option 1 but:</p> <ul style="list-style-type: none"> Valuation (Jan08) £11.25m. Least attractive to potential purchasers 	<ul style="list-style-type: none"> 417 units 	<ul style="list-style-type: none"> Easier to access and service than Option 1
OPTION 3			
<p>Without retained buildings.</p> <p>Least risk</p> <p><i>Best value return £s</i></p>	<ul style="list-style-type: none"> Valuation (Jan08) £14.5m. Cleared site more attractive to developers for site cover and ability to phase works 	<ul style="list-style-type: none"> 558 units Site density close to maximum Likely to be local objections Alternative use options & removal will need to be justified on viability grounds Detailed negotiations with Planners will be required 	<ul style="list-style-type: none"> Allows most efficient phasing of works and release of units to marketing Least likely to be affected by site constraints

- 5.17 With regard to the acquisition of new 85,000 sq ft office building in the town centre, seven potential suitable opportunities were previously identified. In order that the council's required timescales can be met, it will be a pre-requisite that any scheme must already have an outline planning permission or have an agreed masterplan.
- 5.18 The council's requirements will be advertised fully and will be categorised into essential and desirable aspects to include:
- Floor space requirements
 - Car Parking requirements
 - Level to which the office space needs to be constructed – i.e. "shell" or full fit-out
 - Any floor plate requirements + floor to ceiling heights
 - Special requirements e.g. for Civic Space
 - Sustainability standards
- 5.19 Developers' proposals are to be assessed against key criteria including their ability to deliver the development within required timescales and to council requirements. Their track record and financial standing will also be considered. A short list and recommendations will be reported to Cabinet in the summer 2008.
- 5.20 A timetable for the proposed procurement of the town centre offices is set out below

Event	Date
Advertisement with SBC statement of requirements	Q1 2008
Initial responses received from developers:	Q1 2008
Review and shortlist:	Q1–Q2 2008
Optional scheme shortlist and selection:	Q2 2008
Negotiation on heads of terms:	Q2–Q3 2008
Completion of development agreement:	Q3 2008
Construction and fit out:	2008-2011
Office Moves:	2011-2012
Demolition and clearance of Town Hall site:	2011

- 5.21 With regard to wider masterplanning aspects of land in the vicinity of the Town Hall site, the area is predominantly in the ownership of the Council including the whole of the Montem leisure centre which is designated as Public Open Space.
- 5.22 The Council would need to agree any requirements for a masterplan (such as the

re-provision of public open space and leisure facilities) prior to any work being commissioned. The re-provision of existing leisure facilities has been the subject of a previous review and any aspiration for new provision would not be realised until after 2012.

- 5.23 A masterplan would take a minimum of six months to complete but timescales could be considerably longer depending on the range of issues and number of options to be considered and tested.
- 5.24 The area is considered suitable for mixed use development but a significant proportion of residential use would be required to fund the re-provision of existing facilities. By way of example, the costs of any re-provision of the existing Montem leisure facilities would exceed the value of the whole of the Town Hall site.
- 5.25 The proposed development of the Town Hall site does provide an opportunity to improve linkages between the area south of Montem Lane, and Bath Road / Salt Hill Park and the adjacent privately owned builders' yard and houses would need to be considered as part of a masterplan review.
- 5.26 In summary, it is difficult to quantify the benefits of taking further action now in respect of a wider masterplan. To do so would create additional risks associated with the timing of any capital receipt from the Town Hall site. However, the Town Hall site will be designed in a way that will facilitate development of adjacent sites in the future facilitating a more "holistic" approach to future development.

St. Martins Place

- 5.27 St Martins Place currently provides 43,000 sq ft of office accommodation against a total space requirement of 85,000 sq ft. There may be scope to lease an additional 11,000 sq ft in the building, but this would still be 31,000 sq ft below the council's requirements.
- 5.28 Whilst there is currently vacant space in an adjoining office building, it is not sufficient to meet the total 85,000 sq ft required.
- 5.29 In the absence of a "do nothing" option, officers will model St Martins Place plus 31,000 sq ft as a base case for the financial comparison against the town centre options.

6 Comments of Other Committees

None

7 Appendices Attached (if any)

Appendix A – Town Hall site – redevelopment option sketch plans
Appendix B – Risk Analysis

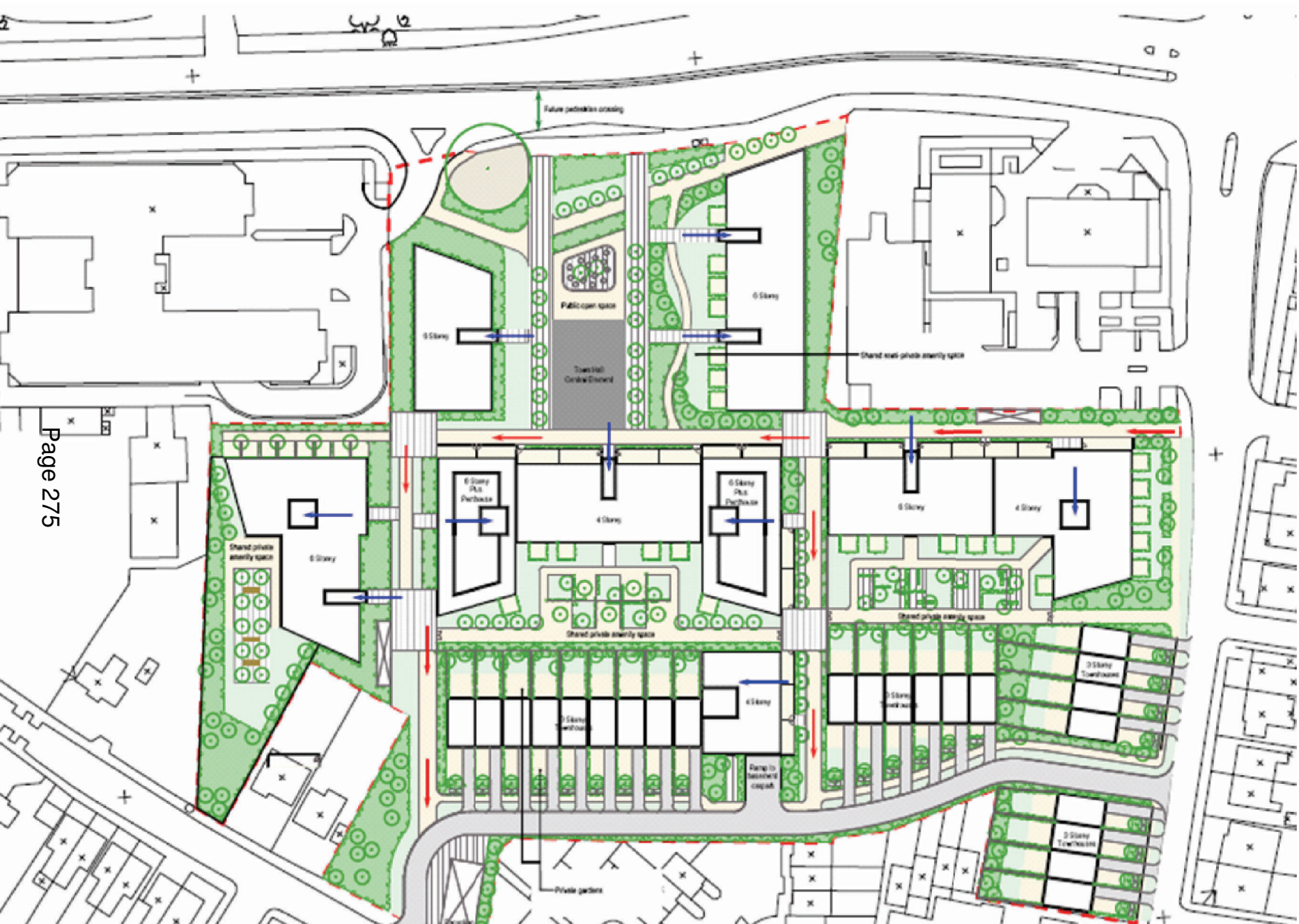
8 Background Papers

Cabinet Report 26 November 2007

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 7 February 2008

CONTACT OFFICER: Andrew Blake Herbert, Director of Resources
(for all enquiries) 01753 875300;

WARD(S): All

PART I
FOR CONSIDERATION & COMMENT

PERFORMANCE MONITORING 2007/08 – FINANCIAL, HR & BVPI INFORMATION

1 Purpose of Report

This report highlights the Council's overall performance from financial management to service and HR activity. This month the report focuses on revenue monitoring for the Council and HRA, BVPIs and HR statistics, IT performance and electronic access for members. The cabinet report will also pick up on the Council's fostering and child residential care home statement of purpose as going to scrutiny sub committee.

2 Recommendation(s) / Proposed Action

The Cabinet is requested to resolve that:

- a) The financial monitoring position be noted.
- b) The HRA budget position be noted.
- c) The BVPI information be noted.
- d) The HR statistics be noted.
- e) That the ability for Members to access the Council electronically be approved for those that wish to have access.
- f) That an audit/questionnaire of Members' IT provision be carried out to facilitate this.

3 Key Priorities – Taking Pride in Slough and Making a Difference to Communities and our Environment

The budget is the financial plan of the Authority and as such will underpin the delivery of the Council's Key Policy Priorities throughout the forthcoming year, through the individual departmental and service plans. It therefore reflects the Council's assessment of service priorities, but within the financial constraints it finds itself.

Performance and budget monitoring throughout the financial year reflects on whether those priorities are being met and if not, the reasons why, so members

can make informed decisions to ensure the Council remains within its available resources.

4 Other Implications

(a) Financial

These are contained within the body of the report.

(b) Human Rights & Other Legal Implications

There are no other legal or Human Rights Act implications.

5 Supporting Information

5.1 As reported to Members earlier this year, the high level detail for Financial Performance, Performance Management and HR details are now contained in the one report to strengthen the golden thread between the corporate vision and priorities of the council and their budgets. Officers continue to review the reports currently produced across the departments and corporately and the process will continue to evolve as the year progresses.

A Budget Monitoring

5.2 The Council's 2007/08 net revenue budget is £92.7m. This excludes the schools budget of £82.7m which is funded through the Dedicated School Grant. To set a balanced budget, £0.6m has been drawn from balances. £100k being held in contingencies to fund the pressures in Community and Cultural Services, will be released as these pressures are now real.

5.3 The overall projected position at the 31st March 2008 shows a potential underspend, although there remain significant risks between now and the end of the financial year. Potential risks highlighted previously have been included in the figures from the departments but these have been offset by further savings reported from Treasury Management. The table below gives the breakdown across the budget heads.

TABLE 1

Directorate	Controllable Expenditure					Variance Over/(Under) Spend Cab (21.1.08)
	Actual 2006/07	Base Budget	Amended Budget	Projected Outturn	Variance Over/(Under) Spend D = C - B	
	£'M	A	B	C	£'M	
Education and Childrens Services	20.3	20.4	20.5	19.920	(0.563)	(0.493)
Community and Cultural Services	31.5	30.3	30.2	30.700	0.481	0.481
Green and Built Environment	18.9	20.5	20.8	20.832	0.041	0.054
Central Directorates	18.9	18.0	19.9	20.616	0.746	0.746
Total Cost of Services	89.6	89.2	91.4	92.067	0.705	0.788
Support Costs Charged to HRA	(0.4)	0.0	0.0	0.000	0.000	0.000
Treasury Management	(0.1)	0.8	0.8	(2.718)	(3.500)	(3.000)
Contingencies & earmarked reserves	1.0	3.3	1.1	3.590	2.470	1.480
Other pressures and savings- see below	0.0	0.0	0.0	0.325	0.325	0.325
Total	90.1	93.3	93.3	93.264	0.000	(0.407)
To/(From) Balances	(1.0)	(0.6)	(0.6)	(0.595)	(0.000)	0.407
Total Slough Borough Council	89.0	92.7	92.7	92.669	0.000	0.000

- 5.4 Education & Children's Services are, this month, now reporting a favourable variance of £563k. This is an improved position of approximately £70k net from the previous month. These are one-off savings which fall across all services, the largest area being in "Raising Achievement" and include additional income. A combination of various vacant posts being held longer and other minor savings make up the balance.
- 5.5 The Community & Cultural Services Department remains this month with a reported overspend of £481k. It is proposed to release a £100k from contingencies, which were being held for demand led pressures in this service area.
- 5.6 The Green & Built Environment Department, this month, sees a small net reduction in the projected overspend by £13k. This includes an increase of £87k from the cancellation of PCNs charges as a result of a national legal challenge. Street lighting energy savings have been offset from this, along with further vacant posts held and other minor savings.
- 5.7 Due to the Mosses v Barnet & Bury v Macarthur legal case which challenged the provisions of the Road Traffic Act 1991 in terms of penalty charge notices (PCN) issued without full mandatory details (date of issue/contravention) resulting in their being non-compliant and unenforceable. Slough received information from National Parking Adjudication to review the wording on the PCN, and immediately made these changes but obviously there is a concern regarding recovery on the tickets the tickets which had been issued prior to that date and have not yet been paid.
- 5.8 This has impacted nationally on virtually all authorities which operate Decriminalised Parking Enforcement. In the light of the court ruling it would not be appropriate to pursue tickets where we know a court has ruled they are not in

a valid format. It is proposed to write off the cost of the un recovered fines. The alternative would be to seek to pursue the tickets through the courts. This would present a risk to the Council on two fronts:-

- **Financial.** that if it pursued a ticket which was successfully challenged in the courts the Council could face claims from other persons who had paid fines on invalid tickets for their moneys to be refunded. This would result in even further losses to the Council.
- **Legal.** The Council could face multiple claims from those persons who had paid fines on what we now know to be invalid tickets.

5.9 The projected overspend from the Central department remains, this month, at £746k. Additional pressures have been reported in respect of land charge income and the childcare lawyers service but these pressures will be contained by management action across the departments before year end.

Other risks and Non departmental issues

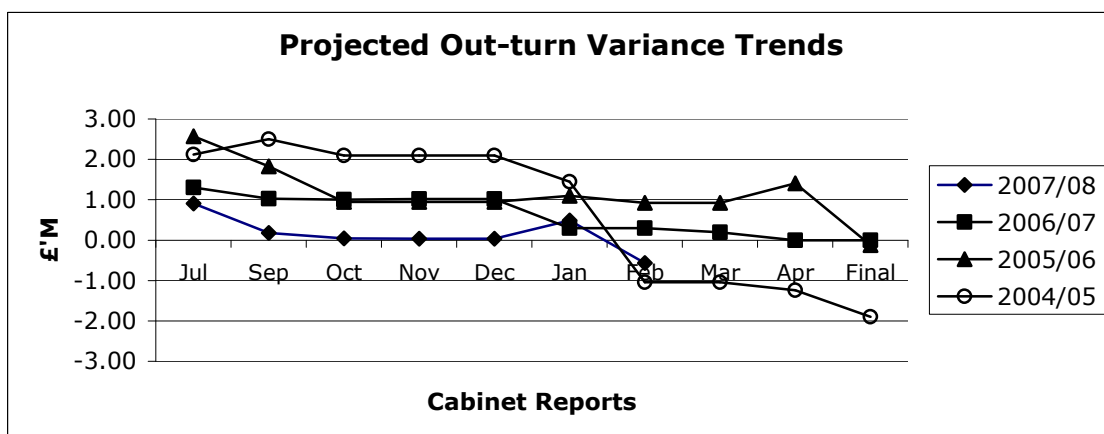
5.8 The Council faces some additional, potentially high pressures which it is prudent to include in the monitoring report at this stage:

- I. Contractors claims & additional lobbying costs £200k .
- II. Insurance claims £125k

5.9 Favourable results from Treasury management continue. Disposal of the commercial property portfolio was delivered much earlier than originally anticipated and, as a result, the Council's cashflow and investments have had the benefit for the full year. This together with more favourable overall cash flows has meant the Council does not need to carry out long term borrowing in 2007/08 to fund the capital programme and thus avoids additional long term borrowing costs. The current "credit crunch" as a result of the American sub-prime mortgages has resulted in the current money market exceeding the current base rates (5.75%) by as much as 60 basis points. As the Council is a "net lender", the higher money market rates are beneficial. The latest treasury forecast is to exceed the 2007/08 treasury management contribution to the General Fund account by £3.5m compared to £3m reported last month.

5.10 The position at this stage in the financial year, compared with the three previous years can be seen in the Table 2 below. Although departments are reporting a £705k overspend, the use of contingencies and the favourable position from Treasury Management should mean that the authority broadly breaks even by the end of the year.

TABLE 2



Main risks for 2007/08

- 5.11 A full review of all financial risks facing the Council has been undertaken as part of the budget strategy and the appendix to the budget report includes a calculation of the required levels of balances and reserves resulting from those risks. A new process for monitoring and reporting the risks is being developed for use in future reports.
- 5.12 For this month the data remains in the old format. Table 3, on the next page highlights the main risks the Council is facing in respect of its revenue budget for 2007/08.

TABLE 3

	Cabinet date				
	July	Sept	Oct	Feb	
Children in care	☹	☹	☹	☹	This service is subject to the volatility of demand. To date the number of clients requiring support overall has been relatively stable and thus the projected outturn has reflected this. However this position could change significantly at anytime as the
Asylum seekers	☹	☹	☹	☹	Both ECS in year issues + Claims going back to 2002/03 being negotiated with the Home Office.
Adult Care packages	☹	☹	☹	☹	Demand led budget. Net intake in most areas have exceeded budgeted levels. New plans in place to restrict and reduce but sustained budget pressure expected for rest of the year.
Delivery of Home Care Savings		☹	☹	☹	£200k needs to be saved by changing from an internal to external providers. This has been slow to happen but has picked up recently. Very risky to say that full savings will be made.
Delivery of Day Centre Savings (LD)		☹	☹	☹	£200k should be saved from the closure and reprovision of Langley Day Centre has also been delayed. New plans are in place for quick closure but full savings will not be achieved.
Waste / Refuse Disposal		☹	☹	☹	Costs of disposal are permanently at risk due to potential of increase in waste volumes. Monitoring of trends suggests some increases. Is being continually assessed on monthly basis.
DAAT/DIP Services		☹	☹	☹	Takeover of responsibilities from the PCT has been problematical. Initial budget gap has been managed downwards, but pressure of £160K remains. Negotiations continue.
Parking enforcement	☹	☹	☹	☹	Budget assumptions are now more realistic. However, further downturn in recovery rates of PCNs issued could have impact, and legal challenge on a national scale has resulted in the cancellation of pre 2006/07 tickets.
Planning Appeals		☹	☹	☹	Castlevue and other appeals still pending determination of final costs to council. Will definitely impact on SBC reserves. (£100k costs already incurred).
Housing benefits	☹	☹	☹	☹	Minor swing in Subsidy has big impact on budget. Model reviewed for monitoring subsidy & overpayments.
Customer service centre	☹	☹	☹	☹	Part year implementation of BPR has meant savings could not be achieved for a full year effect. A sum has been vired from Contingency to compensate.
Office accommodation	☹	☹	☹	☹	Pressures remain due to the delay in vacating Wellington House.
Property repairs	☹	☹	☹	☹	Based on data received to date, spend should be under budget.
Employee costs		☹	☹	☹	Employee costs account for a significant amount of total budget. All departments undertake strict monitoring including for Agency costs. Vacant posts are being held across all departments to contain other pressures.
Treasury Management	☹	☹	☹	☹	As reported treasury management is currently expected to overachieve its budget forecast due to a combination of the slow level of physical capital payments in the first quarter of the financial year, and the additional capital receipts achieved at the end
Capital spend	☹	☹	☹	☹	Budget profiling of the capital budgets is now in place. Expenditure is now shown against a profile, thus making the monitoring more meaningful.
Harmonisation		☹	☹	☹	Discussions continue with the unions. The issue is unlikely to be resolved before the end of the financial year. The vast majority of posts have been graded although not yet approved.
Land Charge Income		☹	☹	☹	The impact of HIPS and the mortgage market has lead to a significant reduction in income.
Child Care Lawyers		☹	☹	☹	Data received from Reading indicates a larger overspend than originally anticipated.
Debt collection	☹	☹	☹	☹	Recovery of Ctax & NNDR expected to be on target by end of year.

Balances

- 5.13 Balances in the pre audit Statement of Accounts as at 31st March 2007 were £5.68m. In the budget it was planned to take £595k from balances during 2007/08. This would leave balances at £5.08m as at 31st March 2008.
- 5.14 In the Budget Strategy report, The Strategic Director of Resources will be recommending to Members that £5m is a reasonable level for general balances providing there are sufficient earmarked reserves set aside to cover likely specific risks.
- 5.15 As the Council progresses through the last quarter of the financial year the outturn position becomes more certain. At this stage the indication is that there will be overall savings. Based on the high risks facing the Council for 2008/09 it is prudent to set aside such savings as earmarked reserves to meet any resulting pressures.
- 5.16 In previous reports it was highlighted the need to set aside reserves for the following:
- Contingency reserve £600k

- Emergency Planning £80k
- Feasibility & disposal costs (Office accommodation strategy) £500k
- Harmonisation £300k

5.17 The Strategic Director of Resources is, therefore, proposing to set aside a further sum of £990k for the loss of income from People 1st and the HRA withdrawing from SLA's with the Council as such short notice has been given and for the impact of part year effects of savings as reflected in the budget strategy on the robustness of estimates.

B HRA Monitoring

5.18 People 1st manage the entirety of the Housing Revenue Account (HRA) on behalf of the Council, while the Borough retains responsibility for the overall strategic direction of the account and Business Plan. Additionally People 1st monitors expenditure and manages the repairs contract with our partner organisation Interserve FM.

5.19 With regard to income, a dedicated Garage Officer has commenced work within the Council's Strategic Housing Team and having taken over responsibility for this function the Council has reported that 29 garages have been let in the first six weeks. the waiting list of potential garage tenants has been reviewed and updated and if this level of performance is maintained throughout the year the number of sign-ups will significantly increase beyond the 130 achieved in the last financial year.

5.20 As garage rents are outside the housing subsidy rules this represents 100% additional useable income. if more that 80 garages are let in the financial year this will have covered the cost of employing the dedicated officer which has also resulted in improved and more consistent service delivery in terms of new tenant enquiries and complaints about repairs or fly tipping of rubbish.

5.21 On expenditure, we have reached the half way mark in the year and are not currently experiencing or anticipating any unforeseen budget pressures. a further saving may be secured within J350 if revenue funded work to provide enhanced IT functionality to the Supported Housing Team is incorporated into the capital funded reprovision of the comprehensive Housing Management System.

Housing Revenue Account

Service Plan detail

As at December 2007					
Department Name	Realigned Base Budget A	Realigned Amended Budget B	Actual Spend to date C	Projected Outturn D	Variance Over/(Under) Spend E = D - B
	£	£	£	£	£
Housing Revenue account- Management					
HRA Supervision & Management General					
<i>HRA Retained Services</i>					
Allocations Team	546,100	546,100	278,178	534,120	(11,980)
Housing Management Environment	52,790	52,790	32,199	51,385	(1,405)
S&M General	7,900,290	7,900,290	4,486,288	7,897,060	(3,230)
Housing Client	44,060	44,060	26,462	44,060	0
Garages	0	24,510	2,648	16,510	(8,000)
HRA Supervision & Management Special					
<i>HRA Retained Services</i>					
Homeless Hostels	165,660	165,660	100,246	165,660	0
Utilities	359,180	359,180	138,473	359,180	0
<i>HRA Managed Services</i>					
HRA Managed Budgets	564,790	564,790	249,139	564,790	0
	9,632,870	9,657,380	5,313,633	9,632,765	(24,615)
Housing Revenue Account	(261,740)	(261,740)	(1,442,861)	(261,740)	0
Housing Repairs Fund	5,886,470	5,886,470	3,644,193	5,886,470	0

C BVPI Information

5.22 In order to discharge its responsibilities, Cabinet and the Overview & Scrutiny Committee require regular reports on performance management, including performance against statutory performance indicators.

5.23 Of the PIs reported this quarter 61% were registered as Green or in other words on course to meet targets set at the beginning of the financial year. There is uncertainty with regards to 22% of targets with a further 15% looking likely to miss the yearly target. 3% of PIs do not have recorded outcomes for the this quarter. Two of these (PI 14 and 15) are due to the timings of this report. The final PI (a local PI relating to the number of missed collections) was not available due to industrial action in November/December 2007.

5.24 It is important to note that the selection of PIs presented are partial in that these are the ones that we are able to measure and report on a quarterly basis. A full list of PIs monitored and reported on this quarter will be available from the Members room.

- 82a i & ii (waste to recycling) – remain below target for the second consecutive quarter, although performance has been improved further work will be required in the final quarter to meet the target set at the beginning of the financial year.

- Local PI – percentage of footways reconstructed or resurfaced last year remains below target. Further work is planned over the final quarter which should enable the service to meet 3% but this may still be below annual target set.
- 204 (percentage of planning appeal decisions allowed) – Current progress below expected target. This is primarily due to resources being devoted to redress shortfall in performance from previous financial year (2006/07). Further, scope to influence outturn is curtailed as this figure hinges on decisions made by Members in respect of planning applications.
- 212 (average time taken to re-let Local Authority housing) – Again not meeting target for second consecutive quarter, although important to note that performance for this quarter is within the upper quartile when compared to other ALMOs. Current performance is being adversely affected by poor performance earlier in the year which means that the yearly target set is unlikely to be met.
- Local PI – the number of households living in temporary accommodation currently below target. An action plan is in place detailing steps the department is taking to improve performance including incentivising people to move from temporary to permanent accommodation. However expectations are that yearly target will not be met.
- PI170b – Unlikely to meet target due to the cancellation of a major exhibition. New curator in place which should help provide stability and improve performance over the next quarter
- Local PI – Number of Library visits – Temporary arrangements in place at Langley have adversely affected this PI with footfall in Langley down by 67%. Although not at similar levels, visitor levels are also down at other Libraries. The opening of the new library as well as seasonal factors should help improve performance over the next quarter.
- Local PI – Average Queue times – not meeting target of 1.5 minutes. Staffing issues have been the primary contributory factor for this . New staff now recruited which should help improve performance over the next quarter.
- PI 11a – Improvement over the previous quarter but still below target. Unlikely to meet the target of 47% due primarily to the setting of an extremely ambitious and unrealistic target at the beginning of the financial year.
- PI 15 and 15 relating to early retirements and percentage of employees retiring due to ill-health not available at time of report.

5.25 Full details of the PIs for the 3rd quarter has been placed in the Members room

D HR Data

5.26 The HR Paper has presented to the Employment and Appeals Committee has been placed in the Members' room, areas to particularly note include:

- **Turnover** – This shows a gradual increase over quarter 1 and 2 (2.2% and 3.2% respectively), however, this is lower than for the same period last year. The projected annual turnover of 9.6% is below that for 2006/07 which was 10.5%. Whilst the number of starters for quarter 2 is similar to the same quarter last year, the number of leavers for the same period is down from 116 to 95.
- **Sickness Absence** – Sickness levels have risen from quarter 1 (2.7 days lost per FTE) to quarter 2 (3.1 days lost per FTE). However, days lost per FTE per month have dropped from a peak at the beginning of the quarter.

This downwards trend in line with improved management action and targeting of sickness absence.

- 5.27 The reason with the highest days lost in Quarter 2 was back related issues. This was up considerably on the previous quarter by a further 240.5 days. 45% of the back related sickness absence was linked to staff in Community and Cultural Services in social care settings. The manual handling training in this area is currently under review.
- 5.28 Stress has continued to drop, a trend seen over the last 3 quarters. Stress, however, continues to account for the second highest number of days lost (2494 days).
- 5.29 A more comprehensive review of sickness over the last 12 months is covered by another paper being presented to Employment and Appeals Committee on 31st January 2008.
- 5.30 The 'not stated' category continues to be challenged, however, the number of absences reported under the 'other' category has increased in quarter 2. These two categories account for 22.7% of the recorded absence levels.
- **Vacancy Levels** – Work continues with directorates to establish improved recording of vacancy levels. The number of vacancies currently indicated (excluding Education and Children's Services) is 438 posts. (Some of these vacancies range from a few hours through to full-time positions. An FTE figure is not available).
 - **Workforce Profile** – The number of staff from BME backgrounds has continued to rise from 38.4% at the end of quarter 1 to 39.2% at the end of quarter 2. There has been a 2.3% increase since the end of quarter 2 in 2006/07. Staff declaring a disability has remained stable since last quarter at 5.4%.

E IT Room Update

- 5.31 As members are aware On Thursday 1st November the computer room's fire system was triggered, resulted in all servers immediately shutting down as required and the nitrogen fire extinguishers engulfing the room. Many of the Council's services were not able to operate in their most efficient way as they have been IT dependent, and without a second computer room it took a week to get all services fully functioning again, due to the actions required to get the Computer room back up to required health and safety standards.
- 5.32 Over the last five years the significance of IT in the public sector has been transformational, and this will only continue in the future with the move to mobile and flexible working. Although this is the only time the fire system has triggered, the Council must ensure it learns the lessons from this situation.
- 5.33 Although options for a second computer room were already been examined as part of the accommodation strategy, it was agreed that these would be fast tracked and that options would be brought back in the new year, along with the costs of the down time.

Progress since

- 5.34 An infrastructure project is being planned to replace the older windows servers. This will not only provide increased processing capacity but it will do so with lower heat output.
- 5.35 The two new air conditioning units are proving to keep the room sufficiently cool, but a third new air-conditioning unit will be commissioned this quarter to provide greater resilience in the event of a failure in one unit occurring.
- 5.36 We are investigating the costs of providing a fully functioning disaster recovery site for all the council systems. The options currently being considered are:
- Building a back-up computer room in a council owned building ;
 - Having a 3rd party hosting the back-up computer room, either in terms of the room environment itself or the whole package of room and servers.
- 5.37 A more rigorous procedure for the conduct of works within the computer room has been introduced.
- 5.38 Total cost of the down time is currently recorded as £39,017 and is made up of the following:
- Housing Benefit - The costs in unproductive time and overtime to clear backlogs of work are, IOU £ 3,997; Benefits £24,990; Controls £ 5, 030; Total £34, 017 although an element of this is offset from not have contractors in the building during the week of down time.
 - Education & Children's Services required a temp to be taken on for 4 weeks to input admissions applications data, so that statutory deadlines could be met and information exchanged on time with other boroughs. The cost was £1,300.
 - The payment teams costs for employment of temporary staff working on clearing backlog of invoices equate to Approx £3,700.
- 5.39 All back logs have now been caught up with.

Members' IT availability

- 5.40 At the extraordinary council meeting in January a motion was tabled about the provision of IT for members.
- 5.41 As section 151 officer I had produced a memo for members about the potential financial implications of the decision, assuming as with all budget setting a prudent starting point of worst case scenario. This assumed the provision of all hardware i.e. lap top computers, desk, chairs etc for members, provision of the infrastructure i.e. broadband telephone line installation, rentals, secure connections etc, provision of software and training for members and provision of support within the IT team to manage the additional computers. Also included were the cost of depreciation and set up of new members following elections.
- 5.42 In discussion at the last Scrutiny meeting it was clear that in a large instance members actually already had IT links at home that they were more than happy to use for their Council business. The easiest approach to understanding these would be for an audit/questionnaire of members to be carried out.

- 5.43 There will also be efficiency savings from the use of IT, in terms of paper for reports, officer time in producing paper copies, although some hard copies will still need to be produced, and provision of the Courier going round the borough so frequently. The key issue here is the efficiency of the Council and the impact on the environment.
- 5.44 As part of the work with all members on the accommodation strategy, a meeting was held looking at member requirements for the future including, the future Council Chamber, provision in the new town hall for working space and IT. The cost of this is being factored into the overall accommodation strategy.
- 5.45 Looking forward, the use of IT for members is the right way to go and was supported by the accommodation strategy discussion with members. By the time the new town hall is available, it would be correct to have piloted IT options for members and to have learnt the relevant lessons. It is proposed at this point that following the audit, IT provision is made available to those members that have appropriate connections at home already and are prepared to use them for Council business, hence the keeping the costs down. Along with this, a proposal for a limited number of members, will be brought forward, to pilot alternative approaches to provision of IT, such as PC at home or mobile devices, on a voluntary basis.

6 **Comments of Other Committees**

N/A

7 **Conclusion**

Action plans continue across all departments over the forthcoming months to ensure a balanced budget by the end of the year which will include;

- A reduction in staffing where appropriate
- More cost effective placement decisions
- Keener price negotiation
- Increasing the level of income generation where possible
- Partnership work via the Children's Trust with Health Services and the Voluntary sector in order to achieve economies of scale by shared service delivery.
- Continue to develop effective working partnership with Health colleagues
- Implementation of Care Services Efficiency Delivery Programme
- Risk management approach to manage budgets

Any surplus overall for the Council will be set aside as reserves to meet anticipated risks in the 2008/09 budget.

The statutory PI results for the 3rd quarter of 2007/8 show improvement in performance in many service areas.

8 **Background Papers**

- 2007/2008 Revenue Budget and Council Tax Report.
- Budget papers held in Financial Services.
- Finance Detailed working papers are held in Central Finance and the relevant departments.
- Performance working papers are held in the Policy and Performance section

9 **Papers held in Members' room**

- Departmental One pagers
- BVPI for 3rd quarter
- HR report to Employment & Appeals Panel

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**SLOUGH BOROUGH COUNCIL
OVERVIEW & SCRUTINY COMMITTEE
FORWARD AGENDA PLAN 2007/08**

Meeting	Policy Reviews, Etc.	Call-ins	Audit/Performance Monitoring/Other
28th February 2008	<ul style="list-style-type: none"> • Chief Constable, T V Police • LAA (with GOSE in attendance) (R Polkinghorne) • Land at Upton Court Park – Update on Negotiations (A Algar) • Further Report on Recruitment & Retention of Senior Staff (Y Harris) 		<ul style="list-style-type: none"> • Financial/Performance/HR Reporting (A Blake-Herbert) • Capital Monitoring – Community & Cultural Services
10th April 2008	<ul style="list-style-type: none"> • Update on Implementation of Broom & Poplar Audit Recommendations/ Satisfaction Survey (A Billany/J Craig/ N Aves/S Pathak) • Community Call for Action 		<ul style="list-style-type: none"> • Capital Monitoring – Green & Built & Central Services (A Algar/R Parkin & A Blake-Herbert) • Financial/Performance/HR Reporting (A Blake-Herbert)
Unprogrammed	<ul style="list-style-type: none"> • Haymill/Thames Valley Community Centres – Updates (A Algar) • Britwell & Northborough Update (N Aves) 		

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AGENDA ITEM 14

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