

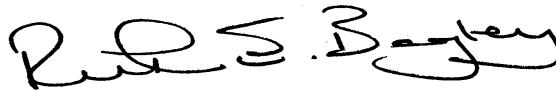
Date of despatch: 10<sup>th</sup> February, 2014

**To the Members of Slough Borough Council**

Dear Councillor,

You are summoned to attend an Extraordinary Meeting of the Council of this Borough which will be held in the Flexi Hall, The Centre, Farnham Road, Slough, SL1 4UT on **Tuesday, 18th February, 2014 at 7.00 pm**, when the business in the Agenda below is proposed to be transacted.

Yours faithfully



**RUTH BAGLEY**  
*Chief Executive*

**AGENDA**

***Apologies for Absence***

**PAGE**

1. **Declarations of Interest**

*All Members who believe they have a Disclosable Pecuniary or other Pecuniary or non pecuniary Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 3 paragraphs 3.25 – 3.27 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 3.28 of the Code.*

*The Chair will ask Members to confirm that they do not have a declarable interest.*

*All Members making a declaration will be required to complete a Declaration of Interests at Meetings form detailing the nature of their interest.*

**Recommendations of Cabinet**

*[Notification of Amendments required by 10 a.m. on Monday 17<sup>th</sup> February, 2014]*

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**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council **DATE:** 18<sup>th</sup> February 2014  
**CONTACT OFFICER:** Joseph Holmes; Assistant Director Finance & Audit, section  
151 officer  
**(For all enquiries)** (01753) 875358  
**WARD(S):** All

**PART I**  
**For DECISION**

**MEDIUM TERM FINANCIAL STRATEGY 2014-18**

1 **Purpose of Report**

The report details and seeks approval to the Medium Term Financial Strategy (MTFS) 2014-18 as set out at Appendix A of the report.

2 **Recommendation(s)/Proposed Action**

The Council is requested to resolve, subject to any amendments to the Strategy recommended by the Cabinet (to follow), that the MTFS 2014 – 18 as set out at Appendix A be approved.

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

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

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

This paper assists in the achievement of the all of the Sustainable Community Strategy's priorities.

Priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

3b **Corporate Plan 2013/14**

The Plan's objectives are:

1. Improve customer experience
2. Deliver high quality services to meet local needs
3. Develop new ways of working
4. Deliver local and national change
5. Develop a skilled and capable workforce
6. Achieve value for money

The Plan includes targets for each of the objectives. This report helps achieve all of the above objectives by providing an overall financial strategy to support the delivery of the Corporate Plan.

4 **Other Implications**

(a) Financial

Detailed within the report

(b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	Will be detailed in the revenue budget for each applicable year	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	April 2014	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions.

(d) Equalities Impact Assessment

Equalities Impact Assessments will require completion prior to final agreement of savings proposals. Proposals which are 'disinvestment' or a genuine reduction in service will require careful examination to ensure no group is disproportionately affected.

Members may have to consider making provision to fund any mitigation arising from detailed analysis of Equalities Impact Assessments.

(e) Workforce

**5 Supporting Information**

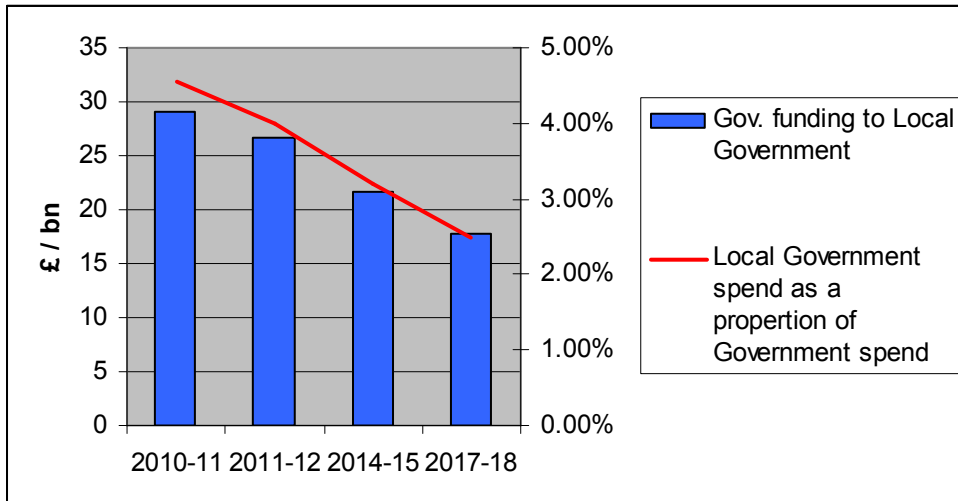
**5.1 Summary**

- 5.1.1 The Council continues to face a challenging funding environment due to the substantial changes to its core funding streams. The Medium Term Financial Strategy (MTFS) sets out the current financial position as well as estimating its future financial position. The MTFS reflects the need to continue to deliver public services but in a more joined up, effective and efficient manner.
- 5.1.2 The Council remains well prepared to meet the financial challenges it faces in the coming years, delivering a number of change projects whilst maintaining investment in its infrastructure through its capital programme.
- 5.1.3 This attached MTFS sets out the overarching framework for the Council. The other reports on this agenda; the Revenue Budget 2014-15, Capital Strategy 2014-19 and the Treasury Management Strategy 2014-15 provide the detail behind this. The Medium Term Financial Strategy, which accompanies this paper for approval, details the longer term financial challenges that the Council faces into the future years, whilst the capital strategy sets out the wider financial implications of decisions made in investing in the borough's infrastructure. The Treasury Management Strategy details how the Council will undertake transactions concerning investments and borrowings and this is contingent on the capital strategy as well as having an impact on the revenue budget savings proposals for 2014-15.

**5.2 The current financial situation**

- 5.2.1 Government spending on Local Government as a whole has reduced by 25% from 2010 to 2015 (as shown in the chart below) and the Council is currently in the middle of a long term process of contracting public sector spending. The Council's financial position must be considered with this in mind.

**Chart 1: Reductions in Local Government revenue spending: 2010-18**



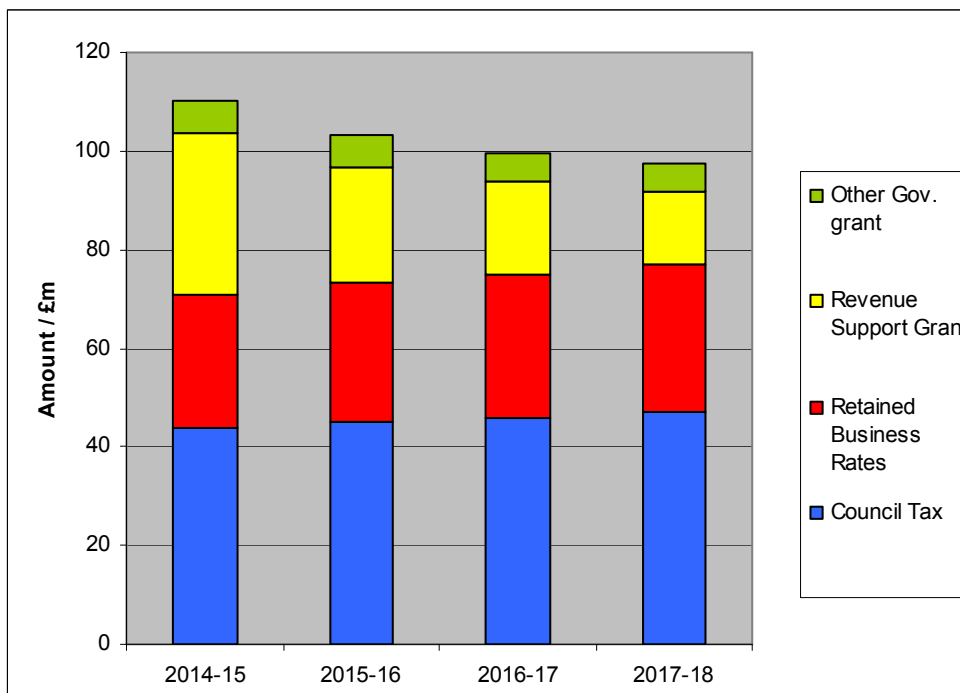
5.2.2 Since 2010 the Council’s net budget has reduced by 8% and by the end of the current MTFs it is expected to have reduced by 22%.

5.2.3 The Council will continue to deliver capital investment throughout the period covered by the MTFs.

**5.3 How the Council finances its expenditure**

5.3.1 The Council is financed at present through three main sources of funding; Council Tax, Retained Business Rates and Government Grant. As shown below the overall income figure as well as the proportion of these income stands will be changing over the period of the MTFs.

**Chart 2: Income streams 2014-18**



- 5.3.2 In 2018, at the end of the current MTFS, the Council will be less reliant upon Government funding. It will provide an opportunity for the Council to have greater financial clarity about the future and enable greater planning for future years.
- 5.3.3 It is also clear that the Council will have significantly reduced funds going forward although many of the demands placed upon the Council will still remain. One of the key pressures that the Council faces concerns Children's Social Care and responding to the growing number of Looked After Children.

## **5.4 Strategy**

- 5.4.1 The period of the MTFS is likely to see a significant reduction in the Council's overall expenditure, whilst at the same time seeing a growing population base that the Council must provide services to. A period of transformation is required to ensure the two challenges are delivered.

## **5.5 Risk Management**

- 5.5.1 Ensuring that there is appropriate risk management is key to underpinning the success of the MTFS. The Corporate Risk Register currently includes delivering the MTFS as a key risk.

## **6 Conclusion**

- 6.1 This report sets out the Council's current financial position estimates the future financial position and sets out the Council Strategy to ensure the financial challenges are met.

## **7 Recommendations of the Cabinet**

The Cabinet will be considering this report at its meeting on 10th February 2014 and its recommendations will be circulated to the Council in advance of the meeting.

## **8 Appendices Attached**

'A' - Medium Term Financial Strategy 2014-18.

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**APPENDIX A**

**Medium Term Financial Strategy: 2014-18**



## **Introduction**

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

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

The Council is well prepared to meet the financial challenges of the coming years. It has a history of ensuring a balanced budget is delivered, as well as over recent years increasing general reserves to a sustainable level to meet the future financial challenges. The Council has successfully delivered a number of change projects in recent years, with a number of the Council's services being delivered by private sector partners. At the same time, the Council has maintained investment in its infrastructure through the approval of capital budgets to deliver a variety of programmes. Over the period of this MTFS, one of the most significant will be the building of the Curve building in the centre of Slough.

This document provides the overarching framework for the Council; the revenue budget 2014-15, Capital Strategy 2014-19 and the Treasury Management Strategy 2014-15 provide the detail behind this and are due to Cabinet and Council in February 2014.

The corporate plan provides the high level outcomes that this document seeks to deliver through the financing of the Council's activities. The draft summary themes of the corporate plan 2014/15 (to be considered by Cabinet in April 2014, but building on the 2013/14 version) are highlighted in the below:

**Graph 1.1: Corporate Plan 2014-15**



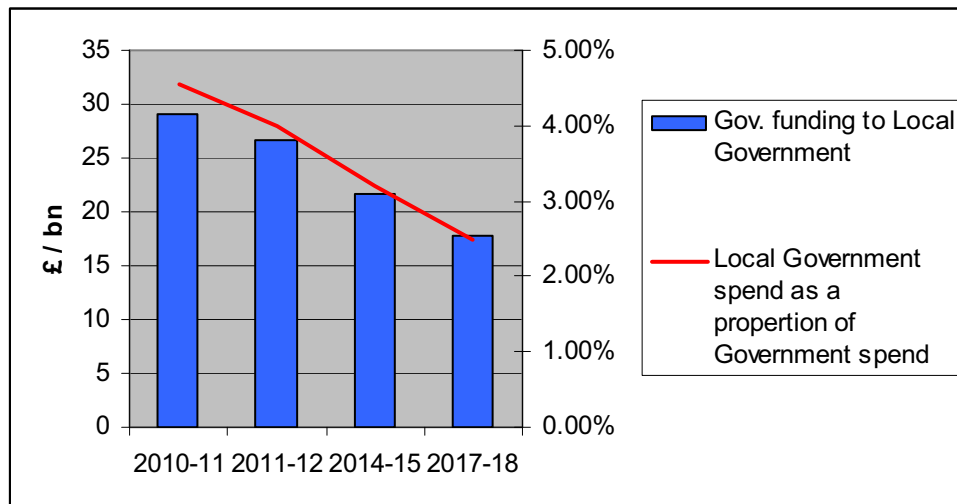
The strategy will also be informed by the Government's vision for Local Government and its funding going forward. The current coalition Government has introduced a Council Tax referendum requirement for those Councils exceeding 2% (for 2013-14). This is likely to continue under the existing coalition over the MTFS period. It is also likely that similar levels of Government grants reductions will continue with the current Government going forward, or indeed, whichever Government is in power from 2015 onwards. Integrated health and social care is also a theme that will be strengthened upon over the period of the MTFS irrespective of the Government in power. Some of the more pronounced Government driven impacts on Council policy and finances may be across housing and these will continue to be monitored over the period of the MTFS to identify any impacts upon the Council.

## The current financial situation

The Council's financial position needs to be considered by being in the middle of a long-term process of contracting public sector spending.

Since 2010, Government spending on Local Government as a whole has reduced by 25% from 2010 to 2015 as shown by the chart below.

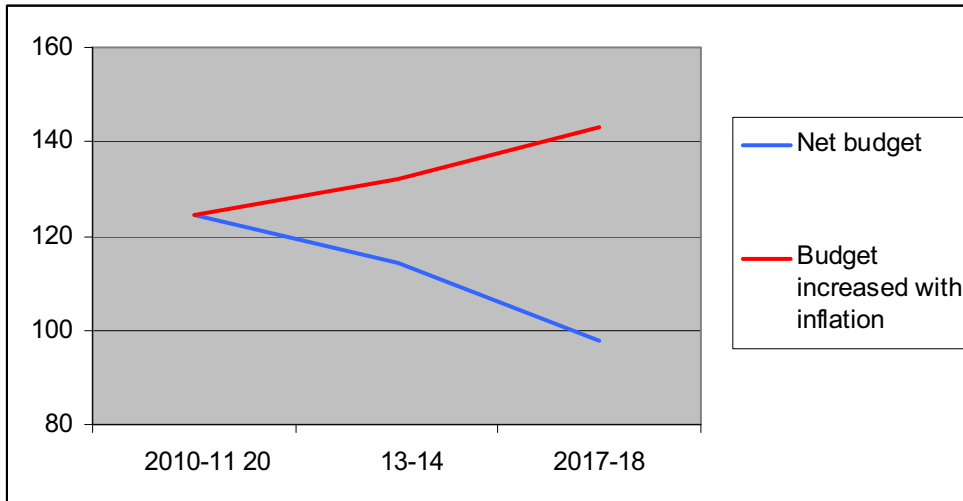
**Chart 2.1: Reductions in Local Government revenue spending: 2010-18**



The impact on the Council has been significant. Since 2010, the Council's overall net budget has reduced by 8% and by the end of this MTFs, it is expected to have declined by 22%. Put another way, what the Council delivered for £100 in 2010-11 will now need to be delivered for £78 in 2017-18.

Over this period, there would be a substantial gap between the Council's budget forecast against the Council's budget rising with the Bank of England's target inflation rate:

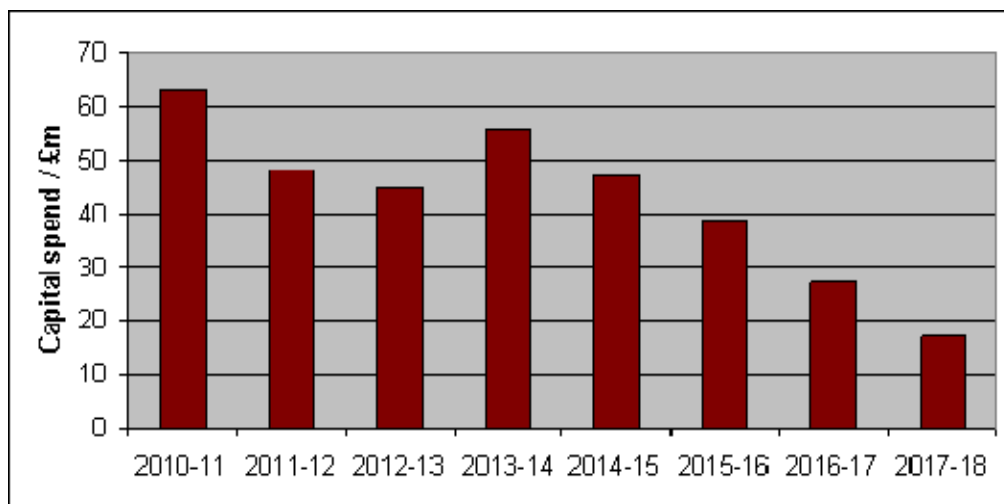
**Chart 2.2: Net Budget vs inflation**



Over this period of reduced expenditure, the Council has been given greater freedoms with where it spends money with the removal of many of the previously ring-fencing funding streams. Though this has not compensated the Council for the funding reductions it has faced, it has meant that the Council has more control over its future spending priorities.

The Council has maintained capital investment over the recent past and is due to continue to invest in infrastructure into the period covered by the MTFS. Through the Slough Regeneration Partnership (SRP) the Council will seek to deliver its most significant infrastructure projects outside of the Housing Revenue Account and Education schemes. The Capital Strategy 2014-19 details more the future capital plans for the Council going forward.

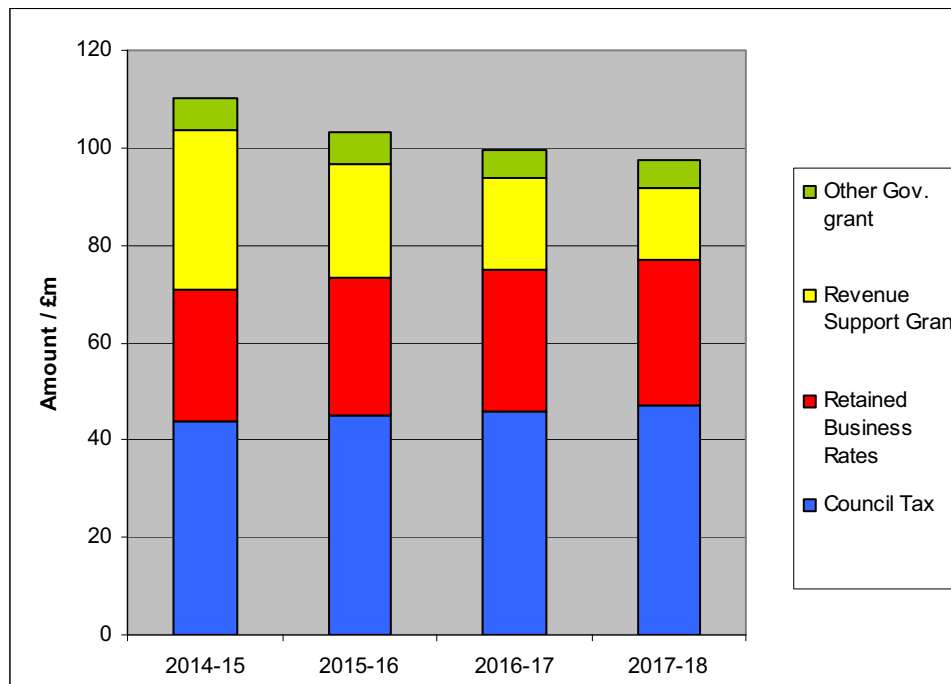
**Chart 2.3: Capital expenditure & future plans**



## How the Council is financing & where it spends money

The Council is financed at present through three main sources of funding; Council Tax, Retained Business Rates and Government Grant. As the chart below shows, the proportion of these income strands will be changing over the period of the MTFS. It is also important to note the overall income figure is reducing significantly over this period.

**Chart 2.4: Income streams 2014-18**



As can be seen from the above the relative importance of Council Tax and retained business rates grows over the period of the MTFS from 65% to almost 80% of the Council's income; the Council will by the end of the MTFS be much less reliant upon Government funding. To reflect this, the Council is amending its Corporate Plan to seek to improve its focus on supporting local businesses as well as attracting new businesses into the borough.

This fundamental change to how the Council is financed provides an opportunity for the Council to have greater financial clarity about the future (this should be assisted by the Government providing longer term financial settlements to Councils from 2015-16) and therefore enable greater planning for future years. It also provides an opportunity for the Council to have more control and influence over its future income streams and so reduce its reliance upon Government.

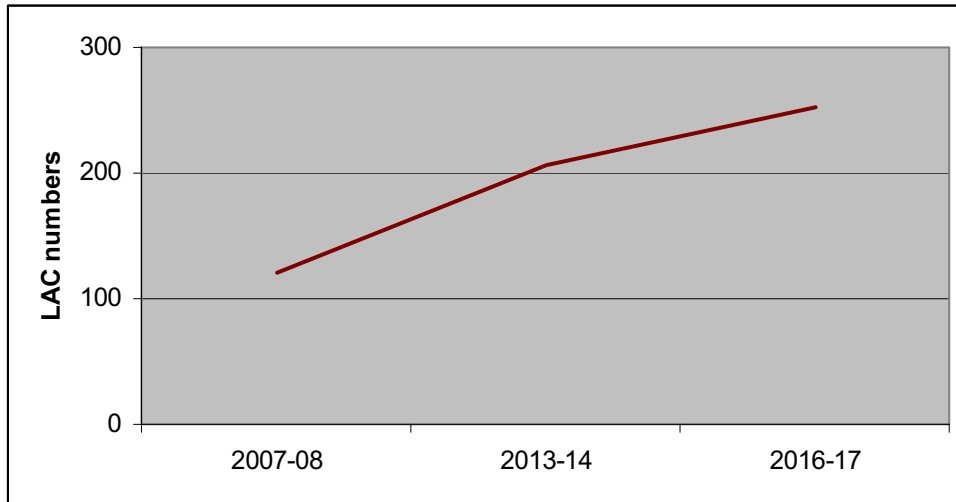
**Chart 2.5. Comparable budget: 2010-18**

## Comparable Budget



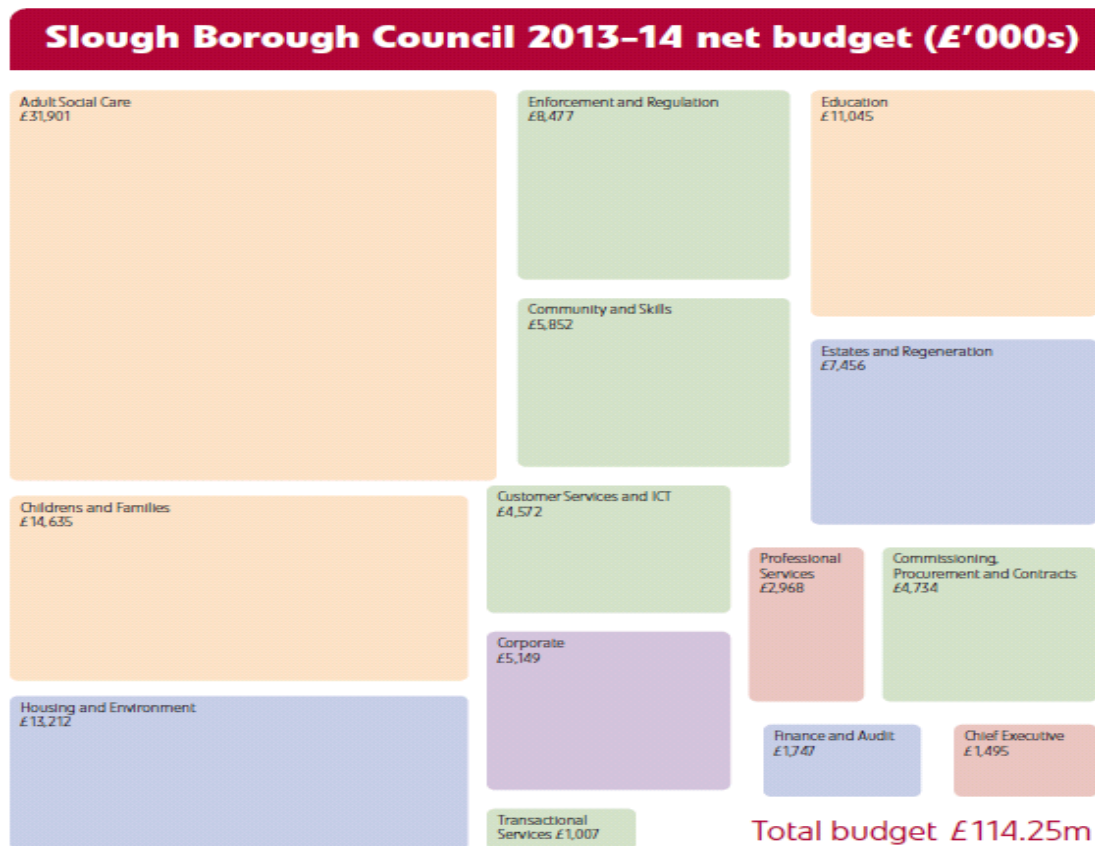
It is also clear from the above chart that the Council will have significantly reduced funds going forward. The chart below highlights the relative decrease in the comparable budgets over time from 2010 through to 2018. Over this same period, many of the demands on the Council have not gone away, and responsibilities remain for the plethora of services that the Council delivers to its taxpayers. One of key pressures that the Council faces concerns Children's Social Care and especially responding to the growing number of Looked After Children (LAC). The graph below highlights the level of growth seen to date and expected into the future. Later in the MTFs, the cost of this pressure is highlighted, but increased LAC budget alone in 2014-15 is likely to require an additional £2.5m of funding.

**Graph 1.2: Looked After Children numbers**



On the expenditure side of the Council’s finances, the summary position for 2013-14 is below.

**Chart 2.6: Net expenditure by service – 2013-14**



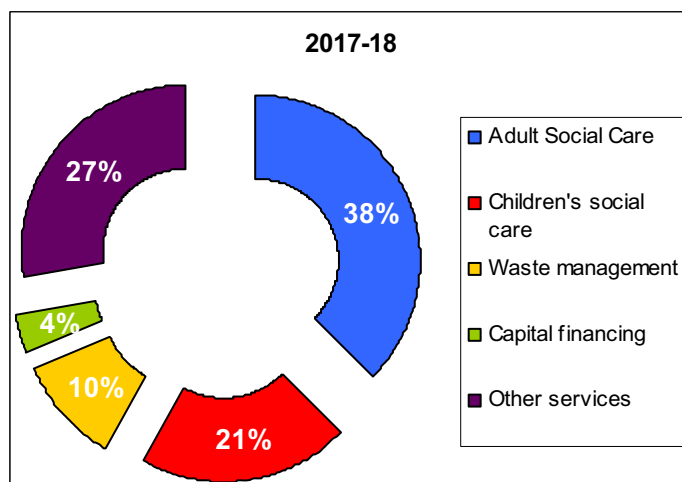
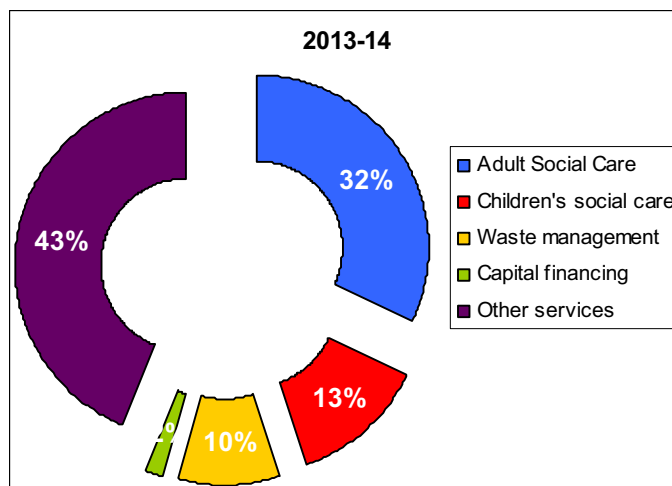
The three largest spends areas of Adult Social Care, Children’s Social Care and Waste Management (the main bulk of the Housing & Environment budget) are all seeing demographically led demand growth to their budget;



Slough's population as a whole is growing and this places pressure on its public services. The strategy further in the MTFs details some of the methods that might be utilised over the period of the MTFs, but the Council will need to ensure that these three areas of spend are as well controlled, and are delivered to their maximum efficiency over the period of the MTFs, as possible to ensure that the Council continues to provide all of its other services.

The graph below highlights that, assuming that the Children's Social Care additional costs are approved and that costs rise by inflation in this service, that Adult Social Care holds its costs flat in cash terms, and that waste management makes savings but that costs rise by inflation, that the following scenario will occur by 2017-18:

**Graph 1.3: Comparative budgets 2013 to 2018**

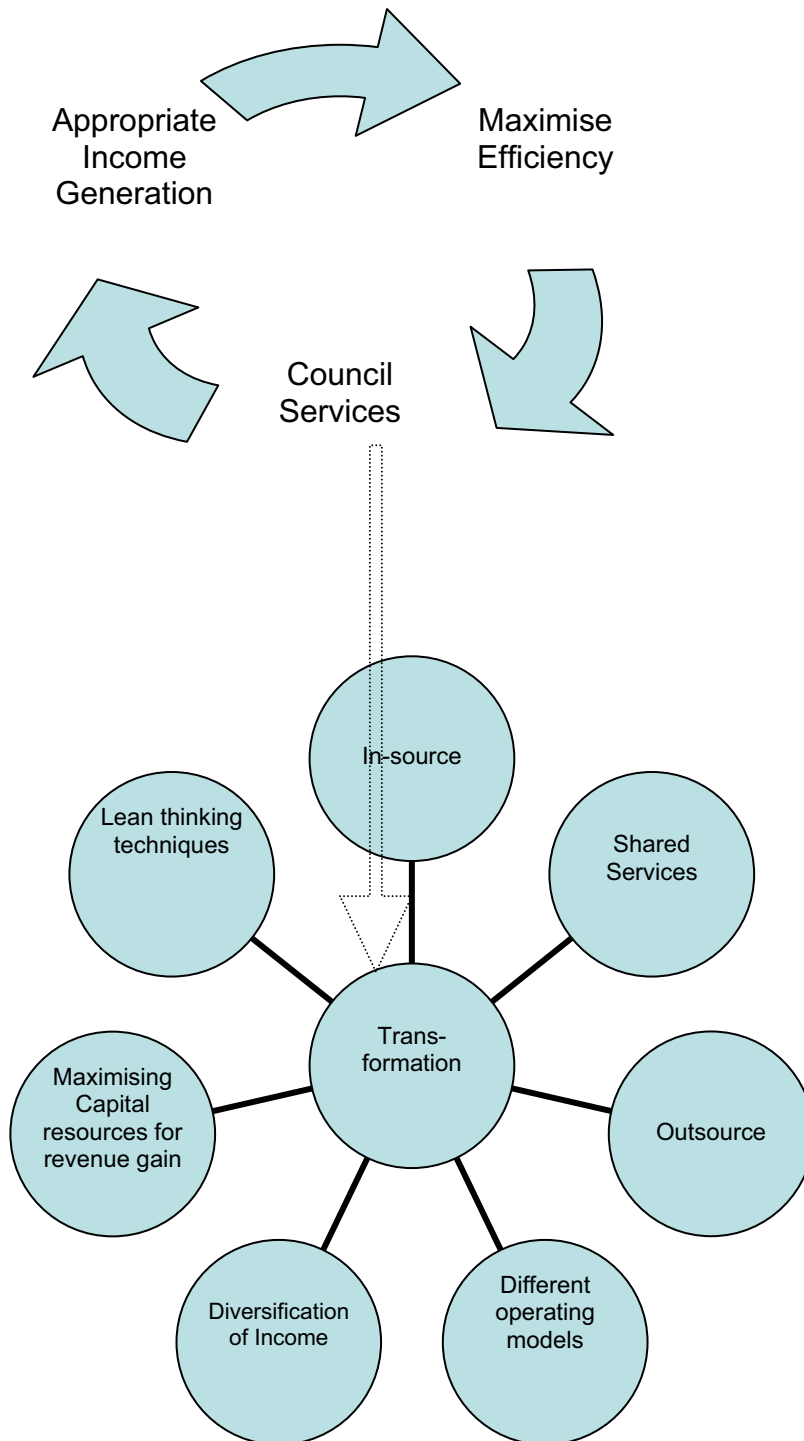


## **The Council's Strategy**

The period of the MTF5 is likely to see a significant contraction in the Council's overall spend, whilst at the same time seeing a growing population base that the Council must provide services to. To ensure that these two challenges are delivered, the Council will need to undergo a period of concentrated transformation to enable a continuation of those services that provide a universal benefit to all residents whilst at the same time deliver services for the vulnerable in society.

The first step the Council will undertake is to maximise all efficiencies from across its service areas; before any further transformation is completed, it is important that all services' comparative costs are understood and the Council is either content with these, or wishes to drive out further reductions in cost. It is also important that the Council maximises the generation of income. The two main income sources are Council Tax and Business Rates and there is a very real incentive for the Council to collect a higher percentage of overall Council Tax and Business Rates through its transactional services partner, arvato. The Council also collects income through how it sets its fees and charges and over the coming year the Council will review further where subsidies are provided through its charging regime and where it would be appropriate to adjust these subsidies for the Council Tax payer and / or for the service user.

**Chart 2.7: Approach to the financial challenges**



Finally, the Council will develop transformation through a variety of themes as articulated in the above. Given the scale of the financial pressures on the Council, following one theme alone is unlikely to yield all of the savings required going forward, and so the Council will need to be aware of the opportunities presented through the life of this MTFS via the themes above.

The Council has experience of delivering services using many of the themes identified. Already in the MTFS there are examples of these; for example savings through the outsourcing of some education functions to Mott McDonald or via Phase 2 transactional services. The Council is proposing to maximise income through a shift in its emphasis on treasury management activity away from short term and high liquidity holdings. There is much transformational work being undertaken within Adult Social Care to work with partners in the public and private sector to deliver lower cost services in a different way.

The key over the period of this MTFS is that the activity already identified as occurring is likely to need to move at a faster pace, supported by clear business cases driven by the outcomes for services and a strong evidence base. This change and challenge will need to be reflected across the whole of the Council in order for it to deliver a balanced budget over the life of the MTFS.

## The Financial Model

Below is a summary of the financial model that drives the anticipated figures included within this document. Also included below the model are some of the key assumptions contained within the model.

**Table 3.1: The MTFs financial model**

No.	2013-14	Funding	2014-15	2015-16	2016-17	2017-18
1	42.29	Council Tax	43.85	44.73	45.63	46.55
2	26.23	Retained Business Rates	27.13	28.15	29.00	29.87
3	39.76	Revenue Support Grant	32.47	23.20	18.56	14.85
4	2.11	Education Services Grant	1.96	1.25	1.06	0.90
5	1.84	NHS monies to support Social Care	2.36	2.36	1.84	1.84
6	1.76	New Homes Bonus	2.01	2.61	3.21	3.21
7	0.26	Other non-ringfenced grants	1.03	0.90	0.50	0.50
8		Collection Fund	1.30			
9	114.25	<b>Total Budgeted income</b>	<b>112.11</b>	<b>103.21</b>	<b>99.80</b>	<b>97.72</b>
10		Prior year baseline	114.25	112.11	103.21	99.80
11		Base budget	3.54	2.90	2.90	2.90
12		Directorate Pressures	8.20	1.98	2.92	1.86
13		Revenue impact of Capital investment		0.60	0.60	0.00
14		Other adjustments	-1.34	-0.06		
15		Savings identified	-12.53	-14.33	-9.82	-6.84
16	0	<b>Net Expenditure</b>	<b>112.11</b>	<b>103.21</b>	<b>99.80</b>	<b>97.72</b>

n.b. Rounding errors apply. Further detail contained within the 2014-15 figures will be included within the 2014-15 Revenue Budget papers.

- (1) Council Tax – assumed that the taxbase (i.e. number of properties in Slough) rises by 1% from 2015-16 onwards. Council Tax is due to be frozen in 2014-15.
- (2) Retained Business Rates – assume no growth or loss in Business rates over the life of the MTFs and that they rise in line with inflation
- (3) Revenue Support Grant (Government grant) – includes 2014-15 and 2015-16 figures announced by Government in December 2013. All future years to see a reduction of 20% from Government
- (4) Education Services Grant (Government grant) – expect to reduce as this grant reduces with every school that converts to academy status
- (5) NHS monies to support Social Care – assumed flat at the £2.4m level 2014-16. From 2015-16 there will be 'Better Care Funds' in place that will be significantly more than this sum, but that which must be pooled with NHS partners. The MTFs assumes no financial benefit from this at present until further work is completed to understand the cost / benefit implications of the Government announcements and how these will work at Slough.
- (6) New Homes Bonus – assumed growth of approximately 1% in the taxbase

- (7) Other non-ringfenced grants – similar assumptions through the MTFS as this relates to smaller non ringfenced grants that are announced in the finance settlement e.g. adjustments for NHB allocations retained by Government, or for Council Tax Freeze grant (which is likely to be mainstreamed in future years).
- (8) Collection Fund – the balance of surplus / deficit on retained business rates and Council Tax compared to original assumptions
- (10) Prior Year baseline – the previous year net budget position
- (11) Base budget adjustments – increases due to non-pay and pay pressures across the Council
- (12) Directorate pressures – items coming through in year. For 2014-15 the largest item is in respect of Children’s Social Care at £3.3m. This is respect of additional Looked After Children placements of £2.5m and additional Children’s Social Care staffing costs of £0.8m. The latest MTFS provided to Cabinet in November 2013 highlighted the growing pressures within Children’s Social Care, along with the quarter 2 financial & performance report. The future year’s assumptions include £0.7m for children’s social care in 2015-16 along with an assumption around areas of other service pressures going forward.
- (13) Impact of capital investment – the amount of revenue budget required to pay off any additional capital borrowing required in future financial years from the capital strategy.
- (14) Other adjustments – in 2014-15 this assumes some financial benefit from the Single Person Discount review on Council Tax as well as some reversal of prior year’s growth items
- (15) Savings– the amount of savings required for each financial year

## Managing Risk

Ensuring that there is appropriate risk management is key to underpinning the success of the MTFS. The Corporate Risk Register currently includes delivering the MTFS as a key risk, along with other related risks highlighted in this strategy e.g. children’s social care, the delivery of the SRP and the impact of demographic changes.

**Table 3.2: Corporate Risk Register**

Summary of Corporate Risks	Impact	Controls
Unpredicted demographic changes present significant issues for the Council	Increased pressures on school places, housing services and social care services	Strategic review of school places as a gold project. Investment in social care services
The impact of the Comprehensive Spending Review on the Council	Continued reduced budgets and requirement to deliver services in a different way. In year risk to general reserves if overspends occur	Development of the MTFS Refresh of the corporate strategy to reflect different delivery mechanisms Regular monitoring of in year budget position. General reserves remain above the s151 officer advised level
Delivery of an ICT function that is robust and has the capacity to meet the needs of the organisation.	ICT systems not being available and impacting on service delivery of the Council. The Council misses opportunities to deliver more efficient and lower cost services and to transform the organisation	ICT provided by outside provider with appropriate longer term capital investment plans.
Adult Safeguarding	Significant impact on individual and community and undermines organisational credibility	Safeguarding Adults Board and associated business plan. Oversight of delivery via new executive Group enhanced care governance group

Impact of Welfare Reforms	Increased costs to the Council through additional claimants & pressures on other Council services. Increase of other Councils placing welfare claimants in Slough	Monitoring of claimant numbers and impact on discretionary funds Scrutiny reports
Delivery of projects through the Slough regeneration Partnership	Reputational risk through lack of delivery of identified projects. Financial risk through missed opportunity to generate capital receipts, profits and Council Tax base growth and New Homes Bonus	SBC representation on the SRP Board Approval through the Cabinet of the Business Plan and associated schemes.
Business Continuity Management	Council and its contractors being unable to deliver core services in the event of an unexpected incident, potentially placing service users at risk	Up to date Business continuity plans developed by services and by core service delivery partners
Children Safeguarding	Significant impact on individual and community and undermines organisational credibility	Improvement Board and associated plan. Local Safeguarding Board and children's Young Person Partnership

The Council also needs to be prepared for other scenarios that have yet to emerge at present, or are just emerging, and it needs to consider the impact that these will have upon the Council via different scenarios.

**Table 3.3: Scenarios and their financial impact**

Scenario	Positive impact / £m	Negative impact / £m



Thirty one Looked After Children <sup>1</sup> 1.1		-1.1
Collection rates change by 1% 0.7		-0.7
Business Rates appeals		-2
Over / under delivery of savings 0.5		-3
Further Government funding reductions		-0.5
Performance on Council investments 0.5		-0.5
<b>Total 2.8</b>		<b>-7.8</b>

It is highly likely that all of the above scenarios will occur *to an extent*. For example, Looked after Children numbers are unlikely to be as forecasted or with the current average cost mix. Similarly, it is unlikely the Council will collect the exact amount of Council Tax and Business Rates as per its tax-setting forms. There are some positive as well as negative risks. The Council has seen significant in year pressures from Children's Social care in the current, 2013-14, financial year. However, as highlighted above and as will be detailed in the revenue budget papers, significant sums are being proposed to go to this service to help deal with the financial pressures.

The two largest risks come from reduced business rates and savings delivery. In the current financial year, Business Rates increased initially, but the collectable amount has fallen by over £1m in four months at the time of writing. Business Rates numbers are volatile as businesses demolish, convert and redevelop sites in the borough. From a savings delivery viewpoint, the risk is real; in 2013-14, there are over £1m of savings currently at risk of not being delivered in year. Where appropriate these will be adjusted for in the 2014-15 financial year. However, 2014-15 will have a very high savings target of over £12m. By its very size (almost 10% of the Council's budget), this savings plan will be an inherent risk.

There are processes in place to manage some of these risks, and these are highlighted below. Many of these overlap with the Corporate Risk Register or service risk registers where further details can be found.

**Table 3.4: Managing risks**

Risk	Management Control
Thirty one additional / less Looked After Children	Monthly monitoring of LAC numbers against budget by CMT. More regular monitoring by the

<sup>1</sup> The current tolerance above and below the average level of Looked After Children anticipated per the 2014-15 budget.

	service.
Collection rates change by 1%	Monthly collection rates monitored to CMT Regularly meetings with the transactional services provider
Business Rates appeals	Notifications from the Valuation Office Pro-active visits to be undertaken by the transactional services provider
Over / under delivery of savings	Monthly monitoring of savings against a RAG framework, quickly highlighting to CMT where savings might not be achieved and to take action.
Further Government funding reductions	Regular monitoring of DCLG announcements. Informal networks with other Councils
Performance on Council investments	Monthly meetings of the Treasury Management Group to monitor investments and change strategy if required.

**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council

**DATE:** 18<sup>th</sup> February 2014

**CONTACT OFFICER:** Joseph Holmes, Assistant Director, Finance & Audit  
**(For all enquiries)** (01753) 875358

**WARD(S):** All

**PART I**  
**FOR DECISION**

**TREASURY MANAGEMENT STRATEGY**

**1 Purpose of Report**

To recommend the Council adopt the Treasury Management Strategy for 2014/15.

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

**2 Recommendation(s)/Proposed Action**

The Council is requested to resolve, subject to any amendments to the Strategy recommended by the Cabinet (to follow), that the Treasury Management Strategy for 2014/15 be approved as set out at Appendix A.

**3 The Sustainable Community Strategy, the JSNA and the Corporate Plan**

**3.1 Sustainable Community Strategy Priorities**

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

**3.2 Corporate Plan 2014/15**

The report helps achieve the Corporate Plan objectives by detailing how the Council has performed against its priority outcomes, as evidenced in the Treasury Management activity report.

**4 Other Implications**

**4.1 Financial**

The Financial implications are contained within this report.

## 4.2 Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	none
Communications	None	none
Community Safety	None	None
Financial; Detailed in the report and above	As identified	None
Timetable for delivery; A number of capital projects have been reprofiled into the 2013-14 financial year	None	None
Project Capacity	None	None
Other	None	None

### 4.2.1 Human Rights Act and Other Legal Implications

None identified

### 4.2.2 Equalities Impact Assessment)

No identified need for the completion of an EIA.

## **Executive Report**

### **5 Introduction and Background**

5.1 The Treasury Management Strategy for 2014/15 is required to manage £285m of treasury risk. The council's treasury policy is set out in Appendix 1 of this report. The Treasury management Strategy complies with the requirements set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

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

## **6 Key Principles**

- 6.1 The medium term capital finance budget is a key part of the council's budget strategy. When setting the Treasury management strategy the Council has considered
- The current treasury position and debt portfolio position
  - The prospects for interest rates
  - The current approved capital programme
  - Limits on treasury management activities and prudential indicators
- 6.2 It is a statutory requirement that the level of borrowing is kept under review and is affordable

## **7 Service Delivery and Performance Issues**

### **7.1 Current Economic Climate**

- 7.1.1 Appendix A to the attached strategy includes a detailed view on interest rates. Interest rates are expected to remain low until the recovery is convincing and sustainable. The Bank Rate, currently 0.5%, is expected to remain at this level until late 2016.

### **7.2 Current Position**

- 7.2.1 The Council currently has £182.4m of borrowing and £103.0m of investments. The underlying need to borrow is measured by the Capital Financing Requirement (CFR) while usable reserves are the underlying resources available for investment. The current strategy is to maintain borrowing and investments below their underlying levels subject to holding the minimum investment balance of £50m.
- 7.2.2 CIPFA's prudential code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Council expects to comply with this recommendation during 2014/15.

### **7.3 Borrowing Strategy**

- 7.3.1 The Council currently holds £182.4m of loans. This is a decrease on previous years as a result of the strategy for funding previous year's capital programmes. Further borrowing is planned in 2014/15 to fund capital projects included within the current capital programme.
- 7.3.2 The Council's chief objective when borrowing money is to strike an appropriately low risk between securing low interest costs and achieving cost certainty. The aim is for affordability without compromising the longer term stability of the debt portfolio.
- 7.3.3 The benefits of internal borrowing will continue to be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long term borrowing rates are forecast to rise.

7.3.4 The Council does hold £13m of LOBO (Lender's Option Borrowers Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £4m of these LOBOS have options during 2014/15 and the Council will take the option to repay at no cost if it has the opportunity to do so.

#### **7.4 Investment Strategy**

7.4.1 The Council will invest its funds prudently and have regard to the security and liquidity of its investments before seeking the highest rate of return.

7.4.2 The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

7.4.3 Investments will make reference to the core balance, cash flow requirements and the outlook for short and medium term interest rates.

7.4.4 The Council will invest its surplus funds with any of the counterparties shown in table 3 of the TMS, subject to the cash and time limits shown.

7.4.5 The council will consider, but not solely rely on, the rating opinion of all three major rating agencies (where available) nor will it be bound by the agency with the lowest rating.

#### **7.5 Treasury Indicators within the Prudential Code and the Treasury management code**

7.5.1 The indicators cover 2014/15 – 2016/17. The CIPFA Prudential Code and the TM Code require authorities to set treasury indicators and these are set out in sections 11 and 13 of the Treasury Management Strategy. There are likely to be no breaches in the indicators 2014/15.

#### **7.6 Minimum Revenue Provision (the MRP)**

7.6.1 The proposed MRP policy statement 2014/15 is set out in section 12 of the TMS

#### **7.7 Future Options**

7.7.1 CLG guidance and the CIPFA code do not prescribe any particular treasury management strategy for local authorities to adopt. The recommended TMS, including the Treasury Prudential Indicators will provide sufficient flexibility for the Director of Finance to manage the Council's loan debt effectively in 2014/15. There are some alternative strategies that have been included within the strategy that may help to contribute to a more effective operation of treasury activities and help towards the financial standing of the council. They are shown in section 13 of the TMS.

#### **7.8 Policy on the use of external service providers**

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

**8**      **Recommendations of the Cabinet**

The Cabinet will be considering this report at its meeting on 10<sup>th</sup> February 2014 and the recommendations of the Cabinet will be circulated to the Council in advance of the meeting.

**9**      **Appendices Attached**

‘A’ - Treasury management Strategy 2014/15.

**10**     **Background Papers**

CIPFA – Treasury management in the public services – code of practice and guide for chief financial officers  
CIPFA Prudential code for local authority capital finance  
Arlingclose Ltd. UK economic forecasts  
Local Government Act 2003.

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**SLOUGH BOROUGH COUNCIL****TREASURY MANAGEMENT STRATEGY 2014/15****1 Introduction & Background**

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

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

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

**2 Key Principles**

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

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

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

- The current treasury position and debt portfolio position
- The prospects for interest rates
- The approved Capital Programme
- Limits on treasury management activities and prudential indicators

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

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

### **3 Current Economic Climate**

The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.7% in August 2013, but Arlingclose do not expect it to fall below the threshold until 2016, due to the UK's flexible workforce.

The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation from the high of 5.2% in September 2011 to 2.7% in September 2013 will allow real wage increases (i.e. after inflation) to slowly turn positive and aid consumer spending.

Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and an initial estimate of 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.

In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets. The Fed did not taper in September and has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.

**Credit outlook:** The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process. This is already manifest in relation to holders of subordinated debt issued by the Co-op which will likely suffer a haircut on its conversion bail-in to alternative securities and/or equity. There are also proposals for EU regulatory reforms to Money Market Funds which will, in all probability, result in these funds

moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper. Diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

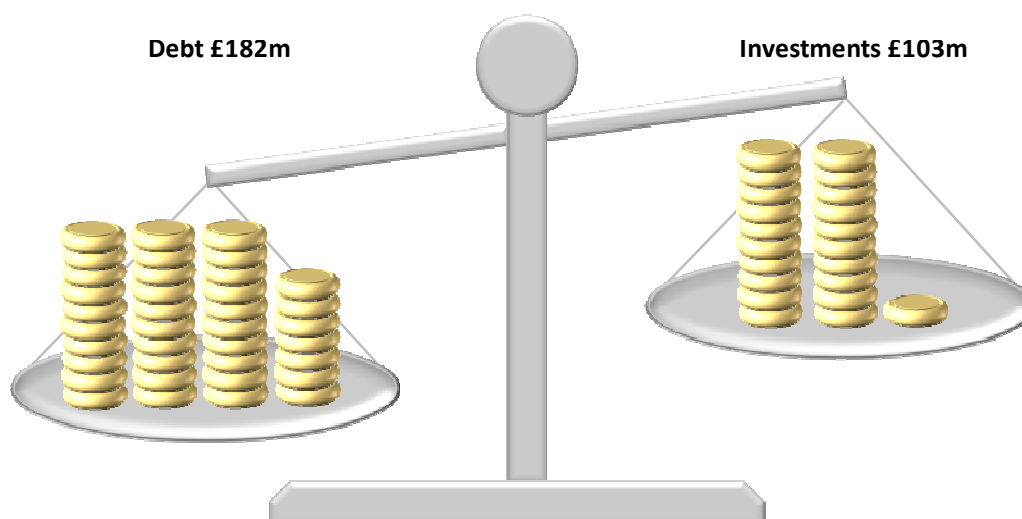
**Interest rate forecast:** Arlingclose forecast is for the Bank Rate to remain flat until late 2016, the risk to the upside (i.e. rates being higher) are weighted more heavily towards the end of the forecast horizon, as the table below shows. Gilt yields are expected to rise over the forecast period with medium- and long-dated gilts expected to rise by between 0.7% and 1.1%.

A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.85%.

#### 4 **Current Position**

The Authority currently has £182.4m of borrowing and £103.0m of investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.



**Table 1: Balance Sheet Forecast**

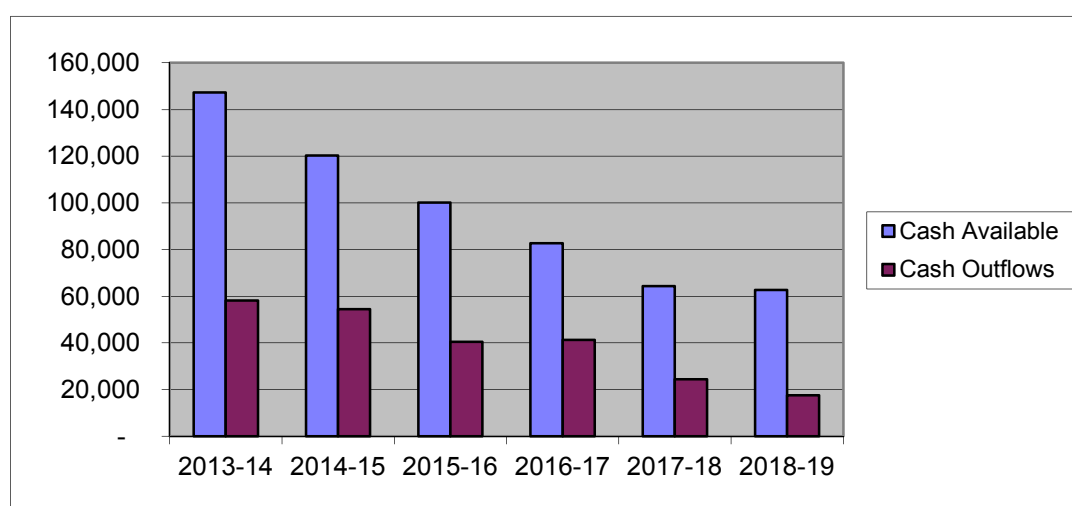
<b>Slough Borough Council</b>					
<b>Balance Sheet Summary and Projections in £millions</b>					
<b>31<sup>st</sup> March</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund Capital Financing Requirement	123.7	111.9	125.5	124.8	127.3
HRA Capital Financing Requirement	159.0	156.9	159.2	161.6	163.9
<b>Total Capital Financing Requirement</b>	<b>282.70</b>	<b>268.8</b>	<b>284.8</b>	<b>286.4</b>	<b>291.1</b>
Less: Other long-term liabilities *	(51.26)	(48.50)	(45.60)	(42.64)	(40.92)
<b>Loans Capital Financing Requirement</b>	<b>231.44</b>	<b>220.30</b>	<b>239.20</b>	<b>243.76</b>	<b>250.18</b>
Less: External borrowing **	(193.40)	(182.38)	(206.38)	(206.37)	(206.38)
<b>Internal (over) borrowing</b>	<b>38.04</b>	<b>37.92</b>	<b>32.82</b>	<b>37.39</b>	<b>43.80</b>
Less: Usable reserves	(112.4)	(110.2)	(103.0)	(102.2)	(99.8)
<b>Net Borrowing Requirement/(Investments)</b>	<b>(74.36)</b>	<b>(72.28)</b>	<b>(70.18)</b>	<b>(64.81)</b>	<b>(56.00)</b>

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

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

**Table 1a: Cash Flow Forecast**

	<b>Cash Available</b>	<b>Cash Outflows</b>
<b>2013/14</b>	147,300	58,102
<b>2014/15</b>	120,235	54,512
<b>2015/16</b>	100,194	40,494
<b>2016/17</b>	82,637	41,266
<b>2017/18</b>	64,308	24,459
<b>2018/19</b>	62,786	17,536



The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves are the underlying resources available for investment. CIPFA's Prudential Code for Capital Finance in Local

Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2014/15.

## **5 Borrowing Strategy**

The Authority currently holds £182.4 million of loans, a decrease of £11 million on the previous year, as part of its strategy for funding previous years' capital programmes. The decrease is predominantly due to the maturity of a £10m market loan in April 2013. The balance sheet forecast in table 1 shows that the Authority expects to have unfunded capital commitments in 2014/15 to fund big capital projects such as the construction of The Curve.

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

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

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 2-3 years as official interest rates remain low, it is unlikely to be sustained in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2014/15 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council holds over £30m of its investments in instant access accounts so has no need to borrow short-term loans to cover unexpected cash flow shortages.

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

- Public Works Loan Board
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- LGA Bonds

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

The Authority holds £13m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £4m of these LOBOS have options during 2014/15, £5m during 2015/16 and £4m in 2026 and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

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

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

**Table 2: Current Borrowing Position**

PWLB or Market	Type	Loan	Start Date	Maturity	Principal	Type
PWLB	Fixed	497751	27/08/2010	25/08/2015	5,000,000	Pooled
PWLB	Fixed	497998	30/09/2010	30/03/2017	4,000,000	Pooled
PWLB	Fixed	497752	27/08/2010	24/08/2017	3,000,000	Pooled
PWLB	Fixed	497999	30/09/2010	29/09/2021	4,000,000	Pooled
PWLB	Fixed	498000	30/09/2010	29/09/2024	4,000,000	Pooled
PWLB	Fixed	498001	30/09/2010	30/09/2027	4,000,000	Pooled
PWLB	Fixed	487800	28/05/2003	25/03/2028	1,000,000	Pooled
PWLB	Fixed	500578	28/03/2012	28/03/2028	20,000,000	HRA Self Financing
PWLB	Fixed	488859	08/07/2004	25/09/2029	500,000	Pooled
PWLB	Fixed	481989	14/01/1999	25/03/2030	22,278	Pooled
PWLB	Fixed	489227	28/10/2004	15/10/2031	5,000,000	Pooled
PWLB	Fixed	500582	28/03/2012	28/03/2032	20,000,000	HRA Self Financing
PWLB	Fixed	490923	22/12/2005	01/05/2036	3,000,000	Pooled
PWLB	Fixed	490924	22/12/2005	01/08/2036	5,000,000	Pooled
PWLB	Fixed	500579	28/03/2012	28/03/2037	20,000,000	HRA Self Financing
PWLB	Fixed	494837	01/10/2008	01/08/2038	5,000,000	Pooled
PWLB	Fixed	500584	28/03/2012	28/03/2039	20,000,000	HRA Self Financing
PWLB	Fixed	500581	28/03/2012	28/03/2041	15,841,000	HRA Self Financing
PWLB	Fixed	500580	28/03/2012	28/03/2042	20,000,000	HRA Self Financing
PWLB	Variable	500583	31/03/2012	28/03/2022	10,000,000	HRA Self Financing
Market	LOBO	64	12/07/2004	12/07/1954	4,000,000	Pooled
Market	LOBO	65	07/04/2006	07/04/2066	5,000,000	Pooled
Market	LOBO	66	28/04/2006	28/04/2066	4,000,000	Pooled
					<b>182,363,278</b>	

## **6 Housing Revenue Account Self-Financing**

Central Government completed its reform of the Housing Revenue Account Subsidy system at the end of 2011/12. Local authorities are required to recharge interest expenditure and income attributable to the HRA in accordance with Determinations issued by the Department for Communities and Local Government.

The Determinations do not set out a methodology for calculating the interest rate to use in each instance. The Council is therefore required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA

Code recommends that authorities present this policy in their TMSS. 3 On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. As part of the reform of the HRA Housing Revenue Account Subsidy system at the end of 2011/12, the HRA needed to make a payment of £135.841m to the Government. £125.841m of this was financed by PWLB loans listed above. £10m was in respect of an internal loan from the General Fund. The General Fund currently charges 3.27% interest on this amount or £327,000 per annum.

## **7 Investment Strategy**

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. An example includes grants where funds are received and held until they are used at a later date. In the past 12 months, the Authority's investment balance has ranged between £82 million and £104 million, and similar levels are expected to be maintained in the forthcoming year

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

Under the current economic environment it would be in the council's interest to place forward dealing as an option to gain beneficial investments. The forward dealing should be utilised with the counterparties listed and only if the rates are beneficial to the council.

The Council is a partner in a Local Asset Backed Vehicle (LABV). The Council will issue loan notes to the LABV in return for the assets contributed by the Council. The value of the loan notes is linked to the success of the LABV and the schemes involved. As a consequence the issuance of loan notes presents a risk to the Council. Importantly, this risk is taken in respect of service purposes as opposed to the prudent management of the Council's financial affairs but it is highlighted within the Council's Treasury Management Strategy Statement. This risk is broader than

simply the credit risk associated with other investments made by the Council in the normal course of the prudent management of its financial affairs since the LABV does not have a credit rating or many of the other indicators of credit risk.

The Council will also consider what, if any, investment in a housing subsidiary would mean for Treasury Management returns over the medium term during the next financial year.

The Authority may invest its surplus funds with any of the counterparties in table 3 below, subject to the cash and time limits shown.

**Table 3: Approved Investment Counterparties**

Counterparty		Cash limit	Time limit †
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£15m each	10 years*
	AA+		5 years*
	AA		4 years*
	AA-		3 years*
	A+		2 years
	A		1 year
	A-		
The Co-operative Bank		£0.5m	Next Day
Royal Bank of Scotland Call Account		£15m	Next day
Bank of Scotland (Lloyds banking Group)		£15m	6 Months
UK Central Government (irrespective of credit rating)		unlimited	50 years**
UK Local Authorities (irrespective of credit rating)		£20m each	50 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher		£10m each	10 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings		£5m each	5 years
UK Building Societies without credit ratings		£3m each	1 year
Money market funds and other pooled funds		£7m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser		£5m each	3 months
		£1m each	1 year
		£100k each	5 years

† The time limit is doubled for investments that are secured on the borrower's assets

\* But no longer than 2 years in fixed-term deposits and other illiquid instruments

\*\* But no longer than 5 years in fixed-term deposits and other illiquid instruments

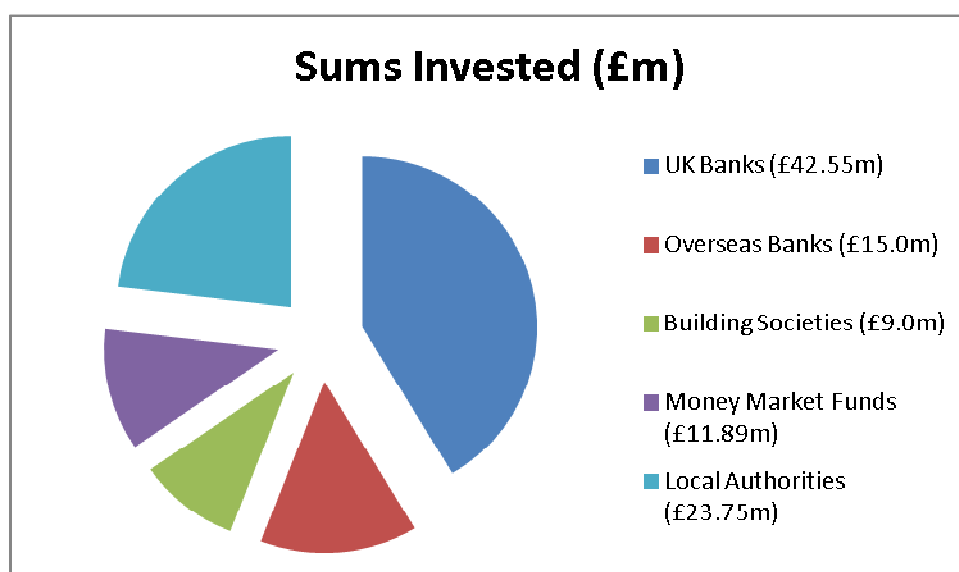


There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions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

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

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

**Table 4: Current Investments**



Over £44m of the above is in instant access accounts (i.e. Call Accounts and Money Market Funds)

## 8 Investment Opportunities

**Current Account Bank:** – The Authority banks with The Co-Operative Bank. At the current time, it does not meet the Authority's minimum credit criteria but will continue to be used for short term liquidity requirements (overnight and weekend investments) and business continuity arrangements. The council aims to limit its overnight exposure with its bankers to under £100,000 and as near to nil as practical.

**Registered Providers:** Formerly known as Housing Associations, Registered Providers of Social Housing are tightly regulated by the Homes and Communities Agency and retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.

**Building Societies:** The Authority takes additional comfort from the building societies' regulatory framework and insolvency regime where, in the unlikely event of a building society liquidation, the Authority's deposits would be paid out in preference

to retail depositors. The Authority will therefore consider investing with unrated building societies where independent credit analysis shows them to be suitably creditworthy. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.

**Money Market Funds:** These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

**Other Pooled Funds:** Table 3 above indicates that the Authority will have substantial cash balances available for investment over the medium term. It will therefore consider using pooled bond, equity and property funds that offer enhanced returns over the longer term, but are potentially more volatile in the shorter term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Other Organisations:** The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

**Approved Instruments:** The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits where the Authority may demand repayment at any time (with or without notice),
- callable loans where the borrower may demand repayment at any time, but subject to a maximum of £10 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- Shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

## 9 **Risk Management**

**Risk Assessment and Credit Ratings:** The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

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

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

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

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:

- the UK Government,
- a UK local authority, parish council or community council, or
- A body or investment scheme of “high credit quality”.

For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 4 below.

**Table 5: Non-Specified Investment Limits**

	<b>Cash limit</b>
Total long-term investments	£30m
Total investments without credit ratings	£20m
Total investments in foreign countries rated below AA+	£10m
Total non-specified investments	<b>£60m</b>

## 10 Investment Limits

The Authority’s revenue reserves available to cover investment losses are forecast to be £83 million on 31st March 2014. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £20 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers’ nominee accounts (e.g. King and Shaxson), foreign countries and industry sectors as below:

The council’s Investment Limits are shown in table 6 below:

**Table 6: Investment Limits**

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker’s nominee account	£20m per broker

Foreign countries	£20m per country
Registered Providers	£20m in total
Building Societies	£20m in total
Money Market Funds	£50m in total

## 11 Prudential Indicators

The Local Government Act 2003 required the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

A key indicator of prudence is to ensure that over the medium term net borrowing will only be for a capital purpose and that net external borrowing does not except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financing requirements for the current and the next two financial years.

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

**Table 7: Capital Programme**

<b>Capital Expenditure and Financing</b>	<b>2013/14 Revised £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>
General Fund	31,223	36,469	27,981	15,994
HRA	21,381	10,008	11,544	11,490
<b>Total Expenditure</b>	<b>52,604</b>	<b>46,477</b>	<b>39,525</b>	<b>27,484</b>
Capital Receipts	-2,500	-600	-3,395	-4,991
Grants & Contributions	-19,284	-13,726	-15,121	-14,674
Revenue	-12,720	-4,868	-9,794	-4,290
Reserves	-6,500	-6,500	-6,500	-6,500
Borrowing (incl. internal)	-11,600	-20,783	-4,715	2,971
<b>Total Financing</b>	<b>-52,604</b>	<b>-46,477</b>	<b>-39,525</b>	<b>-27,484</b>

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

<b>Capital Financing Requirement</b>	<b>31.03.14 Revised £m</b>	<b>31.03.15 Estimate £m</b>	<b>31.03.16 Estimate £m</b>	<b>31.03.17 Estimate £m</b>
General Fund	111,922	125,544	124,792	127,252

HRA	156,897	159,229	161,561	163,893
<b>Total CFR</b>	<b>268,819</b>	<b>284,773</b>	<b>286,353</b>	<b>291,145</b>

The CFR is forecast to rise by £23m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

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

<b>Debt</b>	<b>31.03.14 Revised £m</b>	<b>31.03.15 Estimate £m</b>	<b>31.03.16 Estimate £m</b>	<b>31.03.17 Estimate £m</b>
Borrowing	182,373	206,373	206,373	206,373
Finance leases	10,041	8,048	6,096	5,109
PFI liabilities	38,464	37,540	36,545	35,815
<b>Total Debt</b>	<b>230,878</b>	<b>251,961</b>	<b>249,014</b>	<b>247,297</b>

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

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

<b>Operational Boundary</b>	<b>2013/14 Revised £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>
Borrowing	256,498	259,412	262,359	264,076
Other long-term liabilities	48,502	45,588	42,641	40,924
<b>Total Debt</b>	<b>305,000</b>	<b>305,000</b>	<b>305,000</b>	<b>305,000</b>

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

<b>Authorised Limit</b>	<b>2013/14 Revised £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>
Borrowing	266,498	269,412	272,359	274,076
Other long-term liabilities	48,502	45,588	42,641	40,924
<b>Total Debt</b>	<b>315,000</b>	<b>315,000</b>	<b>315,000</b>	<b>315,000</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2013/14 Revised %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>	<b>2016/17 Estimate %</b>
General Fund	5.49%	6.18%	6.95%	5.67%
HRA	13.96%	13.82%	13.68%	13.55%

**Incremental Impact of Capital Investment Decisions:** This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2014/15 Estimate £</b>	<b>2015/16 Estimate £</b>	<b>2016/17 Estimate £</b>
General Fund - increase in annual band D Council Tax	20.62	12.19	12.39
HRA - increase in average weekly rents	0	0	0

## 12 **MRP Statement 2013/14**

CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include

Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.

The MRP Statement will be submitted to Council before the start of the 2014/15 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.

The Authority will apply Option 1/Option 2 in respect of supported capital expenditure funded from borrowing and Option 3/Option 4 in respect of unsupported capital expenditure funded from borrowing.

MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.

### **13 Treasury Management Indicators**

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

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

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

<b>LIMITS ON INTEREST RATE EXPOSURE</b>			
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Limit on Principal invested beyond year end	£20m	£15m	£10m
Upper limit on fixed interest rate exposure	£100m	£100m	£100m
Upper limit on variable interest rate exposure	£50m	£50m	£50m

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

#### **Mature Structure of Borrowing:**

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:



<b>MATURITY STRUCTURE OF BORROWING</b>			
	<b>Existing Level</b>	<b>Lower</b>	<b>Upper</b>
Under 12 months	4.0	0%	50%
12 months and within 24 months	9.0	0%	50%
24 months and within 5 years	7.0	0%	50%
5 years and within 10 years	8.0	0%	75%
10 years and within 15 years	30.5	25%	95%
15 years and within 20 years	25.0	25%	95%
20 years and within 25 years	53.0	25%	95%
Over 25 years	35.8	25%	95%

#### **14 Other Items**

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

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

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

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

transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

**Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed every three months as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Staffs regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staffs are also encouraged to study professional qualifications from CIPFA and other appropriate organisations.

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

**Investment of Money Borrowed in Advance of Need:** The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

## 15 Future Options

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

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Reduced risk of losses from credit related defaults
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income. Impact of premiums.	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs will be less certain.
Invest with Local Authorities for periods in excess of 12 months	Higher rates achieved initially.	Risk that interest rates will rise (interest rate risk)
Invest in Building Societies not currently on the Council's Counterparty Risk	Potential higher returns	Risk of Credit Related Defaults as most Building Societies are unrated.
Invest in Government Treasury Bills	Very Low returns	No risk of credit default.

Invest in Registered Providers/Housing Associations.	5 year loan floating at 200bps over 6-month LIBOR (currently 0.59%) with a credit rated RP (A2 with Moody's) —5 year fixed rate loan at c3.35% with an unrated RP (Unrated RPs will pledge a pool of housing assets as security for loans borrow). Downside 6 weeks set up time.	Strong regulatory framework and oversight; Conservative financial management; High likelihood of government support
Invest in pooled Property Funds	Potentially higher returns though will require more monitoring and returns could fluctuate greatly.	Risks of investing in a property fund – very similar to the risks of direct purchases —Void periods will result in lower returns  —Falling property values can result in capital losses  —Entry and exit costs – either as subscription/redemption fees or a bid-offer spread  —Low liquidity compared to other types of pooled funds – 6 months' notice is common  Our TMA therefore recommend a minimum investment horizon of at least 5 years
Pooled Funds-Liquidity Plus	Next step up from Money Market Funds. Almost as liquid as MMFs but with potentially higher returns.	As secure as MMFs we currently use but with greater fluctuations in yield.
Other Pooled Funds- e.g. Corporate Bonds, Equities.	Pooled funds provide opportunities for income as well as capital appreciation. Accounting rules typically mean that capital gains and losses are not taken to revenue until units are sold	Due to the potential volatility, the Council should be prepared for the possibility of capital value to fall before it rises
Upfront Payment of Employer Contributions to the Pension Fund	The council will save over 3% in employer contributions if it makes an upfront payment of approx £10m to the Pension Fund.	No risk other than the estimate must be robust and cannot under estimate the amount of contributions payable in the year.
Loan Notes issued through SRP.		

**16**      **Ethical Investment Policy**

The preservation of capital is the Council's principal and overriding priority. The banks and building societies on the Council's lending list are selected only if the institutions and the sovereign meet minimum credit criteria. In accordance with its social and corporate governance responsibilities, the Council seeks to support institutions which additionally have an ethical and responsible approach to environmental and social issues including employment and global trade

**Underlying assumptions:**

- Growth continues to strengthen with the second estimate for Q3 growth coming in at an unrevised 0.8%. The service sector remains the main driver of growth, boosted by a contribution from construction.
- The unemployment rate has fallen to 7.6%. The pace of decline in this measure will be dependent on a slower expansion of the workforce than the acceleration in the economy, alongside the extent of productivity.
- The CPI for November has fallen to 2.1%, a much more comfortable position for the MPC. Utility price increases are expected to keep CPI above the 2% target in 2014, before falling back again.
- The principal measure in the MPC's Forward Guidance on interest rates is the Labour Force Survey (LFS) unemployment rate. The MPC intends not to raise the Bank Rate from its current level of 0.5% at least until this rate has fallen to a threshold of 7%.
- The reduction in uncertainty and easing of credit conditions have begun to unlock demand, much of which has fed through to the housing market. In response to concerns over a house price bubble, the Bank of England announced a curtailment of the Funding for Lending Scheme, which will henceforth concentrate on business lending only.
- The MPC will not hesitate to use macro prudential and regulatory tools to deal with emerging risks (such as curtailing the FLS). Absent risks to either price stability or financial stability, the MPC will only tighten policy when it is convinced about the sustained durability of economic growth.
- Federal Reserve monetary policy expectations - the slowing in the pace of asset purchases ('tapering') and the end of further asset purchases - will remain predominant drivers of the financial markets. Tapering of asset purchases will begin in Q1 2014. The US political deadlock over the debt ceiling will need resolving in Q1 2014.
- The European backstop mechanisms have lowered the risks of catastrophic meltdown. The slightly more stable economic environment at the aggregate Eurozone level could be undone by political risks and uncertainty in Italy, Spain and Portugal (doubts over longevity of their coalitions). The ECB has discussed a third LTRO, as credit conditions remain challenging for European banks.
- China data has seen an improvement, easing markets fears. Chinese leaders have signalled possible monetary policy tightening.
- On-going regulatory reform and a focus on bail-in debt restructuring of is likely to prolong banking sector deleveraging and maintain the corporate credit bottleneck.

## Forecast:

- Our projected path for short term interest rates remains flat. Markets are still pricing in an earlier rise in rates than warranted under Forward Guidance and the broader economic backdrop. The MPC will not raise rates until there is a sustained period of strong growth. However, upside risks weight more heavily at the end of our forecast horizon.
- We continue to project gilt yields on an upward path through the medium term. The recent climb in yields was overdone given the soft fundamental global outlook and risks surrounding the Eurozone, China and US.

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
<b>Official Bank Rate</b>													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	1.00
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk													
<b>3-month LIBID rate</b>													
Upside risk	0.20	0.25	0.30	0.35	0.40	0.50	0.55	0.60	0.65	0.70	0.75	0.90	0.95
Arlingclose Central Case	0.45	0.45	0.50	0.55	0.65	0.75	0.75	0.75	0.75	0.75	0.80	0.80	0.80
Downside risk			0.05	0.10	0.20	0.30	0.30	0.30	0.30	0.30	-0.35	-0.35	-0.35
<b>1-yr LIBID rate</b>													
Upside risk	0.35	0.30	0.35	0.40	0.45	0.50	0.60	0.70	0.75	0.75	0.75	0.80	0.80
Arlingclose Central Case	0.90	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.40	1.40
Downside risk	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5-yr gilt yield</b>													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	1.45	1.50	1.55	1.60	1.65	1.70	1.75	1.85	1.95	2.10	2.30	2.50	2.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
<b>10-yr gilt yield</b>													
Upside risk	0.50	0.50	0.50	0.65	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	3.00	3.10	3.30	3.50	3.50
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.75	-0.80	-0.80	-0.80
<b>20-yr gilt yield</b>													
Upside risk	0.50	0.75	0.75	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.65	3.75	3.85	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80
<b>50-yr gilt yield</b>													
Upside risk	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.45	3.50	3.55	3.60	3.65	3.70	3.75	3.80	3.85	3.95	4.05	4.15	4.15
Downside risk	-0.50	-0.50	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80

**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council

**DATE:** 18<sup>th</sup> February 2014

**CONTACT OFFICER:** Joseph Holmes; Assistant Director, Finance & Audit  
**(For all enquiries)** (01753) 875358

**WARD(S):** All

**PART I**  
**FOR DECISION**

**CAPITAL STRATEGY: 2014-19**

1 **Purpose of Report**

To request approval for capital strategy 2014-19 and approval for the capital programme for 2014-15 to be implemented subject to the approval sufficient business cases

To request approval to the calculation of the Minimum Revenue Provision

2 **Recommendation(s)/Proposed Action**

The Council is requested to resolve, subject to any amendments recommended by the Cabinet (To follow):

- (a) That the capital strategy of £147.7m be approved.
- (b) To note that the costs of the capital programme to the revenue budget will be an increase of £1.2m per annum commencing during the period of the capital strategy to fund borrowing of £21.5m be noted.
- (c) That the principles underpinning the capital programme in paragraph 5.1.2 of the report be approved.

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

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

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

This paper assists in the achievement of the all of the Strategy's priorities.

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

### 3c **Corporate Plan 2013/14**

The Plan's objectives are:

1. Improve customer experience
2. Deliver high quality services to meet local needs
3. Develop new ways of working
4. Deliver local and national change
5. Develop a skilled and capable workforce
6. Achieve value for money

The Plan includes targets for each of the objectives. This report helps achieve all of the above objectives by providing an overall financial strategy to support the delivery of the Corporate Plan.

### 4 **Other Implications**

(a) Financial: As detailed within the report.

(b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	April 2014 – March 2015	None
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

No specific legal implications arising from this report.

(d) Equalities Impact Assessment

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

### 5 **Supporting Information**

#### 5.1 **Purpose**

- 5.1.1 The capital strategy is one of four key strategic financial documents that the Council utilises in order to deliver its corporate objectives. For 2014, the capital strategy has



been increased in timescale from three to five years. The rationale for this is twofold; firstly, capital programmes by their very nature often span more than one financial year. Following the introduction of the Slough Regeneration Partnership in early 2013 and the self-financing regime for the HRA (Housing Revenue Account), the Council has a number of longer term financial commitments and it is important to consider these over a longer timeframe. Secondly, the funding, and affordability of the capital strategy in the current economic climate is key and this has a significant impact on the Council's Medium Term Financial Strategy.

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

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

## **5.2 Current Medium Term Financial Position**

- 5.2.1 As detailed in the Council's Medium Term Financial Strategy (MTFS) the Council is facing a significant reduction in its anticipated financial resources. By 2017-18 the Council's anticipated net budget will be reduced by 16% from the 2013-14 equivalent size and during this period the Council will face a number of demand and policy led pressures. Further detail can be found within the MTFS document for separate approval.
- 5.2.2 For there to be any net growth in the council financed element of the capital strategy, the Council will need to increase the amount of revenue monies set aside to pay back potential future borrowing. As detailed within the Treasury Management Strategy, the Council will only borrow as a last resort once it has extinguished all other sources of funding; however, revenue monies need to be set aside to fund any additional borrowing costs otherwise the Council will not have sufficient resources to repay its borrowings if that occurs.
- 5.2.3 The summarised capital programme has been provided below in table 1.1. This table highlights the key expenditure areas and the financing requirement for the capital programme over the period of the strategy. As noted in the introductory section of this paper, the Council's capital strategy is now over a five year period, and it is over this period that the Council needs to consider if additional borrowing will need to be undertaken. For example, if the first year showed a net cost of £10m but the subsequent four years showed £2.5m p.a. of net capital receipts, then the Council could take the decision not to borrow the £10m over the longer term, and

finance the capital programme through short term borrowing initially that would be reduced by the net receipts coming into the capital programme.

**Table 1.1 Summarised Capital Programme**

Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>TOTAL HRA EXPEND</b>	<b>10,008</b>	<b>11,544</b>	<b>11,490</b>	<b>10,264</b>	<b>10,364</b>	<b>53,669</b>
Funding	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Section 106						0
Capital Receipts	(600)	(900)	(1,200)	(1,500)	(1,500)	(5,700)
Major Repairs Reserve	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(32,500)
RCCO	(2,908)	(4,144)	(3,790)	(2,264)	(2,364)	(15,469)
<b>TOTAL HRA FINANCING</b>	<b>(10,008)</b>	<b>(11,544)</b>	<b>(11,490)</b>	<b>(10,264)</b>	<b>(10,364)</b>	<b>(53,669)</b>

Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19	Total
SRP related	10,868	5,170	0	0	0	16,038
General Fund	25,601	22,811	15,994	6,534	3,184	74,124
<b>Total General Fund</b>	<b>36,469</b>	<b>27,981</b>	<b>15,994</b>	<b>6,534</b>	<b>3,184</b>	<b>90,162</b>
Funding	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Section 106	(136)	(32)	0	0	0	(168)
Grants	(13,590)	(15,089)	(14,674)	(5,314)	(2,064)	(50,731)
Capital Receipts	0	(2,495)	(3,791)	(2,637)	0	(8,923)
Interest on Loan Notes	0	0	0	0	0	0
Revenue Contributions	(1,960)	(5,650)	(500)	(400)	(300)	(8,810)
Borrowing requirement	(20,783)	(4,715)	2,971	1,817	(820)	(21,530)
<b>Total Funding</b>	<b>(36,469)</b>	<b>(27,981)</b>	<b>(15,994)</b>	<b>(6,534)</b>	<b>(3,184)</b>	<b>(90,162)</b>

5.2.4 The total revenue financing required over the life of the capital strategy to fund a borrowing requirement of **£21.5m** is **£1.2m**, with the largest peak in the 2014-15 financial years. This is where there is a strong alignment between the treasury management strategy and the capital strategy. On the latest estimates on the Treasury Management strategy and the actual cash available to fund the capital programme, once reserves, and grants received, but not applied, have been taken into account, the Council has some short term cash funding available for the first year of the capital strategy, so will not be required to borrow in the short term to fund capital expenditure. However, it is absolutely vital that the Council begins to set aside revenue funding to finance long term capital commitments during the life of the capital strategy, and this is linked to the Minimum Revenue Provision detailed further below in this report.

5.2.5 The minimum required to be set aside for **£21.5m** of capital borrowing per annum (given the main assets being build this would be over an assumed 32.5 year lifecycle) would equate to an increase in revenue cost of borrowing of **£1.2m<sup>1</sup>** from 2015-16.

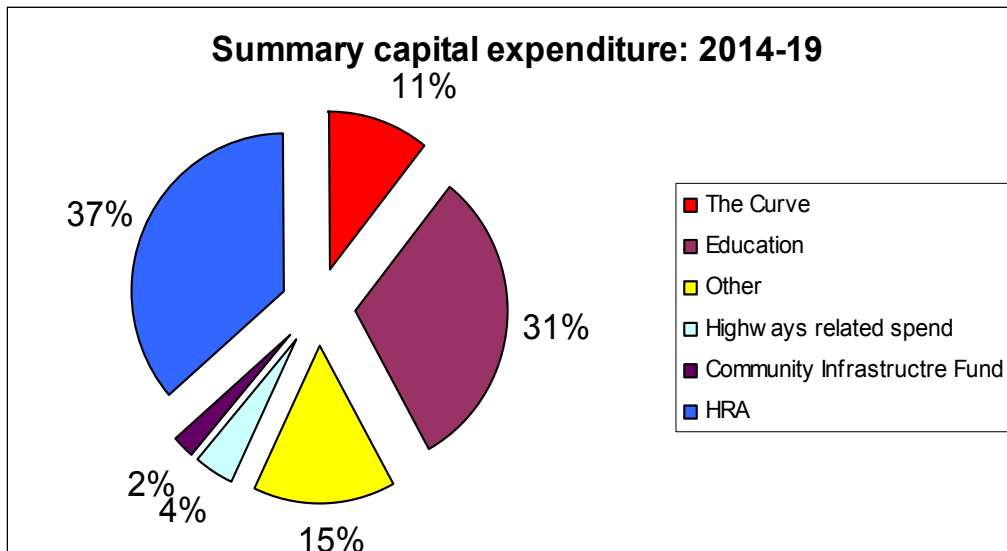
### 5.3 Key elements

5.3.1 As can be seen from the above, of the capital programme funded via general sources, a third relates to expenditure through the Slough Regeneration Partnership and two thirds on other general fund activity. The key elements of the Slough

<sup>1</sup> Assuming borrowing from the Public Works Loans Board at the rate as at December 2013

Regeneration Partnership expenditure relate to the building of the Curve .The Council is also proposing to spend a significant proportion of its overall capital programme on the HRA. The Council will continue to review the options available for the provision of leisure facilities. No capital costs have been assumed within this capital strategy; an individual report will be brought to Cabinet at a future meeting concerning leisure facilities and the cost of this will be highlighted accordingly and incorporated into a future capital strategy.

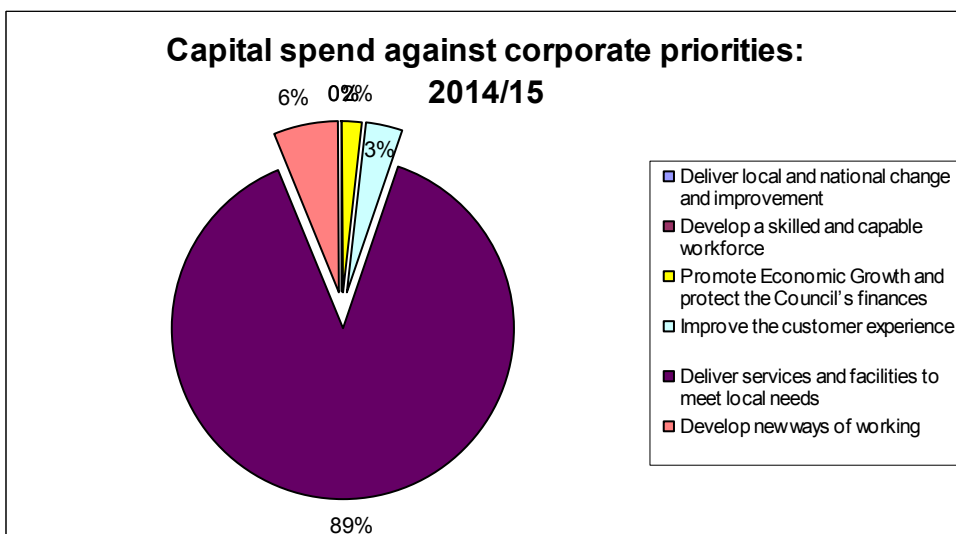
**Chart 2.1: Key items included in the Capital Strategy**



**5.4 Delivery the Council’s priorities**

5.4.1 Below is a chart detailing how much the Council is planning to spend on its corporate priorities for the year ahead:

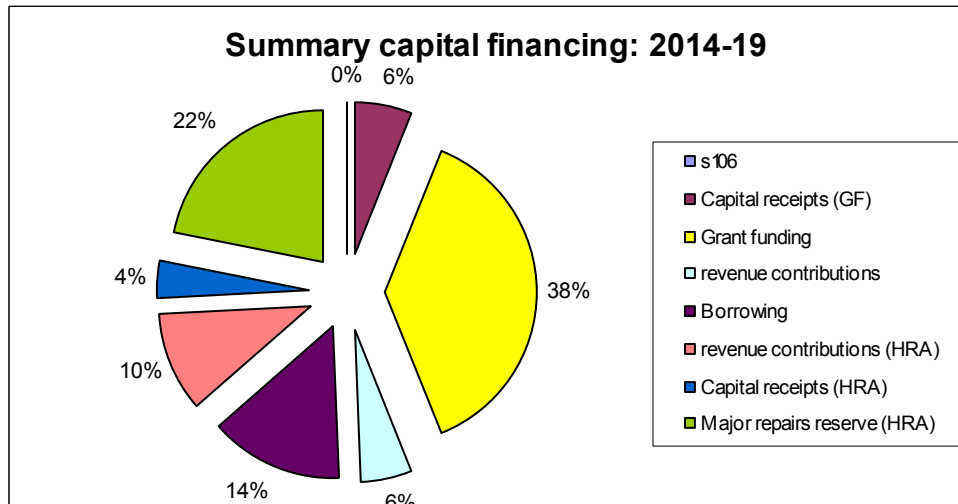
**Chart 2.2: Capital spend against corporate priorities**



The above chart shows where the Council is due to spend capital sums over the life of the strategy in accordance with the latest draft Council Plan for future years

## 5.5 Financing the capital programme & prudential code

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



5.5.2 The majority of the Council's capital financing comes via grant funding and through capital receipts (be that general fund or HRA). The Council is actively reviewing its assets, and more detail of this is included within the Asset Strategy. This review is looking at assets that the Council holds across the borough and is seeking to maximise returns from these, be this by maximise revenue streams from the asset or through disposal.

5.5.3 The main sources of income are:

- Capital Receipts (general fund)

The prime areas of capital receipts comes from monies received via the Council involvement within the Slough Regeneration Partnership (SRP). This is income derived from the various sites included within the initial sites included, and firstly the ledgers road site and Wexham nursery site. The Council is also anticipated receiving capital receipts from other sites and these are detailed further in the Asset Strategy.

- Grant Funding

The Council receives a variety of capital funding streams, with the main areas of grant funding coming from the various Government departments. The Council strategy is based on the assumptions that all education related expenditure and transport expenditure is funded entirely within grant funds received from Government. The Council will seek every opportunity to maximise its use of grant funding across the organisation as well as utilise any opportunities from HRA funding.

- S106 receipts

The Council receives some funding of its capital programme from s106 receipts; with the advent of the Community Infrastructure Levy (CIL), the s106 funding will

diminish. In the absence of a formal CIL charging mechanism no assumptions have been made with regards future CIL receipts.

- Revenue Contributions

These will be minimised wherever possible; the most effective way to fund capital expenditure is through spreading the cost of the asset over the lifetime of the asset. However, in some circumstances, where the Council might receive one-off monies for example, funding a capital scheme from revenue sources might be more beneficial.

- Borrowing

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

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

- Revenue contributions (HRA). The abolition of the HRA subsidy system and its replacement by the self-financing regime from April 2012 has enabled the HRA to retain more of its rental income. This additional income is being used to support the building of affordable homes in the capital programme as well as other elements of the capital programme. As a result, new affordable/social homes will be built within the borough to help replace those sold under the Right To Buy (RTB) regime.
- Capital Receipts (HRA). The majority of HRA capital receipts arise from the sale of council homes under the RTB regime. Under the changes last year to the RTB regime, the Council has signed an agreement with the Government allowing it retaining a high proportion of those capital receipts provided they are used to build 'replacement' affordable/social homes.

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

## **5.6 Minimum Revenue Provision Statement**

- 5.6.1 The Council must set aside revenue monies to repay future debt via the Minimum Revenue Provision (MRP). The MRP is vital to ensure that the Council has a sustainable and financed capital programme going forward. If the Council does not set aside suitable revenue monies to finance capital expenditure then when the time comes to borrow funds, the Council will experience a sudden budgetary pressure. The MRP therefore ensure that future debt is financed.
- 5.6.2 CLG's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. The four MRP options available are:
- Option 1: Regulatory Method
  - Option 2: CFR Method
  - Option 3: Asset Life Method
  - Option 4: Depreciation Method
- 5.6.3 MRP in 2013/14: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.
- 5.6.4. The MRP Statement will be submitted to Council before the start of the 2014/15 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.
- 5.6.5. The Authority will apply Option 1/Option 2 in respect of supported capital expenditure funded from borrowing and Option 3/Option 4 in respect of unsupported capital expenditure funded from borrowing.
- 5.6.6. The prudential framework allows for two types of borrowing – supported and unsupported. When the government determines its revenue grant allocation, it makes assumptions about the anticipated level of capital expenditure and includes the funding in its allocation. This is known as supported borrowing. Unsupported borrowing is that which can be undertaken in addition to the supported element under the prudential framework.
- 5.6.7. In the October 2010 spending review the government announced that from 2011/12 it would no longer be providing for new supported borrowing through the settlement. It indicated this funding would come via capital grant in order to make the process more transparent. Therefore any borrowing assumptions in the 2014-2019 Capital programme will be on the basis of unsupported borrowing.

5.6.8. MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability

## 5.7 **Community Investment Fund**

5.7.1 The Community Investment fund programme for 2014/15 can be summarised as follows

<b>Community Investment Fund (Capital Only)</b>	<b>2014/15 Budget £'000</b>
<b>Description</b>	
MUGA's - floodlit to all community hubs / priority associated areas	328
Replace street bins and increase numbers in high litter areas	25
Replacement street signs - 2 year programme	0
Replacement permanent information signs for Slough parks	0
CCTV - purchase of moveable cameras	50
Alley gating works	30
Neighbourhood Enhancements/Walkabouts	400
Pavement Parking Policy	250
Member bids	65
<b>TOTAL</b>	<b>1,148</b>

## 6 **Comments of Other Committees**

This report was considered by the Overview & Scrutiny Committee on 6<sup>th</sup> February 2014. The Cabinet will be considering the report at its meeting on 10<sup>th</sup> February 2014 and the recommendations of the Cabinet will be circulated to the Council in advance of the meeting.

## 7 **Appendices Attached**

'A' - Summary of current proposals.

## 8 **Background Papers**

'1' - Local Government Finance consultations – Summer 2013

'2' - Local Government Finance settlement 2013.

## Appendix A

Cost Centre	Project	2014-15	2015-16	2016-17	2017-18	2018-19	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>LABV</b>						
P066	The Curve	10,868	5,170				16,038
P099	Arbour Vale						
	Leisure strategy options						
	Ledgers Road (Site 15)						
	Wexham Nursery Site (Site 37)						
	Haymill (Site 8)						
	Montem Leisure Site (Site 20)						
	Montem Schools Expansion Weekes Drive Site (Site 21)						
	Castleview (Site 2)						
	<b>Total LABV</b>	<b>10,868</b>	<b>5,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,038</b>
	<b>Funding</b>						
	Section 106						0
	Grants						0
	Capital Receipts		(2,495)	(3,791)	(2,637)	(71)	(8,994)
	Interest on Loan Notes						0
	LABV profit Distribution						0
	Revenue Contributions						0
	Borrowing requirement	(10,868)	(2,675)				(13,543)
	<b>Total Funding</b>	<b>(10,868)</b>	<b>(5,170)</b>	<b>(3,791)</b>	<b>(2,637)</b>	<b>(71)</b>	<b>(22,537)</b>
	<b>Revenue Impact</b>						
	<b>Extra Minimum Revenue Provision</b>						
	Building	124	435	511	511	966	2,547
	<b>Total MRP</b>	<b>124</b>	<b>435</b>	<b>511</b>	<b>511</b>	<b>966</b>	<b>2,547</b>



Appendix A2 – General Fund spend	Project	2014-15	2015-16	2016-17	2017-18	2018-19	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Education Services</b>						
P051	Primary Expansions (Phase 2 for 2011)	5,584	5,995	3,560	3,000	0	18,139
P076	Town Hall Conversion	261	1,500	50			1,811
P090	Expand Littledown School	2					2
P093	Schools Modernisation Programme	3,072	685	500	250		4,507
P101	SEN Resources Expansion	125	650	250	250	250	1,525
P749	Children's Centres Refurbishments	40	40	40	40	40	200
P783	Schools Devolved Capital	137					137
P856	Haymill/Haybrook College Project	75					75
	DDA/SENDA access Works	50	50	50	50	50	250
	Youth/Community Centres Upgrade	75	25	25	25	25	175
	2 Year Old Expansion Programme	355	345	500			1,200
	Penn Rd & Chalvey Grove Children's Centre	10					10
	Monksfield Way Children's Centre	10					10
	Lea Nursery Heat Pump	12					12
	Wexham School Expansion		2,000	5,000			7,000
	Special School Expansion-Primary, Secondary & Post 16	100	1,900	3,000			5,000
	<b>Total Education Services</b>	<b>9,908</b>	<b>13,190</b>	<b>12,975</b>	<b>3,615</b>	<b>365</b>	<b>40,053</b>
	<b>Chief Executive</b>						
P109	Local Broadband Plan	76					76
	<b>Total Chief Executive</b>	<b>76</b>					<b>76</b>
	<b>Customer &amp; Community Services</b>						
P083	Cemetery Extension	766	537				1,303
P084	IT Infrastructure Refresh	350	350	350	350	350	1,750
P088	Baylis Park Restoration	500					500
P098	Traffic Light & Junction Improvements	500					500

P102	Local Sustainable Transport Fund	455					455
P107	Repairs to Montem & Ice	80	80				160
P322	Parking Strategy	16					16
P661	Local Safety Scheme Programme	60					60
P784	Accommodation Strategy	200					200
P871	Community Investment Fund	1,148	650	500	400	300	2,998
P873	Crematorium Project	1,036	414				1,450
	Car Parking lighting efficiency scheme'	185					185
	Invest to Save Vinci Park Contract	200					200
	Air Quality Grant	67					67
	Financial System Upgrades	2,000					2,000
	Leisure Capital Improvements-Langley, Ten Pin, The Centre	90	163				253
	Document Image Processing Project	250					250
	Replacement of Art Feature	20					20
	Cippenham Green	200					200
	Hub Development	200					200
	Registrars	706	26				732
	<b>Total Customer &amp; Community Services</b>	<b>9,029</b>	<b>2,220</b>	<b>850</b>	<b>750</b>	<b>650</b>	<b>13,499</b>
	<b>Community and Wellbeing</b>						
	Supported Living	100					100
	Extra Care Housing	100					100
	<b>Total Community and Wellbeing</b>	<b>200</b>					<b>200</b>
	<b>Resources, Housing and Regeneration</b>						
P006	Disabled Facilities Grant	364	364	364	364	364	1,820
P068	Street Lighting Improvement Phase 2	200	200				400
P069	Highway & Land Drainage Improvements	70	70	70	70	70	350
P085	Air Conditioning and Controls	1623					1,623
	Corporate Property Asset Management	250	250	250	250	250	1,250
P111	Major Highways Programmes	765	765	765	765	765	3,825
P113	Lascelles Lodge	10					10

P728	Highway Reconfigure & Resurface	500	500	500	500	500	2,500
	Garage Sites Stage 7	96	32				128
	Demolitions	100	100	100	100	100	500
	Stoke Poges Footbridge	1000					1,000
	Windsor Road Widening Scheme	460	5,000				5,460
	Flood Defence Measures SBC/EA Partnership	100					100
	Plymouth Road (dilapidation works)	120	120	120	120	120	600
	Relocation of Age Concern	30					30
	Land acquisition (Chalvey)	500					500
	<b>Total RHR (excluding Heart of Slough)</b>	<b>6,188</b>	<b>7,401</b>	<b>2,169</b>	<b>2,169</b>	<b>2,169</b>	<b>20,096</b>
	<b>Heart of Slough</b>						
P064	Infrastructure	200					200
	<b>Total Heart of Slough</b>	<b>200</b>					<b>200</b>
	<b>TOTAL GENERAL FUND</b>	<b>25,601</b>	<b>22,811</b>	<b>15,994</b>	<b>6,534</b>	<b>3,184</b>	<b>74,124</b>
	<b>Funding</b>						<b>0</b>
	Section 106	(136)	(32)	0			(168)
	Grants	(13,590)	(15,089)	(14,674)	(5,314)	(2,064)	(50,731)
	Capital Receipts						0
	Revenue Contributions	(1,960)	(5,650)	(500)	(400)	(300)	(8,810)
	Borrowing requirement	(9,915)	(2,040)	(820)	(820)	(820)	(14,415)
		<b>(25,601)</b>	<b>(22,811)</b>	<b>(15,994)</b>	<b>(6,534)</b>	<b>(3,184)</b>	<b>(74,124)</b>
	<b>Revenue Impact</b>						<b>0</b>
	<b>Extra Minimum Revenue Provision</b>						
	PVE	174	178	178	941	941	2,412
	Buildings	103	232	256	306	320	1,217
	<b>Total MRP</b>	<b>277</b>	<b>410</b>	<b>434</b>	<b>1,247</b>	<b>1,261</b>	<b>3,629</b>

Appendix A3-HRA	Project	2014-15	2015-16	2016-17	2017-18	2018-19	Total
		£'000	£'000	£'000	£'000	£'000	£'000
	<b>Housing Revenue Account</b>						
P544	Affordable Warmth/Central Heating						
P544A	Boiler Replacement	667	1,001	1,001	500	500	3,669
P544B	Heating / Hot Water Systems	320	320	320	317	317	1,593
P544C	Insulation programmes	630	788	788	0		2,206
P552	Window Replacement				112	112	223
P552A	Front / Rear Door replacement	448	359	269	125	125	1,326
P558	Internal Decent Homes Work						
P558A	Kitchen Replacement	1,402	1,402	1,121	410	410	4,746
P558B	Bathroom replacement	692	692	554	256	256	2,450
P558C	Electrical Systems	263	263	263	136	136	1,062
P559	External Decent Homes Work				0	0	
P559A	Roof Replacement	187	187	187	628	628	1,818
P559B	Structural	598	598	478	802	802	3,278
	DISH						
	<b>Decent Homes</b>	<b>5,207</b>	<b>5,610</b>	<b>4,981</b>	<b>3,287</b>	<b>3,287</b>	<b>22,372</b>
							0
P516	Winvale Refurbishment				0	0	0
P541	Garage Improvements	200	200	200	150	150	900
P548	Mechanical Systems /Lifts	174	274	224	100	200	972
	Lifts						
P545	Capitalised Repairs				46	46	92
	Security & Controlled Entry Modernisation	44	44	44	0		132
	Parlaunt Shops-Flat Roof Replacement				0		
P564	Darvills Lane - External Refurbs				200	200	400
P565	Estate Improvements/Environmental Works	200	200	200	221	221	1,041
P569	Replace Fascias, Soffits, Gutters & Down Pipes	835	668	501	250	250	2,504

P573	Upgrade Lighting/Communal Areas	250	250	250	71	71	891
P573A	Communal doors	47	47	28	78	78	277
P573B	Balcony / Stairs / Walkways areas	81	81	49	171	171	553
P573C	Paths	327	327	327	91	91	1,163
P573D	Store areas	143	143	86	250	250	872
	Sheltered / supported upgrades	0	250	250			500
	<b>Planned Maintenance - Capital</b>	<b>2,301</b>	<b>2,484</b>	<b>2,159</b>	<b>1,627</b>	<b>1,727</b>	<b>10,298</b>
P546	Environmental Improvements (Allocated Forum)	100	100	100	100	100	500
P547	Major Aids & Adaptations	400	350	250	250	250	1,500
P779/P575	Affordable Homes	2,000	3,000	4,000	5,000	5,000	19,000
	<b>Housing Revenue Account</b>	<b>10,008</b>	<b>11,544</b>	<b>11,490</b>	<b>10,264</b>	<b>10,364</b>	<b>53,669</b>
	<b>Funding</b>						
	Section 106						
	Capital Receipts	(600)	(900)	(1,200)	(1,500)	(1,500)	(5,700)
	Major Repairs Reserve	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(32,500)
	RCCO	(2,908)	(4,144)	(3,790)	(2,264)	(2,364)	(15,469)
	<b>TOTAL</b>	<b>(10,008)</b>	<b>(11,544)</b>	<b>(11,490)</b>	<b>(10,264)</b>	<b>(10,364)</b>	<b>(53,669)</b>

	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing Revenue Account</b>						
Affordable Warmth/Central Heating						
Boiler Replacement	667	1,001	1,001	500	500	3,669
Heating / Hot Water Systems	320	320	320	317	317	1,593
Insulation programmes	630	788	788	0		2,206
Window Replacement				112	112	223
Front / Rear Door replacement	448	359	269	125	125	1,326
Internal Decent Homes Work						
Kitchen Replacement	1,402	1,402	1,121	410	410	4,746
Bathroom replacement	692	692	554	256	256	2,450
Electrical Systems	263	263	263	136	136	1,062
External Decent Homes Work				0	0	
Roof Replacement	187	187	187	628	628	1,818
Structural	598	598	478	802	802	3,278
DISH						
<b>Decent Homes</b>	<b>5,207</b>	<b>5,610</b>	<b>4,981</b>	<b>3,287</b>	<b>3,287</b>	<b>22,372</b>
						0
Winvale Refurbishment				0	0	0
Garage Improvements	200	200	200	150	150	900
Mechanical Systems /Lifts	174	274	224	100	200	972
Lifts						
Capitalised Repairs				46	46	92
Security & Controlled Entry Modernisation	44	44	44	0		132
Parlaunt Shops-Flat Roof Replacement				0		
Darvills Lane - External Refurbs				200	200	400
Estate Improvements/Environmental Works	200	200	200	221	221	1,041
Replace Fascias, Soffits, Gutters & Down Pipes	835	668	501	250	250	2,504
Upgrade Lighting/Communal Areas	250	250	250	71	71	891
Communal doors	47	47	28	78	78	277
Balcony / Stairs / Walkways areas	81	81	49	171	171	553
Paths	327	327	327	91	91	1,163
Store areas	143	143	86	250	250	872

Sheltered / supported upgrades	0	250	250			500
<b>Planned Maintenance - Capital</b>	<b>2,301</b>	<b>2,484</b>	<b>2,159</b>	<b>1,627</b>	<b>1,727</b>	<b>10,298</b>
Environmental Improvements (Allocated Forum)	100	100	100	100	100	500
Major Aids & Adaptations	400	350	250	250	250	1,500
Affordable Homes	2,000	3,000	4,000	5,000	5,000	19,000
<b>Housing Revenue Account</b>	<b>10,008</b>	<b>11,544</b>	<b>11,490</b>	<b>10,264</b>	<b>10,364</b>	<b>53,669</b>
<b>Funding</b>						
Section 106						
Capital Receipts	(600)	(900)	(1,200)	(1,500)	(1,500)	(5,700)
Major Repairs Reserve	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(32,500)
RCCO	(2,908)	(4,144)	(3,790)	(2,264)	(2,364)	(15,469)
<b>TOTAL</b>	<b>(10,008)</b>	<b>(11,544)</b>	<b>(11,490)</b>	<b>(10,264)</b>	<b>(10,364)</b>	<b>(53,669)</b>

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**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council **DATE:** 18<sup>th</sup> February 2014  
**CONTACT OFFICER:** Joseph Holmes; Assistant Director Finance & Audit, section 151 officer  
**(For all enquiries)** (01753) 875358  
**WARD(S):** All

**PART I**  
**FOR DECISION**

**REVENUE BUDGET 2014-15**

1 **Purpose of Report**

To detail the overall Revenue Budget for 2014-15, and the decisions required for the Council to achieve a balanced budget for the year ahead.

The paper demonstrates the levels of Council Tax proposed, the Government grant assumptions and estimations required for the next financial year's budget.

To approve a Council Tax freeze for the year ahead, and the associated Council Tax notices and resolutions required as per various Local Government Finance Acts (as detailed in Appendix G and set out at paragraph 2 below).

To approve the Discretionary and Hardship Relief Policy for 2014/15 (as detailed in appendix J and set out at paragraph 2 below) so that no charity or non profit making body receives more than 80% of their Business Rates as relief and to note the policy will be amended for 2015/16 to reflect that no charity or non profit making bodies receives more than 80% charity relief.

To approve the proposed increase in Housing Revenue Account rents and service charges (as detailed in Appendix K and set out in paragraph 2 below).

2 **Recommendation(s)/Proposed Action**

The Council is requested to resolve, subject to any amendments recommended by the Cabinet (to follow), that the budget as attached be approved and:

**Council Tax Resolution – In relation to the Council Tax for 2014/15**

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2015 be as specified below and that the Council Tax be levied accordingly.
- (b) That it be noted that at its meeting on 16 December 2013 Cabinet calculated the following Tax Base amounts for the financial year 2014/15 in accordance with Regulations made under sections 31B(3) and 34(4) of the Act:

- (i) 37,376.2 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2014/15; and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2014/15:
- |                                   |         |
|-----------------------------------|---------|
| a) Parish of Britwell             | 1,411.7 |
| b) Parish of Colnbrook with Poyle | 1,755.2 |
| c) Parish of Wexham               | 1,244.4 |
- (c) That the following amounts be now calculated for the year 2014/15 in accordance with sections 31A to 36 of the Act:
- (i) £368,402,617 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2)(a) to (f) of the Act. (Gross Expenditure);
- (ii) £ 324,358,321 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) (a) to (d) of the Act. (Gross Income);
- (iii) £44,044,296 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
- (iv) £1,178.40 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.
- (v) That for the year 2014/15 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £ 192,056 representing the total of Parish Precepts for that year.
- (vi) £1,173.27 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (vii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook With Poyle £	Parish of Wexham Court £
A	782.18	44.06	31.80	24.48
B	912.54	51.41	37.1	28.56
C	1,042.91	58.75	42.4	32.64
D	1,173.27	66.10	47.70	36.72
E	1,434.00	80.79	58.3	44.89
F	1,694.72	95.47	68.9	53.05
G	1,955.45	110.16	79.5	61.21
H	2,346.54	132.19	95.4	73.45

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

- (viii) That it be noted that for the year 2014/15 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 over leaf:

<b>BAND</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>
	<b>£</b>
A	107.01
B	124.84
C	142.68
D	160.51
E	196.18
F	231.85
G	267.52
H	321.02

- (ix) That it be noted that for the year 2014/15 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:

ESTIMATE – Update provided when confirmed

<b>BAND</b>	<b>Royal Berkshire Fire Authority</b>
	<b>£</b>
A	40.44
B	47.18

C	53.92
D	60.66
E	74.14
F	87.62
G	101.1
H	121.32

- (x) 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:

<b>Band</b>	<b>Slough</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>	<b>Royal Berkshire Fire Authority</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A</b>	782.18	107.01	40.44	929.63
<b>B</b>	912.54	124.85	47.18	1,084.57
<b>C</b>	1,042.91	142.68	53.92	1,239.51
<b>D</b>	1,173.27	160.52	60.66	1,394.45
<b>E</b>	1,434.00	196.19	74.14	1,704.33
<b>F</b>	1,694.72	231.86	87.62	2,014.20
<b>G</b>	1,955.45	267.53	101.1	2,324.08
<b>H</b>	2,346.54	321.04	121.32	2,788.90

- (xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xii) 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.
- (xiii) 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.
- (xiv) The above figures assume a council tax freeze for both the Royal Berkshire Fire Authority and Britwell Parish. If this is not the case this report requests the Section 151 or nominated officer be authorised to adjust the council tax charges in line with final figures.

#### **Discretionary and Hardship Relief Policy –**

- (d) That the Discretionary and Hardship Relief Policy for 2014/15 be approved (as detailed in appendix J) so that no charity or non profit making body

receives more than 80% of their Business Rates as relief and to note the policy will be amended for 2015/16 to reflect that no charity or non profit making bodies receives more than 80% charity relief.

### **HRA Rents and Service Charges –**

- (e) That the proposed increase in Housing Revenue Account rents and service charges for 2014/15 be as follows:
- (i) Council house dwelling rents for 2014/15 increase by an **average of £4.85 per week** (5.0% average increase) with effect from Monday 7<sup>th</sup> April 2014. This is in line with current government guidelines on rent increases, linked to September RPI+0.5%, and restructuring (the government is proposing to change its guidelines on rent increases from 2015/16 to an annual increase of CPI plus 1%, removing the restructuring policy);
  - (ii) Garage rents, heating, utility and ancillary charges **increase by 3.2%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the September RPI figure used in rent setting.
  - (iii) Service charges **increase by 3.7%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the RPI+0.5% uplift used for rent setting.
  - (iv) ‘Other committee’ property rents increase by an average of 5.0% from Monday 7<sup>th</sup> April 2014 in line with the average increase of all housing properties.

### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan**

The Slough Joint Wellbeing Strategy (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

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

This paper assists in the achievement of the all of the Strategy’s priorities.

Priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

#### **3b. Corporate Plan 2013/14**

The Plan’s objectives are:

1. Improve customer experience
2. Deliver high quality services to meet local needs
3. Develop new ways of working
4. Deliver local and national change
5. Develop a skilled and capable workforce
6. Achieve value for money

The Plan includes targets for each of the objectives. This report helps achieve all of the above objectives by providing an overall financial strategy to support the delivery of the Corporate Plan.

#### 4 **Other Implications**

##### (a) Financial

Detailed within the report.

##### (b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	A modest number of posts will be affected by changes proposed. These will be managed through the council's restructure, redundancy and redeployment policy and procedure	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	April 2014	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

##### (c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2014 – 2015 does not recommend any savings that will affect the council's ability to carry out its statutory functions.

However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions.

(d) Equalities Impact Assessment

Equalities Impact Assessments will require completion prior to final agreement of savings proposals. Proposals which are 'disinvestment' or a genuine reduction in service will require careful examination to ensure no group is disproportionately affected.

Members may have to consider making provision to fund any mitigation arising from detailed analysis of Equalities Impact Assessments.

(e) Workforce

The proposed savings have a relatively low impact on staffing, with fewer than 20 staff affected. The Council has a number of measures to mitigate against compulsory redundancies including;

Developing staff skills to redeploy to alternative roles.

Obtaining staff savings from deletion of vacant posts.

Opportunities for Voluntary Redundancies.

## 5 Supporting Information

### 5.1 **Summary**

5.1.1 2014-15 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible, protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes. This has been achieved whilst delivering a freeze for Council tax for the third time in the past four years.

5.1.2 There remain many difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2014-15 ensures that the Council's finances are based on solid footings for the future.

5.1.2 This paper sets out the revenue budget for 2014-15 and the associated plans and assumptions contained within it. The Medium Term Financial Strategy, which accompanies this paper for approval, details the longer term financial challenges that the Council faces into the future years, whilst the capital strategy sets out the wider financial implications of decisions made in investing in the borough's infrastructure. The Treasury Management Strategy details how the Council will undertake transactions concerning investments and borrowings and this is contingent on the capital strategy as well as having an impact on the revenue budget savings proposals for 2014-15.

### 5.1.3

2013-14	Funding	2014-15
42.29	Council Tax	43.85
26.23	Retained Business Rates	27.13
39.76	Revenue Support Grant	32.47
2.11	Education Services Grant	1.96
1.84	NHS monies to support Social Care	2.36
1.76	New Homes Bonus	2.01
0.26	Other non-ringfenced grants	1.03
	Collection Fund	1.30
<b>114.25</b>	<b>Total Budgeted income</b>	<b>112.11</b>
	Prior year baseline	114.25
	Base budget	3.54
	Directorate Pressures	8.20
	Revenue impact of Capital investment	
	Other adjustments	-1.34
	Savings identified	-12.53
	Savings to be identified	0.00
<b>0</b>	<b>Net Expenditure</b>	<b>112.11</b>

## 5.2 Income

5.2.1 The Council has three main sources of income, as highlighted in the chart below:

5.2.2 The amount of retained Business Rates is determined by the Council setting its estimation of Business Rates for the year ahead to central Government. The Government then allows the Council to retain 49% of this income, subject to a further tariff that the Council must pay Central Government. For 2014-15 the tariff has been set at **£18.1m**. The Government sets the tariff based on the historical average of business rates collected set against the level of spend the Government believes the Council should have. If Business Rates growth compared to the estimate, the Council retains 30% of this growth. If Business Rates drop, the Council is liable for 50% of the drop.

5.2.3 The Council also receives Revenue Support Grant (RSG). RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans. For 2014-15, the amount of RSG announced in the provisional Local Government Finance Settlement is **£32.5m**. The finalised settlement is unlikely to be announced until just before the Cabinet meeting in early February

5.2.4 The final main sources of Council income is Council Tax. This is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2013 multiplied by the average band D Council Tax amount. For 2014-15 the Council Tax levels across the borough will be frozen for the Slough Borough Council element at £1,173.27 for a band D equivalent. This leads to an assumed Council Tax income of **£43.9m** for the Council in 2014-15.

5.2.5 The other sources of Government grant income are clarified as per the Local Government Finance Settlement. Any variation from these in the finalised settlement will be reported to the Cabinet and Council. The total amount of non-

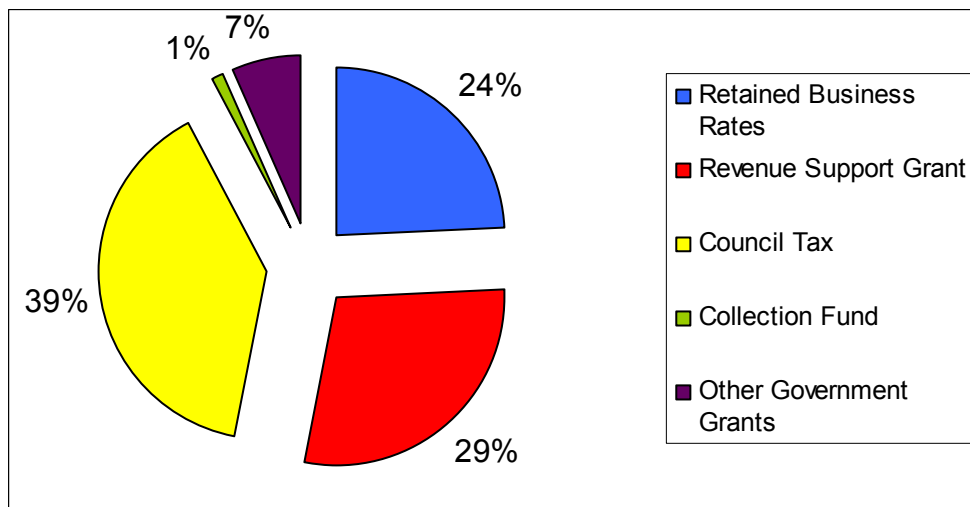


ring-fenced Government Grants anticipated for 2014-15 is **£7.4m**. The main items included are the New Homes Bonus (£2.1m), NHS Monies to support Social Care (£1.9m), and Education Services Grant (estimated at £1.6m).

5.2.6 The final source of income is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to the estimates made in January 2013 for the 2013-14 budget. At present this is anticipated to produce a surplus of **£1.3m**.

5.2.7 The total income available to the Council for the 2014-15 for its net budget is therefore **£112.1m**.

**Chart 1.1: Council income sources**



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

5.2.9 By far the largest specific grant the Council receives is the Dedicated Schools Grant (DSG). The majority of this is pass-ported through to Slough Schools via a formula mechanism developed through the Schools Forum. The expected level of DSG for Slough is **£136.6m**.

### 5.3 Expenditure

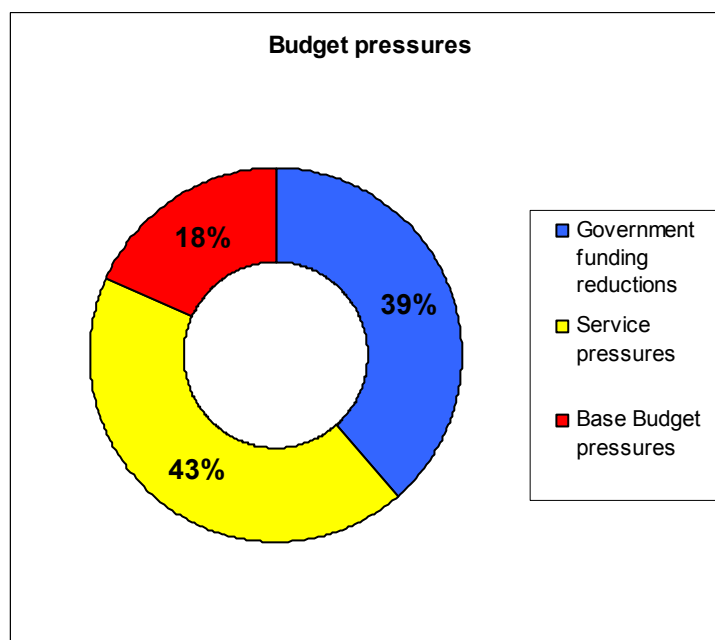
5.3.1 The Council's base budget for 2013-14 stood at £114.25m and it is against this figure that all adjustments are completed. The adjustments included:

- (1) Base budget **£3.5m** – these are movement due to inflationary pressures, pay award (assumed at 1% for 2014-15), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.
- (2) Directorate Pressures **£8.2m** – these are the totals of increased pressures on the council for 2014-15. Appendix C provides details of these. The two main items of pressure relate to the Children's Social Care increased staffing and growth in the number of Looked After Children, and the adjustment for rebalanced the phase one transactional services budget.

- (3) Savings of **£12.5m**. The items above combined with the reduced overall income to the Council leave a savings target that needs to be closed. Appendix A details the proposals behind the savings

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

**Chart 1.2: Council wide pressures**



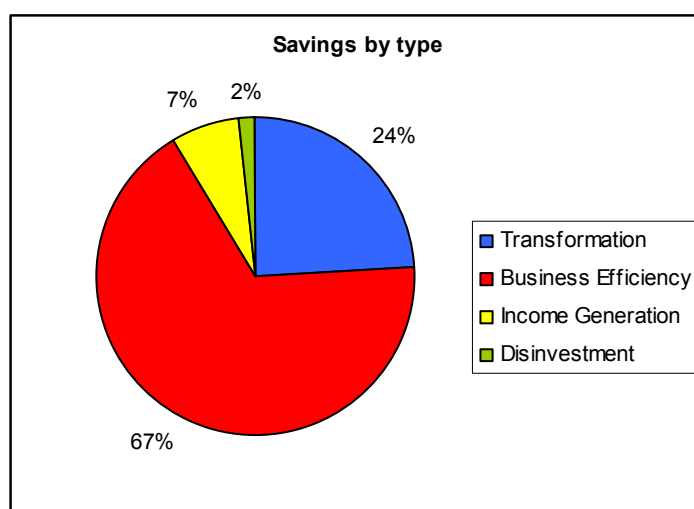
5.3.3 As can be seen from the above, the two main cost pressures come from reduction RSG from Government and from service pressures within the Council. The Council has little influence over the former as this is driven by the Government priorities. The latter costs are more controllable from the Council but are often due to demand led pressures. The one largest pressure being from Children's Social Care of £3.3m in total (with a further potential £2.4m of one-off monies required during the year; these would be funded, to begin with, from an earmarked reserve, see appendix D). There are also some budget corrections that are required, as previously highlighted in the summer, in respect of the phase 1 transactional services budget, plus some pressures from reviewing the business rate classification on which the Council pays, demand in Adult Social Care and through the introduction of auto-enrolment.

## 5.4 Strategy

5.4.1 The council has been regularly monitoring the levels of savings required for the year ahead, and reports have been presented to Cabinet in July and November detailing the levels of savings required and providing an early sight of the savings proposals themselves. In November, the Cabinet approved for £9m of savings to be included in the 2014-15 Revenue Budget, and these are contained within appendix A to this report.

5.4.2 The Council has approached the budget round for 2014-15 utilising four main areas of challenge to deliver a balanced budget. Firstly, to ensure that any pressures are included within the budget setting process, but that these are supported by a strong evidence base. The second approach has been to ensure that business efficiency has been paramount throughout the savings approach; though this element of savings proposals will dwindle over the scale of the Medium Term Financial strategy, it is vital that the council continues to ensure that efficiencies are driven out of the organisation at every opportunity. The third element is delivering transformation programmes and changing how the Council operates and delivers services to its populations. Finally, and though these have been mitigated wherever possible, is a reduction in the service availability either internally to the Council or to our residents.

**Chart 1.3: Council Savings by type - 2014-15**



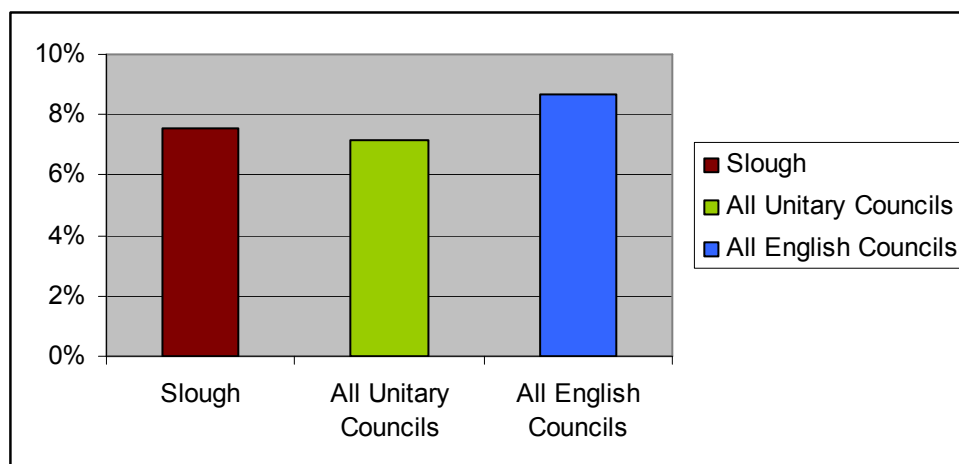
## 5.5 Reserves

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

5.5.2 As per this report, the minimum level of recommended General Fund reserve has been set at 5% of the Council's net revenue budget plus 10% of the net Children's services budget. This is because it is in children's services that the greatest level of risk is coming from at present. This would mean a minimum level of **£7.5m** at the proposed budget figures. The current level of general reserves as at 31.3.2013 is £8.1m.

5.5.3 Below is chart showing the current position (i.e. as at 31.3.2013) of General Reserves compared to the Government's definition of net budget. This shows Slough's general reserves slightly above the average for all unitaries and beneath that for the average English Council. This indicates that the level of general reserve is not an outlier for being either too excessive or being too being low and unable to protect the Council's position to deal with any in-year shocks.

**Chart 1.4: Slough Council's general reserves vs. other unitary Councils and all English Councils**



5.5.4 It is also important to note that as part of the Children's Social Care pressures, there are up to £2.4m of additional one-off costs from the staffing pressure that need to be provided for. This would be on the basis that as at the start of the financial year, the service recruiting into the newly established additional social worker and related posts with agency staff (which are more expensive than permanent members of staff), and the existing posts are also fully recruited to. The £2.4m would be funded from a combination of the 'contingency-demography' earmarked reserve along with any general fund reserve above the minimum level required.

**5.6 Risk Management**

5.6.1 Given the level of savings for 2014-15, it is vital to ensuring the long term stability of the Council that these are delivered to enable a balanced budget, but also that the savings package as a whole is considered across the Council and that the sum of the savings do not create difficulties for other parts of the Council when delivering services for its residents.

5.6.2 During the 2014-15 financial year, as has been the case in 2013-14, there will be monthly monitoring of the savings proposals to identify which are green, i.e. on track to be delivered, amber or red (not expected to be delivered in year). This will enable the Council to adjust its future budget position for any unmet savings as well as ensure that it can take appropriate in year steps to rectify any growing overspends that arise.

**5.7 Impact on directorate budgets**

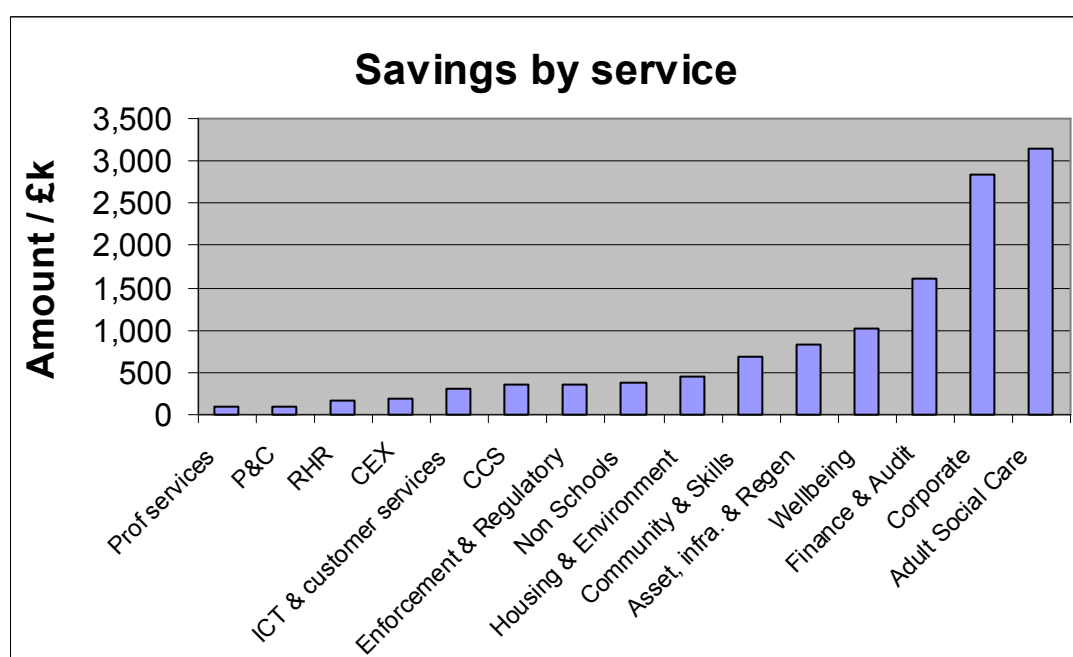
5.7.1 The table below highlights the changes to directorate budgets as a result of all of changes detailed in the budget and associated papers.

**Table 2.1: Impact on directorate budgets** (n.b. not all savings have been allocated through)

	2013-14 / £m	2014-15 / £m	Variance / £m	% variance
Wellbeing	61.8	64.3	2.5	4.1
Customer and Community Services	19.1	21.3	2.2	11.5
Regeneration, Housing and Resources	23.6	23.2	(0.5)	(1.9)
Chief Executive	4.5	4.3	(0.2)	(3.7)
Corporate	5.6	(0.6)	(6.2)	(110.3)

n.b. This table includes internal restructures as well as a result of all of the increase in costs from pressures and base budget adjustments and reduced by savings items. This table highlights how budgets are changing in their entirety rather than where savings are being made.

**Chart 1.5: Total savings proposed by service area**



## 6 Comments of Other Committees

The budget was consulted on with local business at the Slough Business Community Partnership Business Breakfast 18<sup>th</sup> December 2013 and with the Thames Valley Chamber of Commerce's J6 Business Breakfast on 31<sup>st</sup> January 2014 and local businesses were invited to provide views on next year's budget as well as informed of the key changes to the level of business rates payable in the next financial year. This report was considered by the Overview & Scrutiny Committee at its meeting on the 6<sup>th</sup> February 2014. No specific recommendations were forwarded to the Cabinet. The Cabinet will consider the report at its meeting on 10<sup>th</sup> February 2014 and the recommendations of the Cabinet will be circulated to the Council in advance of the meeting.

## 7 Conclusion

- 7.1. This report underlines a 0% Council Tax rise for the local taxpayer for 2014-15, and the delivery of this is based on a variety of savings measures that are geared towards minimising the impact on service users. These savings

measures need to be considered in light of the risks that they represent and in line with any impact assessments that are required.

7.2. This report also contains a subsequent number of Council Tax resolutions for approval to enable the Council to bill residents in appropriate time.

## 8 **Appendices Attached**

- 'A' - Savings proposals
- 'B' - Base budget assumptions
- 'C' - Service pressures
- 'D' - Reserves position
- 'E' - Collection Fund
- 'F' - Fees & Charges
- 'G' - Council Tax Resolution
- 'H' - Section 151 officer statement
- 'I' - Specific Grants
- 'J' - Revised Discretionary and Hardship Relief policy
- 'K' - HRA Rents and Service Charges

## 9 **Background Papers**

- '1' - Local Government Finance Settlement 2014-15
- '2' - Council Taxbase report (December 2013 Cabinet)
- '3' - Medium Term Finance Strategy update paper to Cabinet – November 2013 and January 2014.

## Appendix A – Savings proposals 2014-15

class no	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
1	Wellbeing	Adult Social Care	ASi	Transformational Strategy	750	LD Change Programme	Transformation	None	Already Agreed/ Implemented
2	Wellbeing	Adult Social Care	ASi	Supporting People	25	Contracting Efficiency	Efficiency	None	Already Agreed/ Implemented
3	Wellbeing	Wellbeing	JW	Commissioning efficiencies in Childrens service	250	Improved procurement & Commissioning, Greater adoption and foster carers, Lower rental costs & support staff savings	Efficiency	None	Yes
4	Wellbeing	Wellbeing	JW	Directorate Savings	100	Reduction of support costs following merger of Wellbeing & ECS	Efficiency	None	No
5	Wellbeing	Adult Social Care	ASi	Redesign of speedwell employment services	100	Removal of transition budget following completion of service reviews	Efficiency	None	No
6	Wellbeing	Adult Social Care	ASi	Increase of Fees & Charges in line with inflation	180	Increase fees and charges in line with rest of the Budget paper	Income Generation	None	No
7	Wellbeing	Non Schools	RC	Raising Participation Partnership	25	Service to cease, SBC surplus contribution	Efficiency	None	No
8	Wellbeing	Wellbeing	ASn	Prevention & Protection	614	Better integration of Public Health and Wellbeing services	Efficiency	None	No
9	Wellbeing	Non Schools	RC	Services to Schools Review	202	Savings due to new Contract	Transformation	None	No
10	Wellbeing	Non Schools	RC	Services to Schools Review	140	Removal of Budget not included in Contract	Efficiency	None	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
11	Wellbeing	Adult Social Care	ASi	Staffing - reviewing officers, PM and reablement and vacant posts from restructure in 14/15	170	Staffing - reviewing officers, PM and reablement and vacant posts from restructure in 14/15	Efficiency	1-2	No
12	Wellbeing	Adult Social Care	ASi	Inflation contingency	200	Further efficiencies resulting from review and recommissioning	Efficiency	None	No
13	Wellbeing	Adult Social Care	ASi	Reablement - reduction in care packages	170	Greater and better outcomes from the reablement service leading to reductions in home care packages	Transformation	None	No
14	Wellbeing	Adult Social Care	ASi	Review of the Resource Allocation System	200	Review and recalibration of the RAS leading to reduced costs	Efficiency	None	No
15	Wellbeing	Adult Social Care	ASi	Extra Care Housing Internal Service	50	Review and renegotiation of the existing Extra Care Schemes	Transformation	None	No
16	Wellbeing	Adult Social Care	ASi	Internal Day services	100	Review of Internal Day Services	Transformation	None	Yes
17	Wellbeing	Wellbeing	Asn	Public Health cost recovery	50	New Public Health Service making an appropriate contribution for departmental and central support services	Efficiency	None	Already Agreed/ Implemented
18	Wellbeing	Wellbeing	ASi	Community & Voluntary sector commissioning	150	Lower costs from re-commissioning activity with third sector groups	Transformation	None	Yes
19	Wellbeing	Wellbeing	ASi	Telecare & equipment	25	Savings resulting from greater investment in telecare services	Transformation	None	No
20	Wellbeing	Adult Social Care	ASi	Supporting People Efficiencies	437	Recommissioning	Efficiency	None	No



## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
21	Wellbeing	Adult Social Care	Asi	Meals Service	63	Service Review	Efficiency	None	No
22	Wellbeing	Adult Social Care	ASi	Management of Contract Price Inflation	440	Award inflation at a lower level than assumed in MTFS	Efficiency	None	No
23	Wellbeing	Adult Social Care	ASi	Extra Care Housing Internal Service	78	Efficiencies resulting from better use and arrangement of existing Extra Care provision	Efficiency	None	No
24	Wellbeing	Adult Social Care	ASi	Central efficiencies	28	Efficiencies from non-staffing budgets within Central Management	Efficiency	None	No
25	CCS	Corporate	RP	Phase 2 Accommodation Strategy	240	Recharge to Housing for occupancy of space left by the transfer over to Arvato (phase 2) of Customer Service staff.	Efficiency	Already implemented	Already implemented
26	CCS	Enforcement & Regulatory	RP/AS	Transport review	100	Corporate review led by AS. Report issued. To be implemented during 2014-15 onwards.	Transformation	None	No
27	CCS	CCS	RP	Efficiency target	149	In year reviews by services.	Efficiency	None	No
28	CCS	Enforcement & Regulatory	RP	Deletion of the Head of Enforcement Services post	20	The service area is due to be merged into Housing and Neighbourhoods Division in late 2013.	Transformation	1-2	No
29	CCS	Enforcement & Regulatory	RP	Reduce expenditure on land charges software license	37	Cost of license from software supplier has reduced.	Efficiency	None	No
30	CCS	Enforcement & Regulatory	RP	Remove expenditure on SEERA	3	SBC is no longer a member of this regional policy group	Disinvestment	None	No
31	CCS	Enforcement & Regulatory	RP	Remove expenditure on ACTVAR	4.5	SBC is no longer a member of this sub regional policy group	Disinvestment	None	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
32	CCS	Enforcement & Regulatory	RP	Increase income budget on pre-application meetings	3	Some changes to income fee budgets needed to reflect actual income and increase is achievable.	Income Generation	None	No
33	CCS	Enforcement & Regulatory	RP	Reduce expenditure in outsourced Transport Policy commissions	15	Reduce contract commissioning for Transport Policy work and provide it in-house	Transformation	None	No
34	CCS	Enforcement & Regulatory	RP	Reduce expenditure in staffing code by saving on staffing costs and increasing recharge to capital.	40	Reduce expenditure on staff support costs, travel budgets and increase recharge to capital	Efficiency	None	No
35	CCS	Enforcement & Regulatory	RP	Reduce revenue funded traffic management scheme expenditure	22	Reduce the number of small traffic management schemes carried out through the revenue budget	Disinvestment	None	No
36	CCS	Enforcement & Regulatory	RP	Reduce expenditure in Transport Planning activity and replace with capital funds	30	The Transport Planning service will refocus on bidding for capital funds through government departments to replace funds	Disinvestment	None	No
37	CCS	Enforcement & Regulatory	RP	Recharge Network Management technician post - 1 FTE - to Capital	30	Recharge this post from the organisational structure to Capital budget. It will be costed against approved capital scheme budgets.	Transformation	1-2	No
38	CCS	Enforcement & Regulatory	RP	Reduce expenditure in the Business support team	6.5	The role of the Business Support team is changing and some operational budgets are no longer needed.	Efficiency	None	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
39	CCS	Enforcement & Regulatory	RP	Increase Primary Authority income	5	Refocus staff on PA activity to generate more income	Transformation	None	No
40	CCS	Enforcement & Regulatory	RP	Reduce expenditure in Trading Standards operational budgets	20	The methods of Trading Standards has evolved and does not require the same level of funding for the same output	Efficiency	None	No
41	CCS	Community & Skills	AS	Youth efficiency	100	NB - not a new saving. Year 2 planned savings from youth service review.	Efficiency	None	No
42	CCS	Community & Skills	AS	Reduced cost of Thames Valley Athletics Centre contract to SBC	10	Reduced cost of TVAC contribution through contract efficiencies	Efficiency	None	No
43	CCS	Community & Skills	AS	Libraries efficiencies	50	Efficiencies in facilities management, stock management, self service	Efficiency	None	No
44	CCS	Community & Skills	AS	Arts and sport projects	20	Stop arts and sports support - no projects or help for clubs or community arts organisations.	Disinvestment	None	Yes
45	CCS	Community & Skills	AS	Registrars, cemetery & crematorium income	200	Increased income	Income Generation	None	No
46	CCS	Community & Skills	AS	Community centres income	25	Increased income from promotion of community centres	Income Generation	None	No
47	CCS	ICT & customer services	RP	ICT software cost savings	300	Successful renegotiation of ICT software contracts leading to reduced annual costs.	Efficiency	None	No
48	CCS	Community & Skills	AS	CLASS staffing	20	1st part year impact (total £50K). Reduction of 1 FTE management post	Disinvestment	1-2	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
49	CCS	Community & Skills	AS	Community Services staff	10	Delete vacant PT post	Disinvestment	1-2	No
50	CCS	Community & Skills	AS	Pitch bookings	13	Saving from managing pitch bookings in SBC as part of community bookings team (bringing it in from SCL)	Efficiency	1-2	No
51	CCS	Community & Skills	AS	Additional income from registration services	50	New income generating services and cessation of hospital registration service as identified through service review	Income Generation	0	No
52	CCS	Community & Skills	AS	Parks buildings income	20	Income from new lettings	Income Generation	0	No
53	CCS	Community & Skills	AS	Young People's Service	50	Year 3 planned savings from youth service review. Already in the MTFs for 2015/16 - not to be double counted	Efficiency	1-2	No
54	CCS	Community & Skills	AS	Libraries inflation uplift	109	Withhold 2014/15 CPI inflation uplift for libraries	Efficiency	0	No
55	CCS	CCS	RP	Deleted of Assistant Director Posts	250	Removal of Budget following senior management review	Efficiency	1	No
56	CCS	Enforcement & Regulatory	GdH	Increase in cost recovery from Primary Authority	5	Further refocus staff on primary Authority activity to generate more cost recovery income. Reducing spend on agency specialists	Income Generation	None	No
57	CCS	Enforcement & Regulatory	SD	Reduce expenditure ordinance survey fees D206	10	Reduced cost expected	Efficiency	none	no
58	RHR	RHR	SR	Efficiency target	171	Delivered through restructuring of directorate	Efficiency	1-2	no

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
59	RHR	Finance & Audit	JH	Reduction in External Audit fees	16	Reduction of External Audit fee budget through more effective closedown procedures	Efficiency	None	No
60	RHR	Finance & Audit	JH	Contribution to directorate efficiency savings; reduce supplies & services spend	10	Reduce spend through more effective use of supplies & services spend	Efficiency	None	No
61	RHR	Finance & Audit	JH	Reduce training budget in line with lower staffing levels	10	Reduced training spend as fewer staff within the service & more efficient training options	Efficiency	None	No
62	RHR	Finance & Audit	JH	Recharge treasury management support provided by Treasury Management advisors for HRA support	15	More reliance on the Council's own Treasury Management knowledge rather than utilising advisors	Efficiency	None	No
63	RHR	Finance & Audit	JH	Removal of Principal Accountant post supporting the Wellbeing directorate	52	Remove post (currently filled by agency) due to Government education reforms and Services to Schools project	Efficiency	1-2	No
64	RHR	Asset, infra. & Regen	JC	Street Nameplate Maintenance	10	Following significant capital investment in 12-13 & 13-14 reduced maintenance expenditure required for future years	Efficiency	None	No
65	RHR	Asset, infra. & Regen	JC	Public Rights of Way consultancy budget	4	Improved knowledge of the Council's RoW Officer has led to reduced demand for specialised RoW consultancy support	Efficiency	None	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
66	RHR	Asset, infra. & Regen	JC	Flood Control	53	Improved efficiencies in Asset Management and Flood Management cyclic maintenance regimes with our term contractors	Efficiency	None	No
67	RHR	Asset, infra. & Regen	JC	Disabled Crossing / tactile paving budget	50	Following significant investment/improvement & compliance over the last 10 years there is a reduced demand on this budget	Efficiency	None	No
68	RHR	Asset, infra. & Regen	JC	Highway Fencing	27	Following significant investment/improvement of the highway fencing asset over the last 10 years there is a reducing demand on this budget	Efficiency	None	No
69	RHR	Asset, infra. & Regen	JC	Illuminated Sign and Bollard Maintenance	30	Undertake reduced level of illuminated sign and bollard maintenance	Disinvestm ent	None	No
70	RHR	Asset, infra. & Regen	JC	Reactive Highway Maintenance works- road and pavement patching and pothole repairs	80	10% reduction in level of reactive works carried out to footways and carriageway throughout borough	Disinvestm ent	None	No
71	RHR	Housing & Environment	NA	Restructure	50	Delivered through restructuring of services.	Transformat ion	6-10	Already undertaken
72	RHR	Housing & Environment	SR	Negotiate waste services contract with Bucks SS	100	Negotiate waste services contract with Bucks SS	Efficiency	None	No
73	RHR	Housing & Environment	HK	Reclaiming funding for vulnerable households	60	Reclaim funding for vulnerable households	Income Generation	None	No

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
74	RHR	Housing & Environment	HK	Homeless Costs	25	Renegotiate Hostels contract	Efficiency	None	No
75	RHR	Finance & Audit	JH	Internal Audit Plan	25	Reduce Internal Audit Annual plan coverage	Efficiency	None	No
76	RHR	Finance & Audit	JH	Insurance contract management	170	Reduced costs through contract management savings	Efficiency	None	No
77	RHR	Asset, infra. & Regen	JC	Footway Works - highways capitalisation	220	Capitalisation of currently revenue costs	Efficiency	None	No
78	RHR	Finance & Audit	JH	Insurance re-tendering savings	15	Additional savings based on retendering	Efficiency	None	No
79	RHR	Asset, infra. & Regen	JC	Restructure Highways and transport services	200	Restructure savings from internal restructure	Efficiency	6 – 10	No
80	RHR	Housing & Environment	NA	enforcement efficiencies	15	Efficiency savings across the service	Efficiency	None	No
81	RHR	Housing & Environment	JC	Asset maintenance capitalisation	250	Capitalisation of asset maintenance	Efficiency	None	No
82	RHR	Housing & Environment	NA	Waste strategy savings	100	Smarter working	Efficiency	None	No
83	Chief Exec.	CEX	RB	Efficiency target	50	Reduction in Printing Costs	Efficiency	None	No
84	Chief Exec.	P&C	TL	Deletion of Equalities project work budget	12.5	Deletion of Equalities project work budget	Efficiency	None	Yes
85	Chief Exec.	P&C	TL	Reduction of Community Cohesion project budget	20	Reduction of Community Cohesion project budget	Efficiency	None	Yes
86	Chief Exec.	P&C	TL	Citizen	38	Change from paper to digital based newspaper provision whilst retaining some targeted paper provision.	Efficiency	None	Yes

## Appendix A – Savings proposals 2014-15

No	Directorate	Service	Service Lead	Item	Amount / £k	Delivery	Type	Staffing impact	EIA2 required
87	Chief Exec.	Prof services	KG	Reduction in HR support required	95	Reduction in posts in HR team as overall staff numbers in organisation reduces	Efficiency	1-2	Yes
88	Chief Exec.	Policy and Communications	TL	Additional income	25	Review of income generation opportunities for events.	Income Generation	None	No
89	Chief Exec.	Policy and Communications	TL	Efficiency Target	77	Review of income generation opportunities	Income generation	None	No
90	Chief Exec.	Professional Services	KG	Efficiency Target	45	Efficiencies across Professional Services	Efficiency	None	No
91	Corporate	Corporate	CMT	Fees and charges review	250	Review of fees and charges across all directorates	Income Generation	None	No
92	Corporate	Corporate	RP	Review Major Contracts	500	Review of all major contracts	Efficiency	None	No
93	Corporate	Finance & Audit	JH	Increased Investment Returns	1300	Variety of TM options including longer term investments, diversifying the investment strategy and paying up front LGPS costs.	Transformation	None	No
94	Corporate	Corporate	JH	Removal of contingency budget	1850	Removal of corporate contingency budget	Efficiency	None	No



## Appendix B - Base Budget Adjustments

As part the Council's budgeting process, the Council faces a variety of pressures due to the nature of its activities.

Detailed below are the key pressures that the Council faces and identifies how these are applied across the Council's different directorates (all £'000s):

Directorate	Wellbeing	CCS	RHR	CEX	Non-Service	Totals
Pay inflation	354	84	59	33	0	<b>530</b>
Incremental rises	168	234	63	0	0	<b>465</b>
Contractual inflation	892	375	516	0	0	<b>1,783</b>
Reversal of one-off items from 2013/14	669	(493)	(9)	0	424	<b>591</b>
Cost of increase in LGPS Contributions	0	0	0	0	75	<b>75</b>
Adjustment for additional income following Single Person Discount review	0	0	0	0	(500)	<b>(500)</b>
One-off utilisation of provision no longer required	0	0	0	0	(500)	<b>(500)</b>
One-off utilisation of earmarked reserve no longer required	0	0	0	0	(60)	<b>(60)</b>
One-off saving from RHR	0	0	(192)	0	0	<b>(192)</b>
<b>Total</b>	<b>2,083</b>	<b>200</b>	<b>437</b>	<b>33</b>	<b>(561)</b>	<b>2,192</b>

Included with the above is an assumption of an increase to the employers contribution to Local Government Pension scheme of 0.5%.

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## Appendix C – Council service pressures

Detailed below is the listing of the Council's service pressures for the year ahead. These represent genuine budgetary pressures, as opposed to new service growth initiatives, that the Council requires in order to continue providing its current services.

No	Directorate	Service	Service Lead	Growth bid	Amount / £k	Service Benefits	Impact of not Approving	Additional Staffing Impact
1	Wellbeing	Children & Families	KF	LAC Placements	2,490	To meet the costs of LAC placements – summarised in January Cabinet papers.	Significant Budget Pressure	None
2	Wellbeing	Children & Families	KF	Staff Costs in Children, Young People & Families	843	To increase the numbers of social workers and reduce the number of cases per social workers. To decrease the Council's reliance upon agency staff and to 'grow' the Council's own staff.	Higher levels of cases per social workers; increased agency costs	11+
3	Wellbeing	Adult Social care	AS	Increased support to adults with learning disabilities	291	To meet the cost of demographic pressure/transitions for adults social care clients	Significant budget pressure as most of these clients are already known to the council and receiving care as children	None
4	Wellbeing	Education (Non Schools)	JW	Increased support to adults with learning disabilities	100	To provide for costs of the retained organisation following the outsourcing of the SSR contract with CE – savings included within appendix A	budget pressure as the new structure has been agreed.	3
5	Wellbeing	ASC	AS	Better Care Fund	429	Additional funding announced by Central Government for the lead up to the implementation of the Better Care Fund. Additional funding to be agreed with the Clinical Commissioning Group as this is a funding transfer from the CCG and is funding CCG services.	Monies are left unspent and the Council / NHS fail to prepare effectively for a significant shift in utilising joint social care / NHS resources	None
6	CCS	Customer & ICT	RP	Contract Management for transactional services Phase II	100	To ensure the effective delivery of the second phase of transactional services and that contract management arrangements are in place.	Increased cost due to the contractor not being monitored effectively	1-2

## Appendix C – Council service pressures

No	Directorate	Service	Service Lead	Growth bid	Amount / £k	Service Benefits	Impact of not Approving	Additional Staffing impact
7	CCS	Procurement	RP	Procurement specialist due to transactional services phase II transfer	40	Existing post transferred over to arvato as part of the phase 2 contract; this is re-establishing the post within SBC.	Lack of effective procurement resource	1-2
8	CCS	Enforcement & Regulatory	RP	CCTV/Careline revenue support	134	The revenue support for the previous CCTV/Careline control room was deleted from the budget during 2011/12. This is currently a pressure on the revenue budget.	Ongoing pressure on the budget which does not have the ability to recover that cost	None
9	CCS	Enforcement & Regulatory	RP	Community Safety Salary Budget	58	The salary budgets from H235 were deleted from the 13/14 budget. This is currently a pressure on the budget	Ongoing pressure on the budget which does not have the ability to recover that cost	None
10	CCS	Enforcement & Regulatory	SD	Cover the shortfall in Organic Verification Income	20	Removal of ongoing financial pressure created by unachievable income target set in 2003	Service will continue face annual £20K shortfall which can no longer be offset by slippage from other budgets in the service area.	None
11	CCS	Community & Skills	AS	Rates liability libraries and leisure	376	Cover cost of removal of full business rates exemption for Slough Community Leisure (the Centre £202Kpa) and Library Services Slough (£202K pa plus £29K additional for Britwell library element of the rates). The service saving from rates has previously been taken as a corporate saving	Substantial customer service reductions	None

## Appendix C – Council service pressures

No	Directorate	Service	Service Lead	Growth bid	Amount / £k	Service Benefits	Impact of not Approving	Additional Staffing impact
12	CCS	Enforcement & Regulatory	RP		103	An audit of SBC's GIS capability was conducted in July 2011 during which it was identified that the current GIS business support model at the Council is constrained by financial and staff resources. The provision of additional resources is fundamental in supporting the potential growth and development in the use, application and fulfilling the GIS requirements for services across the Council in the long-term.	Currently there is no formal GIS resource, such as a Officer/Manager and/or team. Without the adequate provision of resources, in the form of technical and financial investment for a continually developing and expanding service application, there is an increased risk in the inability to achieve the strategic objectives of the service which could reduce the effectiveness of the public services offered at the Council.	1-2
13	CCS	Enforcement & Regulatory	SD	SIFE Inquiry (Slough Intermodel Freight Exchange) - <b>one off requirement</b>	65	All Planning Authorities are required to defend the reasons why they have refused a planning application at an appeal. Since the Secretary has decided that this appeal will be a public inquiry it is necessary to provide suitably qualified expert witnesses and be properly legally represented.  The Council doesn't have the necessary legal expertise and so we will have to hire a Barrister as well as rooms at The Centre for 3 weeks for the Inquiry and for the Inspector and barrister.	If the Council does not present the necessary evidence to the Inquiry the development will be approved contrary to the wishes of the Planning Committee who refused the application.  The Council could also be liable for significant costs to be awarded against it if it cannot substantiate any of the reasons for refusal. Failure to properly defend the case at the Inquiry would result in significant loss of reputation and undermine the confidence in the planning system.	

## Appendix C – Council service pressures

No	Directorate	Service	Service Lead	Growth bid	Amount / £k	Service Benefits	Impact of not Approving	Additional Staffing impact
14	CCS	Customer Service	RP	Blue Badge Provision	31	There is currently a deficit in the Blue Badge budget creating a pressure of £31,000 - the cost for a Mobility Assessor (£29,000) and internal printing costs (£2,200).	Ongoing pressure on the budget	None
15	RHR	Environment	NH	Street Cleansing	75	General Improved environment - Increased Cleaning regime and new waste & recycling collection	Shortfall of budget will remove resources from these areas hence street cleaning will have a direct impact locally.	None
16	RHR	Housing (GF)	HK	Homelessness funding to replace the specific grant subsumed into the RSG	140	To provide a required service to those in need of temporary accommodation.	Shortfall of budget will remove resources from this service, causing considerable pressure in delivery of this service leading to severe distress to families in need.	None
17	Chief Exec.	Policy & Comms.	TL	<b>Two year funding only</b> - Economic development and incentivisation work	50	Increase Business rates / retained Business Rates to the Council	Further risk of declining business rates and a reduced budgetary position for the Council overall	1-2
18	Corporate	All	JH	Auto-enrolment	200	Potential costs due to staff currently not within the pension scheme opting into the pension scheme.	Budget pressure	None
19	Corporate	n/a	RP	Budget adjustment to ensure transactional services phase 1 is appropriately funded	2,700	n/a - adjusting the budget provision to ensure that the Council has a sufficient budget to meet the contract price agreed by the Council.	Budget pressure	None

## Appendix C – Council service pressures

### BETTER CARE FUND Interim Update Report

#### 1.0 Background

In the 2013 chancellor's Spending Round a £3.8 billion fund was announced for 2015-16 for integrating health and social care services. This fund is known as the 'Better Care Fund' (formerly known as the Integrated Care Fund) and comprises of:

- £1.9b existing funding continued from 2014-15
- £130m Carers' Breaks funding
- £300m CCG re-ablement funding
- £350m capital grant funding including £220m Disabled Facilitates Grant
- £1.1b existing transfer from health to social care
- £1.9b new funding from NHS allocations, which includes £1b performance, related funding.

#### 2.0 Better Care Fund (BCF) & the Care Bill

The funding of the Care Bill 2013 – 14 will also form part of the responsibilities of the Better Care Fund. It was announced as part of the Spending Round that the Better Care Fund would include funding for costs to councils resulting from care and support reform. This money is not ring-fenced, but local plans should show how the new duties are being met; £50m of the capital funding has been earmarked for the capital costs (including IT) associated with transition to the capped cost system, which will be implemented in April 2016; £135m of revenue funding is linked to a range of new duties that come in from April 2015 as a result of the Care Bill. Most of the cost results from new entitlements for carers and the introduction of a national minimum eligibility threshold, but there is also funding for better information and advice, advocacy, safeguarding and other measures in the Care Bill. The full implications for Slough of the implementation of the Care Bill have still to be confirmed and an update on progress will be provided to Cabinet when this is clearer.

#### 3.0 Better Care Fund Outcome Measures

The Spending Review also agreed that £1bn of the total £3.8bn available nationally would be linked to achieving outcomes. These outcome measures are:

- Delayed transfers of care;
- Emergency admissions;
- Effectiveness of re-ablement;
- Admissions to residential and nursing care;

## Appendix C – Council service pressures

- Patient and service user experience
- And one further locally agreed outcome measure from a pick list provided by NHS England. Sloughs suggested chosen measure is *improving the health-related quality of life for people with long-term conditions*.

### 4.0 Pooled Budget & Funding

The purpose of the BCF is to create a health and local authority pooled budget which brings together services for adults in order to improve integrated and holistic working and improve outcomes for service users. The initial estimate for Slough's allocation of the BCF was £7.030. After the Autumn Statement this was revised to £8.762m. This is detailed in the table below.

Better Care Fund Planning Announcements Slough CCG and Slough BC				
DESCRIPTION	Original Estimate £'m	Revised Estimate		TOTAL £'m
		Local Authority £'m	NHS £'m	
<b>Pass Through Funding</b>				
2013/14 S256 Funds	1.850		1.850	<b>1.850</b>
2015/16 Government Transfers Capital	0.670			
2015/16 Disabilities Facilities Grant		0.407		<b>0.407</b>
2015/16 Social Care Capital Grant		0.287		<b>0.287</b>
<b>Total</b>	<b>2.520</b>	<b>0.694</b>	<b>1.850</b>	<b>2.544</b>
<b>Impacting CCG Budgets</b>				
2014/15 Additional S256 Transfer	0.380		0.430	<b>0.000</b>
Carers Break Funding	0.250			<b>0.430</b>
Re-ablement Funding	0.280			<b>0.000</b>
Core CCG Funding	3.600		5.706	<b>0.000</b>
Difference between s256 & 15/16 BCF			0.082	<b>5.706</b>
<b>Total</b>	<b>4.510</b>	<b>0.000</b>	<b>6.218</b>	<b>6.218</b>
<b>GRAND TOTAL</b>	<b>7.030</b>	<b>0.694</b>	<b>8.068</b>	<b>8.762</b>

For 2014/15 the minimum BCF for Slough is **£2.23m**, for 2015/16 the minimum BCF for Slough will be **£8.762m**.

### 5.0 Payment for Performance

50% of the pay-for-performance element for the BCF will be paid at the beginning of 2015/16, subject to Slough Wellbeing Board adopting a plan that meets the national conditions by April 2014, and on the basis of 2014/15 performance. The remaining 50% will be paid in the second half of the year and will be based on performance against nationally and locally determined metrics. The detail of how this will work is still being agreed nationally and will include any locally agreed measures.



## Appendix C – Council service pressures

### 6.0 Proposal for Slough

Locally the aim is for more than the minimum of the funding to be part of the BCF. For 2014/15 this will include additional health budgets that support the delivery of community equipment and intermediate care services and also an additional investment of a further £430k and additional social care budgets that support the delivery of intermediate care services.

The priorities for the use of the funding in 2014/15 will be to:

- improve performance in the key outcome measures
- sustain and support existing services and financial commitments
- support the delivery of efficiency savings in health and social care
- continue investment in the additional winter pressures services that have been developed during this winter in delivering improved outcomes for admission avoidance and delayed transfers of care
- review the range of intermediate care services that are commissioned by the NHS and SBC and make recommendations for an integrated service
- invest in an improved Falls Service and an improved sensory impairment service
- provide infrastructure and resources support to manage the integration programme.

The proposed local programme will give the following allocations

<b>PROPOSED BETTER CARE FUND FOR SLOUGH</b>		
<b>2014/15 &amp; 2015/16</b>		
<b>DETAIL</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Health Budgets</b>	£'m	£'m
Carers	0.210	0.210
Community Equipment (s75)	0.583	0.583
Intermediate Care (s75)	0.857	0.857
CCG Matching Funding (s256)	0.430	0.430
Oaks EMI		0.076
Henley Suite		0.247
Foot Care		0.014
CCG Additional BCF Contribution		3.371
<b>Sub Total</b>	<b>2.080</b>	<b>5.788</b>
<b>Local Authority Budgets</b>		
s256 Funds continued from 2013/14	1.850	1.850
Additional s256 Transfer	0.430	0.430

## Appendix C – Council service pressures

Disabled Facilities Grant		0.407
Social Care Capital Grant		0.287
Intermediate Care	1.000	1.000
<b>Sub Total</b>	<b>3.280</b>	<b>3.974</b>
<b>GRAND TOTAL</b>	<b>5.360</b>	<b>9.762</b>

### 7.0 Next Steps

Members are requested to consider and comment on the direction of travel for the BCF for 2014/15 and 2015/16, subject to the agreement of the BCF plan at the March Wellbeing Board and a recommendation from the Wellbeing Board to the Cabinet to approve the plan. The Cabinet will receive a further report at 14<sup>th</sup> April 2014 that will provide more detail on 2014/15 plans and also outlines plans for 2015/16.

## Appendix D – Council Reserves

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

### General Fund

The Council's General Fund reserve is the amount set aside for the year ahead that is uncommitted and for any purpose. The s151 officer's commentary in the later appendix details the level of reserve that the Council's Chief Finance Officer believes should be set aside as a minimum. For 2014-15, the minimum level has been set at £7.5m

General Fund	Amount / £m
As at 31.3.2013	8.14
Forecast Q3 (2013-14) position (under / over (-) spend	0
In year movements to / from the General Fund	0
Forecast 31.3.2014 position	8.14

### Children's Social Care Risk fund

This reserve has been set aside as part of the Children's social care budget pressure. Included within the 'base budget' is £0.8m for 2014-15 and a further additional £0.8m in 2015-16 (i.e. a recurrent £1.6m by 2015-16) that enables an increase in staffing establishment.

In the interim, the service is unlikely to be able to recruit to this level of permanent staffing and so will have a financial pressure due to recruiting agency staff. For 2014-15, the worst case scenario for a call on this reserve is £2.4m.

At present, this reserve is due to be at least £1.1m for the 1<sup>st</sup> April 2014. A further review of reserves following the end of the 2013-14 financial year will assess if this reserve can be increased.

If the full £2.4m is required for 2014-15, then any balance will be removed from the general reserves or through delivering an in-year underspend to compensate for any additional costs.

## Medium Term Financial Volatility Reserve

The Government's programme of public sector financial reform has led to an increase in the volatility that the income that the Council receives; primarily because of:

- the introduction of the retained Business Rates (the Council receives up to 30% of any growth in business rates but is liable for 50% of any losses up to a safety net of over £2m)
- the introduction of the Council Tax support scheme; if more residents are included within this, the Council is liable for the cost (unlike the previous CTX Benefit regime)
- Reductions to Government non - ring fenced grants
- Reductions to Government ring fenced grants

Due to the above, the Council's planning for income levels is much more volatile. Also, because of the scale of the reductions to Council funding, some of the Council's savings plan have a higher level of risk within them.

To minimise the short-term volatility to the Council's budget, there is a Medium Financial Volatility Reserve (MTFVR). The purpose of this is to mitigate short term pressures by its use and so delay the impact of these pressures to enable more long term planning into the Council's budgets.

MTFVR	Amount / £m
As at 31.3.2013	2.1
Forecast Q3 (2013-14) position (under / over (-) spend	0
Year end forecast movements to / from the Reserve	-0.6
Forecast 31.3.2014 position	1.5

## Future Debt repayment reserve

The purpose of this reserve is to enable the Council to take the most opportune periods of debt repayment. This might be to delay a long term borrowing decision because future capital receipts maybe forthcoming, or to fund the premium on debt repayment to generate revenue savings. This reserve is linked to the Council's Minimum Revenue Provision (MRP) which is detailed further in the Treasury Management Strategy and the Capital Strategy.

The present value of this reserve is £1.9m

## **Collection Fund**

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

## **Economic Risk fund**

This fund is for future restructuring liabilities. Where a restructure occurs and generates on-going revenue savings to help the Council achieve its objectives set out in the MTFs, then funding will be released.

The forecast year end value of this reserve is £0.4m

## **Organisational change / Transformational reserve**

The purpose of this reserve is to provide funding for future on-savings or to fund in year efficiency measures. A business case must be produced for funding to be allocated from this reserve.

The forecast year end value of this reserve is £0.2m taking account of £0.25m being allocated to the Strategy Director for Customer & Community Services to undertake a review of Children's Social Care to improve systems and processes to enable greater efficiency.

## **Unusable reserves**

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

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## Appendix E – Collection Fund

The Collection Fund is a statutory account that the Council must maintain. The fund considers the amount of Council Tax that was anticipated to be collected when the Council sets its Council Taxbase (i.e. the number of properties in the borough at Band D equivalent) in January before the financial year begins. The fund also consider the anticipated receipts from retained Business Rates that the Council received compared to the forecast made in January before the start of the financial year.

There are two key variables which alter the Collection Fund position; (i) an increase or decrease in the number of properties compared to the forecast, or (ii) an increase or decrease to the collection rate at which the Council is collecting these taxes. Following the introduction of its Council Tax support scheme in January 2013, any increase or decrease in Council Tax support claimants impacts upon the Collection Fund position.

The Council must estimate its Collection Fund position for the year ahead before setting its budget. Any surplus or deficit on the collection fund position must be taken into accounts in the following year; i.e. if the Council had a surplus of £10k in the collection fund for 2013-14, it would need to show this in the 2014-15 budget paper.

The anticipated Collection Fund position as at January 2014 is as follows:

- Council Tax £1.1m Surplus
- Retained Business Rates £0.5m deficit

In addition there is £0.7m of Collection Fund surplus to be brought forward from 2012-13.

The figures above relate purely to the Council's share of the collection fund. The fire authority shares both the Council Tax and Retained Business Rates collection fund and the Fire alone shares the retained business rates fund.

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## **Appendix F - Fees and Charges**

- 9.1 Local councils are able to charge users for the provision of a wide variety of services. It is important to ascertain the legal position prior to introducing or varying charges as Councils are obliged to provide some services by law (known as mandatory services). For example, currently legislation prevents a local council from making a charge for its domestic refuse collection service and for borrowing a library book, but does allow a charge to be made for a special collection of bulk domestic refuse and for borrowing a DVD from a library.
- 9.2 Where there is no specific legislation relating to the service, the Local Government Act 2003 provides all councils with a power to charge for all discretionary services, where users have a choice whether to use the service or not. Also the 2003 Act states that income generated by individual services, or groups of similar services, must not exceed the cost of providing the service, taking one year with another. Finally, the 2003 Act enables councils to create charging structures to provide different levels of charge to different groups of users, including offering the service free to certain individuals or groups.
- 9.3 The usual definition of a discretionary service is one where the council has the power to provide the service, possibly under the powers of well being provided in the Local Government Act 2000, but where the service is not specifically required to be provided by law. It should be noted, however, that for the purposes of charging, the 2003 Act also enables charges to be made if a council provides a mandatory service above the level of quality required by legislation, as the additional service is defined as discretionary within the provisions of the Act. For example, legislation requires local planning authorities to consider planning applications (an example of a mandatory service where legislation requires a charge to be made), but does not require such authorities to provide pre-planning advice to householders and developers. Where a council does provide such advice, it may charge for the advice under the 2003 Act as it falls within the definition of a discretionary service.
- 9.4 The Council raises approximately £20m of its total income from general fees and charges. Therefore these charges are a crucial funding source for the provision of services and in maintaining the council tax at a reasonable level.
- 9.5 The Council is currently undertaking a detailed review of all fees and charges to ensure that as a Council we understand where full cost recovery is in place for the fees and charges for services we provide. Any significant proposed changes to the charging structure from this review will be reported and seek Cabinet approval.

- 9.6 Under Delegated powers for 2014/15 Strategic Directors can, in consultation with the S151 Officer and the appropriate Commissioner, set rent, fee charges and other income levels provided the change does not:
- Exceed inflation by more than 3% and/or
  - Involve a change in policy, or
  - Potentially have significant political implications.
- 9.7 Any exceptions to this general policy will require specific Cabinet approval.

## Appendix G - Statutory Determination of Council Tax

### Council Tax Resolution

In relation to the Council Tax for 2014/15 Cabinet is requested to resolve:

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2015 be as specified below and that the Council Tax be levied accordingly.
- (b) That it be noted that at its meeting on 16 December 2013 Cabinet calculated the following Tax Base amounts for the financial year 2014/15 in accordance with Regulations made under sections 31B(3) and 34(4) of the Act:
- (i) 37,376.2 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2014/15; and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2014/15:
- |                                   |         |
|-----------------------------------|---------|
| a) Parish of Britwell             | 514.71  |
| b) Parish of Colnbrook with Poyle | 1,755.2 |
| c) Parish of Wexham               | 1,244.4 |
- (c) That the following amounts be now calculated for the year 2014/15 in accordance with sections 31A to 36 of the Act:
- (i) £368,402,617 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2)(a) to (f) of the Act. (Gross Expenditure);
- (ii) £ 324,358,321 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) (a) to (d) of the Act. (Gross Income);
- (iii) £44,044,296 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
- (iv) £1,178.40 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council,

in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

- (v) That for the year 2014/15 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £192,056 representing the total of Parish Precepts for that year.
- (vi) £1,173.27 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (vii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook With Poyle £	Parish of Wexham Court £
A	782.18	44.06	31.80	24.48
B	912.54	51.41	37.1	28.56
C	1,042.91	58.75	42.4	32.64
D	1,173.27	66.10	47.70	36.72
E	1,434.00	80.79	58.3	44.89
F	1,694.72	95.47	68.9	53.05
G	1,955.45	110.16	79.5	61.21
H	2,346.54	132.19	95.4	73.45

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

- (viii) That it be noted that for the year 2014/15 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 over leaf:

<b>BAND</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>
	<b>£</b>
A	107.01
B	124.84
C	142.68
D	160.51
E	196.18
F	231.85
G	267.52
H	321.02

- (ix) That it be noted that for the year 2014/15 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:

**ESTIMATE – Update provided when confirmed**

<b>BAND</b>	<b>Royal Berkshire Fire Authority</b>
	<b>£</b>
A	40.44
B	47.18
C	53.92
D	60.66
E	74.14
F	87.62
G	101.1
H	121.32

- (x) 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:

<b>Band</b>	<b>Slough</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley</b>	<b>Royal Berkshire Fire Authority</b>	<b>TOTAL</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A</b>	782.18	107.01	40.44	929.63
<b>B</b>	912.54	124.84	47.18	1,084.56
<b>C</b>	1,042.91	142.68	53.92	1,239.51
<b>D</b>	1,173.27	160.51	60.66	1,394.44
<b>E</b>	1,434.00	196.18	74.14	1,704.32
<b>F</b>	1,694.72	231.85	87.62	2,014.19
<b>G</b>	1,955.45	267.52	101.1	2,324.07
<b>H</b>	2,346.54	321.02	121.32	2,788.88

- (xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xii) 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.
- (xiii) 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.
- (xiv) The above figures assume a council tax freeze for both the Royal Berkshire Fire Authority and Britwell Parish. If this is not the case this report requests the Section 151 or nominated officer be authorised to adjust the council tax charges accordingly in line with final figures.

## **Appendix H – s151 officer statement on the robustness of reserves and the robustness of estimates**

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Assistant Director, Finance and Audit) to formally report to Council as part of the tax setting report his view on the minimum level of reserves available to the general fund and on the robustness of estimates used on the budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 18<sup>th</sup> February 2014. 2013.

### **Adequacy of Reserves**

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

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

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

- Increased population increases demand on 'universal services' i.e. more bins to collect, more Council Tax bills to issue etc.
- Demand pressures in Children's social care
- Increased adult social care pressures due to changes in demography
- Increased risk over the delivery of savings; the savings figures in the MTFs and since 2010 are far higher than in previous years and are over a sustained period
- Risk of grants fluctuating during the financial year e.g. Education Services Grant
- The impact of the macro-economic position and the impact on residents and businesses being able to pay for respective fees and charges

In light of the above, the proposed minimum level of reserve for the Council should be 5% of the net budget (as defined by Council Tax, retained business rates and non-ringfenced revenue Government grants); plus 10% of the

Children's social care budget as this is the most high risk area to overspend. This total **£7.5m**.

## **Robustness of Estimates**

### The treatment of inflation and interest rates

The 2014/15 pay award for staff has been estimated at 1% in line with the Government's pay announcements. Non pay related budgets have been inflated at the contractually committed rate of inflation or where services can demonstrate a requirement to do so to maintain service delivery levels.

### Efficiency saving and productivity gains

The budget contains proposals to deliver over £12m of savings. The medium term financial strategy includes a four year savings programme to ensure that future revenue budgets remain in financial balance to ensure the council has adequate resources to deliver its Council Strategy outcomes. The savings programme will also help to ensure that Council Tax increases are kept to as low a level as possible and deliver efficient local services. The proposals set a far greater level of required savings than in past years and there are inherent risks to the delivery of a balanced budget at the end of the 2014/15 financial year.

### Budget and Financial management

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

- 2009/10 - £253k underspend – 0.2% of budget
- 2010/11 - £995k underspend – 0.9% of budget
- 2011/12 – £1,736k underspend – 1.7% of budget
- 2012/13 - £23k underspend – 0.0% of budget
- 2013/14 - £3k underspend forecast – 0.0% of budget

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

The Council has a number of demand led budgets and has historically been able to manage changes to demand to ensure a sound financial standing at the end of the financial year. The revenue budget includes £0.29m for adult social care cost pressures and £3.33m for Children's social care.

### Adequacy of insurance and risk management

Strategic risk management is being embedded throughout the Council to ensure that all risks are identified and managed appropriately. The Council's



insurance arrangements are a balance of external insurance premiums and internal funds to self insure some areas. As well as an internal risk manager the Council also make use of an external consultant to advise on the level of funds required to underpin those risks not externally insured.

#### Overall financial standing of the authority

Slough Borough Council borrows money to support the Council's capital programme. It has calculated its capacity for borrowing within the provisions of the prudential framework and budgeted accordingly. The assumed Council Tax collection rate is 98% and this is an achievable if demanding target. Each 1% uncollected amounts to approximately £0.43m and any surplus or deficit on the collection fund is apportioned between the Council and its major precepting bodies the Royal Berkshire Fire and Rescue Authority, and the Office of the Police and Crime Commissioner (OPCC) for Thames Valley.

#### Maintaining balances

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

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

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## Appendix I – Specific grants

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

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

Grant	Amount / £m
Public Health	5.49
Community Right to Bid	0.01
Community Right to Challenge	0.01
Local Reform and Community Voice (Dept. of Health)	0.09
Local Welfare provision	0.33
Local Council Tax Support and Housing Benefit administration subsidy	1.11

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# Business Rates Policy 2014-15

The Award of Discretionary Business Rate Relief to Charities  
and other Not-for-Profit Organisations

The Award Rate Relief for Properties that are Partially  
Unoccupied for a Temporary Period

The award of Hardship Relief for Business Rates and Council  
Tax

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## **Introduction**

### **1.0 Scope of this Policy**

1.0 This policy relates to the rate relief that the Council has a power to award under Section 44a, Section 47 and Section 49 of the Local Government Finance Act 1988

1.1 The policy relates to the discretionary award of rate relief and the process for the award of mandatory relief for Business Rates for 2014-15 only

1.2 This policy will be reviewed for 2015-16 to reflect the intention that no charity or non profit making bodies will receive more than 80% charity relief from April 2015.

### **2.0 The Reasons for this Policy**

2.1 This policy has been agreed by the Council to ensure all ratepayers making applications for this relief are treated in a fair, consistent and equal manner.

2.2 This policy;

- Sets guidelines for the factors that should be considered when making a decision to award or refuse relief
- Establishes a framework to ensure applications are dealt with in an efficient manner
- Sets out the delegated authority to award relief in appropriate circumstances
- Establishes an appeals procedure for organisations that are dissatisfied with the Council decision.
- Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of discretionary rate relief are used in the most effective and economic way.

## **Part 1 – Relief for Charities and other Not-for-profit organisations**

### **3.0 Legal Background**

3.1 Section 47 of the Local Government Act 1998 gives billing authorities the discretion to award relief in two circumstances:



a) Where the ratepayer is a registered charity or certain other charitable organisation and the property is wholly or mainly used for charitable purposes

b) Where the ratepayer is an organisation which is not established or conducted for profit and whose main objects are as set out below at 3.4

3.2 Registered charities are entitled to a mandatory rate relief of 80% for properties which are occupied for charitable purposes.

3.3 The Council's has discretionary powers to award further rate relief of up to 20% (this is commonly referred to as 'top up' relief).

3.4 The Council has the discretion to award relief of up to 100% to organisations which are not established for profit and which meet the following criteria:

Either, the organisation's main objects are;

- charitable,
- philanthropic,
- religious

Or are concerned with

- education,
- social welfare,
- science,
- literature
- fine arts

Or, the organisation is a club, society or other organisation not established or conducted for profit and the rateable property is used mainly used for purposes of recreation.

3.5 The Council cannot award relief to itself or any other organisation which has the powers to raise, or precept on a Council Tax.

3.6 The amount of relief awarded is entirely at the discretion of the Council.

#### **4.0 Legal Requirements – State Aid**

4.1 There are European Union regulations which restrict the award of state aid and under certain circumstances the award of discretionary relief could be considered to be state aid.

4.2 These circumstances in which the EU regulations need to be considered will be where the organisation engages in commercial activities or competes with commercial bodies because of an activity it carries out. For example a not

for profit training organisation that also provides training services to businesses.

4.3 If the organisation undertakes any commercial activity it must be commercially insignificant and localised so that there is no potential impact on intra-community trade, otherwise the regulations governing state aid will apply.

4.4 Guidance on State Aid is available via the government web site at

<https://www.gov.uk/government/publications/enterprise-zones-state-aid-and-business-rate-discounts>

4.5 All businesses applying for any Business Rates relief will need to confirm any other state aid they are receiving.

## **5.0 Cost to the Council**

5.1 Relief is generally funded partly from the Council's collection fund, certain reliefs or exemptions are partly by central government.

5.2 The Localism Act 2011 has changed the financial cost of awarding charitable relief. This means that with effect from the 1st April 2013 for every pound collected in business rates 49p is retained by Slough Borough Council. Consequently the cost of awarding relief is 49% of the total amount awarded in relief, subject to possible tapers.

5.3 Charities using premises for charitable purposes are entitled to an initial mandatory charitable 80% relief from Business Rates. This is a mandatory relief and so Slough Borough Council cannot control the amount awarded.

## **6.0 The Application Process**

6.1 Information to be provided to support applications

6.2 Before an application can be considered the Council must be satisfied that it has all the information necessary to enable it to make a fair consideration. For the purposes of efficiency all applications must be made on the standard application form set out at Appendix A.

6.3 In addition to the standard application form ratepayers will be required to supply supporting information such as audited accounts and articles of association. In some circumstances the Council may decide that it is necessary for one or more officers to visit the rated premises to establish further facts.

6.4 In some instances the Council may require the applicant to visit the Council's offices to provide verbal information in support of the application.

Where a visit is required the Council will give a minimum of fourteen days notice of the date the visit is required.

6.5 The Council will not consider applications where the ratepayer has failed to provide information that has been requested, or where the ratepayer does not cooperate with the Council's request to visit a property.

6.6 It is recognised that some organisations may not currently keep records of sufficient detail to provide the information that is normally required to support an application. Where the Council is satisfied that the information is genuinely not available, and that the organisation has co-operated to provide all information that is available, the Council will consider the application based on the information provided. Only one application will be considered in this way, and future applications must provide all information that is required.

6.7 If the process of keeping record to the standard required will incur additional expense for the organisation it will be up to the organisation to decide whether the additional expense is worthwhile in order to apply for relief.

#### **6.8 Persons who can make application**

6.9 Applications must be made by the ratepayer.

6.10 Where the ratepayer is an organisation the application must be made by a person with the authority to act on behalf of the organisation. The Council may ask for evidence that the person making the application is entitled to act in that capacity.

#### **6.11 Reapplications**

6.12 Where an application has been refused either initially or following an appeal, further applications will not be considered within the same financial year except where:

- a) The use of the property changes, or
- b) The objectives of the organisation change, or
- c) There have been other changes that may affect the Council's decision (for example where an organisation has taken action to address an issue which had previously precluded an award of relief).

#### **7.0 Applications Not Meeting Legal Requirements**

7.1 Where an application does not meet the legal requirement (for example if an organisation is established for profit) the application cannot be considered.

7.2 On receipt of each application the Business Rates Manager (or a suitable experienced officer of similar seniority) will assess whether it meets the essential legal requirements. Where the application does not meet those requirements it cannot be considered. The applicant will be advised in writing

within four weeks of receipt of the application, giving the reason that the application does not meet the legal requirements.

7.3 Where the applicant disputes the decision of the Business Rates Manager they should make a written submission to the Head of Revenue and Benefits setting out their reasons for believing the legal requirements are met. The decision will be reviewed by the Head of Revenue and Benefits whose decision will be final.

7.4 This process does not affect an applicant's right to challenge a decision by way of Judicial Review.

## **8.0 The Decision Making Process**

8.1 All applications will be considered on an individual basis.

8.2 Normally discretionary relief will be awarded where it is clear that the activities of the applicant are of direct benefit to the local community and assist the Council in achieving its Sustainable Community Strategy.

8.3 Relief will not be awarded to organisations whose activities are contrary to the principles established by the Sustainable Community Strategy Priorities.

8.4 Consideration will be given to the financial impact on the Council and the local community in making awards. Relief may be refused or capped if it is considered that the financial cost to the Council or the local community outweighs the benefits generated through the award of relief.

8.5 In order to ensure there is a fair and consistent approach to the award of relief, all applications will be considered within the guidelines of this policy.

8.6 The criteria for the awarding of discretionary relief is set out in Appendix B

8.7 All applications will be considered on an individual basis by the Business Rates Manager who will provide an in depth report and recommendations which will include but not be limited to review sheet, with findings and financial implications and initial recommendations to the Council's Section 151 officer.

8.8 All applications for awards of Local Council Tax discount in cases of hardship will be determined by the Council's S151 Officer.

8.9 A written record will be kept of the decision and of the factors considered in the process. This record will be available to the applicant free of charge on request.

8.10 The decision will be notified to the applicant in writing and where less than the maximum amount of relief is granted an explanation of the reasons why full relief was not granted will be given.

8.11 Appeals against awards to be determined by a Member Appeals Panel.

8.12 Details of the recipients and the amount of awards will be reported to the Cabinet annually.

### **8.12 Interest of Officer and Members**

8.13 Officers and Members who have an interest in any aspect of an application for relief must not participate in the decision making process and must declare their interest.

8.14 Examples of interests include those in the following list. However, the list is not intended to be exhaustive.

- Membership of the organisation making an application
- A close relative who is a member of the organisation making an application
- An interest in the property for which the relief is being sought
- Membership of a similar organisation (e.g. a rival sporting club)

Where an officer is unsure whether they have an interest they should seek advice from the Section 151 Officer . Where a Councillor is unsure whether they have an interest they should seek advice from the Council's Monitoring Officer.

These three Heads of Service (i.e. Section 151 officer, Democratic Support & Legal) may in turn need to liaise with the Head of Revenue and Benefits on any case referred to them (e.g. where cases of conflict of interest will need to be monitored by Revenue Services on an on-going basis).

### **9.0 Calculation of relief**

9.1 Relief will be calculated as a percentage of the rates bill.

9.2 If the rate bill reduces, for any reason, the relief will be reduced proportionately.

9.3 If the rates bill increases during the course of a year, for example due to an increase in rateable value, the amount awarded will not automatically be increased. However in all such cases the Council will reconsider the ratepayer's application and may award additional relief.

### **10.0 Right of Appeal**

10.1 There is no statutory right of appeal against a decision regarding discretionary rate relief made by the Council. However, the Council

recognises that ratepayers should be entitled to have a decision reviewed objectively if they are dissatisfied with the outcome.

10.2 The Council agrees to abide by the following appeals process and aggrieved ratepayers should make an appeal in accordance with the process.

10.3 Ratepayers will be notified of the appeals process in writing at the time that they are notified of the outcome of their request for rates relief.

10.4 This appeals process does not affect a ratepayer's legal rights.

## **11.0 Appeals Process**

11.1 Appeals may only be made by the original applicant. An appellant may appoint an agent to act on their behalf and in such cases the Council will require written authorisation from the appellant before dealing with their agent.

11.2 Appeals against decisions will be considered by the Members Appeal Panel.

11.3 Decisions on appeals made by the Members Appeals Panel will be final.

11.4 Applicants must make an appeal within four weeks of the issue of the letter notifying them of the Council's decision.

11.5 Applicants will be notified of the date on which the appeal will be considered, which will be within twelve weeks of receipt of the appeal or as soon as reasonably practicable thereafter.

11.6 Applicants may appeal against the decision to award or not award relief, or against the level of relief awarded.

11.7 Appeals must be made in writing and must give the reasons why it is believed the decision should be amended. New or additional information may be included, but only if it is relevant to the decision making process.

11.8 The appellant does not have a right to appear in person but may make a request to present evidence in person. Such requests will be considered at the discretion of the Members Appeal Panel as appropriate.

11.9 The Members Appeal Panel can request a meeting with either the applicant and/or the appropriate Revenues and Benefits officer to hear evidence in person. The Members Appeal Panel may nominate a representative or representatives to attend such meetings on its behalf.

11.10 Each application will be considered individually on its merit.

11.11 The appeal decision may be adjourned if further information is required from either party.

11.12 The applicant will be informed of the final decision, and the reasons for the decision within four weeks of the hearing.

11.13 Submitting an appeal does not affect the appellant's legal rights to challenge a decision made by the Council through the Judicial Review process.

## **12.0 Discontinuation of Applications or Appeals**

12.1 If the Council has requested further evidence from the ratepayer and this has not been received within four weeks the application or appeal will be deemed to have been discontinued.

12.2 Ratepayers will be notified in writing in these circumstances.

## **13.0 Period of Rate Relief**

13.1 Rate relief awarded under this policy will be awarded for one financial year except where it is considered between 1st April and 30th September where consideration may be given to awarding relief for the previous financial year.

13.2 Ratepayers receiving relief will be contacted and invited to reapply for relief for the following year, this invitation may be by signed declaration or the council may request a full application to be completed. Only one signed declaration will be accepted between applications.

## **14.0 Backdating of claims**

14.1 The law allows claims received between 1st April and 30th September in any year to be backdated to 1st April of the previous year.

14.2 Requests for a backdated award of relief (i.e. for the previous year) will be dealt with in the same way as applications for the current year.

14.3 Relief cannot otherwise be backdated beyond 1st April of the year in which it is awarded.

## **15.0 Cancellation of relief**

15.1 Relief will be cancelled if:

1. The applicant ceases to be the ratepayer
2. The property becomes empty or becomes occupied
3. The use of the property changes
4. The aims or objectives of the ratepayer change
5. There is an increase in the amount of rates payable

15.2 Where relief is cancelled for any of the reasons from (2) to (4) above, a new application may be made straight away.

15.3 Where relief is cancelled for reason (5) above the decision will immediately be reconsidered and a new decision made, based on the new amount of rates payable.

15.4 Any existing relief may apply upon change of address within the borough, following confirmation that the nature of occupation is unchanged.

#### **16.0 Notification of awards**

16.1 The Council will consider applications within six weeks of the application and all supporting information being received or as soon as practicable thereafter.

16.2 Notification of the outcome of the decision will be made in writing within fourteen days of the decision being considered.

#### **17.0 Action to recover unpaid rates whilst a decision is pending**

17.1 Unless otherwise agreed, ratepayers are required to continue to pay, in accordance with the latest demand notice, pending the outcome of an application

#### **18.0 Promotion of the availability of relief**

18.1 The Council will proactively promote the availability of discretionary relief, and this policy, in the following ways.

- All rate demands will have accompanying information explaining the availability of relief.
- Employees who deal with enquiries from ratepayers will be trained in all aspects of this policy
- The Council will work in partnership with other organisations that may have a stake in this area.
- The policy will be published on the Council's web site and printed copies will be made available to ratepayers and other stakeholders on request.

#### **19.0 Budget for Rate Relief**

19.1 The Council will set an annual budget for awards of discretionary rate relief. The balance of funds within this budget will be considered when making decisions for the award of relief.



## **Part 2**

### **Rate Relief for Properties that are Partially Unoccupied for a Temporary Period**

#### **20.0 Legal Background**

20.1 Under section 44a of the Local Government Finance Act 1988 the Council has a discretionary power to allow rate relief where a property is partly occupied for a temporary period.

20.2 The granting of this relief is entirely under the discretion of Slough Borough Council and each case will be considered on its merits and be referenced to the interests of Slough Council Tax payers.

#### **21.0 Calculation of Rate Relief**

21.1 The amount of relief is calculated on a statutory basis based on the rateable value of the empty portion of the property. The appropriate rateable value is provided by the Valuation Office Agency.

#### **22.0 Cost to the Council**

22.1 Relief is generally funded partly from the Council's collection fund, certain reliefs or exemptions are partly by central government.

22.2 The Localism Act 2011 has changed the financial cost of awarding charitable relief. This means that with effect from the 1st April 2013 for every pound collected in business rates 49p is retained by Slough Borough Council. Consequently the cost of awarding relief is 49% of the total amount awarded in relief, subject to possible tapers.

22.3 The Council recognises that awarding this relief is beneficial to local businesses and can contribute to the Sustainable Community Strategy, priority of Economy and Skills. Partially occupied rate relief (also referred to as Section 44a Relief)

#### **23.0 Policy**

23.1 A ratepayer is liable for the full business rate whether a property is wholly occupied or only partly occupied. Where a property is partly occupied for a short time, the local authority has discretion to award relief on the unoccupied part

23.2 The Council recognises the important part this relief can play in the economic regeneration of the Borough and will give serious consideration to each complete application submitted

23.3 Relief can only be awarded where the partial occupation is of a temporary nature. Where the same area, or part of the same area, is, or is expected to be, unoccupied for a period in excess of one year the Council will not consider this to be of a temporary nature.

23.4 From 1 April 2008, as a consequence of the reforms to empty property relief, the empty part will receive a complete exemption from business rates for the first 3 months it is empty (or, if it is an industrial property, for the first 6 months). After the initial rate-free period expires, in most cases the apportionment will cease to have effect and the occupied business rate will apply to the whole property.

## **24.0 Applications**

24.1 To qualify for relief the ratepayer is required to make a written application and must supply a plan of the property with the unoccupied portions clearly identified.

## **25.0 Verification of Claim**

25.1 The Council will require access to the property during normal working hours within four weeks of receiving the application, to verify the claim.

25.2 Further access may be required on at least one occasion each month, during normal office hours, during the period for which relief is being awarded.

25.3 Relief will not be awarded under any circumstance where it is not possible to verify the claim. Where a backdated application is received the ratepayer will be required to produce evidence to prove that the area was unoccupied for the duration of the claim. Acceptance of the evidence is at the discretion of the Business Rates Manager.

## **26.0 Authority to Award Relief**

26.1 Authority to award relief is delegated as laid out in section 8 of this document.

## **27.0 Appeals**

27.1 The ratepayer may appeal against a decision to refuse relief within four weeks of being notified of the refusal.

27.2 Any appeal must be in writing and should set out the reasons for the appeal.

27.3 Appeals will be considered by the Members Appeal Panel whose decision will be final.

### **28.0 Duration of Relief**

28.1 Relief will end under the following circumstances:

- a) At the end of a financial year
- b) All or part of the unoccupied area becoming occupied
- c) A change of liable person
- d) Where all or part of the unoccupied area has remained unoccupied for one year\*

28.2 A new application may be submitted immediately if relief ends for any of the reasons numbered from (a) to (c) above.

## **Part 3**

### **Rate Relief on the Grounds of Hardship**

#### **29.0 Legal Background**

29.1 Under section 49 of the Local Government Finance Act 1988, the Council has a discretionary power to allow Council Tax relief / Rate relief to relieve hardship. The hardship does not necessarily need to be financial in nature.

29.2 In considering applications for rate relief the Council must have regard for the interest of the community as a whole. This includes the cost to the community and the benefits, or disadvantages of awarding hardship relief.

#### **30.0 Cost to the Council**

30.1 There is a cost to the Council of 49% of the total amount awarded which must be met from the Council's collection fund. The remaining cost is borne by central Government.

#### **31.0 Policy**

31.1 There is no definition in the legislation for 'hardship', and as the scheme is aimed at covering unforeseen events it is not possible to list precise criteria.

31.2 However, a 'crisis' would have to result in a serious loss of income, trade or have a major effect on the services that can be provided for Business Rates or a major effect on the household income and the household in general for Council Tax

31.3 'Exceptional circumstances' will usually be circumstances that are outside the control of the business or organisation and are beyond the normal risks faced by businesses. The effect of strikes within a business or organisation, increased running costs and increased competition would not be considered as 'exceptional circumstances' as they are normal business risks.

31.4 As a general rule, circumstances that would be covered by a commercial insurance policy or by compensation from public funding would not be considered

31.5 'Exceptional circumstances' for hardship under the Council Tax regulations will usually be circumstances that are outside the control of the household and beyond normal risks faced by a household. The household must demonstrate that it has done all it can to mitigate those risks and is taking action to minimise them.

31.6 The Council recognises that there may be occasional circumstances in which the use of this power is beneficial to either an individual tax / ratepayers or the community. However, in accordance with Government guidelines it accepts that this power should be used sparingly and only in the most exceptional circumstances.

31.7 All requests for hardship relief will be considered on an individual basis and decisions will be made in accordance with this policy and where the Council is satisfied that:

- a) The ratepayer will suffer hardship if the relief is not granted
- b) There is a direct benefit to the ratepayer, or the community, and there is no adverse impact to other ratepayers or the community as a result of awarding relief
- c) The cost to local taxpayers is proportional to the benefits to the community

## **32.0 Applications**

32.1 Applications must be made in writing by the ratepayer or their agent.

32.2 Applications must provide the following information as appropriate

For Business Rates

1. A set of the most recent accounts
2. A set of the last audited accounts
3. An up to date trading statement showing the current financial situation of the business
4. Details of the amount of relief requested
5. An explanation of the benefits to the community arising from and award of relief.

For Council Tax

1. Evidence of hardship or personal circumstances that justifies a reduction in Council Tax Liability.
2. Evidence that the Council Tax Payer has taken reasonable steps to resolve their situation prior to application.
3. The Council Tax Payer can demonstrate that they do not have access to other assets that could be realised and used to pay Council Tax

4. All other eligible discounts/reliefs have been awarded to the council tax payer
5. The liable person for a long term unoccupied domestic property has made their best efforts to sell or let the property and to levy a council tax charge would cause them exceptional financial hardship.
6. The Council's finances allow for a reduction to be made and it is reasonable to do so in light of the impact on other council tax payers

### **33.0 Additional Items**

33.1 The following items contained in the policy for the award of relief for charities and not-for-profit organisations will also apply in respect of applications for rate relief on the grounds of hardship.

### **34.0 State Aid Regulations**

34.1 There are European Union regulations which restrict the award of state aid and under certain circumstances the award of discretionary relief could be considered to be state aid.

34.2 These circumstances in which the EU regulations need to be considered will be where the organisation engages in commercial activities or competes with commercial bodies because of an activity it carries out. For example a not for profit training organisation that also provides training services to businesses.

34.3 If the organisation undertakes any commercial activity it must be commercially insignificant and localised so that there is no potential impact on intra-community trade, otherwise the regulations governing state aid will apply.

34.4 Guidance on State Aid is available via the government web site at

<https://www.gov.uk/government/publications/enterprise-zones-state-aid-and-business-rate-discounts>

34.5 All businesses applying for any Business Rates relief will need to confirm any other state aid they are receiving.

### **35.0 Information to Support Applications**

35.1 In addition to the standard application form ratepayers will be required to supply supporting information such as audited accounts and articles of association. In some circumstances the Council may decide that it is necessary for one or more officers to visit the rated premises to establish further facts.

35.2 In some instances the Council may require the applicant to visit the Council's offices to provide verbal information in support of the application. Where a visit is required the Council will give a minimum of fourteen days notice of the date the visit is required.

35.3 The Council will not consider applications where the ratepayer has failed to provide information that has been requested, or where the ratepayer does not cooperate with the Council's request to visit a property.

35.4 It is recognised that some organisations may not currently keep records of sufficient detail to provide the information that is normally required to support an application. Where the Council is satisfied that the information is genuinely not available, and that the organisation has co-operated to provide all information that is available, the Council will consider the application based on the information provided. Only one application will be considered in this way, and future applications must provide all information that is required.

### **36.0 Authority to award relief**

36.1 All applications will be considered on an individual basis by the Head Revenues and Benefits who will provide an in depth report and recommendations which will include but not be limited to review sheet, with findings and financial implications and initial recommendations to the Council's Section 151 officer.

36.2 All applications for awards of Local Council Tax discount in cases of hardship will be determined by the Council's S151 Officer.

36.3 All applications for awards of Hardship Relief will be subject to a maximum award of the equivalent of 6 months Council Tax Payable or Business Rates Rates.

36.4 A written record will be kept of the decision and of the factors considered in the process. This record will be available to the applicant free of charge on request.

36.6 The decision will be notified to the applicant in writing

36.7 Appeals against awards to be determined by a Member Appeals Panel.

36.8 Details of the recipients and the amount of awards will be reported to the Cabinet annually.

### **37.0 Interests of Officers and Members**

37.1 Officers and Members who have an interest in any aspect of an application for relief must not participate in the decision making process and must declare their interest.

37.2 Examples of interests include those in the following list. However, the list is not intended to be exhaustive.

- Membership of the organisation making an application
- A close relative who is a member of the organisation making an application
- An interest in the property for which the relief is being sought
- Membership of a similar organisation (e.g. a rival sporting club)

Where an officer is unsure whether they have an interest they should seek advice from the Section 151 Officer . Where a Councillor is unsure whether they have an interest they should seek advice from the Council's Monitoring Officer.

These three Heads of Service (i.e. Section 151 officer, Democratic Support & Legal) may in turn need to liaise with the Head of Revenue and Benefits on any case referred to them (e.g. where cases of conflict of interest will need to be monitored by Revenue Services on an on-going basis).

### **38.0 Appeals**

38.1 There is no statutory right of appeal against a decision regarding discretionary rate relief made by the Council. However, the Council recognises that ratepayers should be entitled to have a decision reviewed objectively if they are dissatisfied with the outcome.

38.2 The Council agrees to abide by the following appeals process and aggrieved ratepayers should make an appeal in accordance with the process.

38.3 Ratepayers will be notified of the appeals process in writing at the time that they are notified of the outcome of their request for rates relief.

38.4 This appeals process does not affect a ratepayer's legal rights.

### **39.0 Appeals Process**

39.1 Appeals may only be made by the original applicant. An appellant may appoint an agent to act on their behalf and in such cases the Council will require written authorisation from the appellant before dealing with their agent.

39.2 Appeals against decisions will be considered by the Members Appeal Panel Decisions on appeals made by the Members Appeal Panel will be final.



39.3 Applicants must make an appeal within four weeks of the issue of the letter notifying them of the Council's decision.

39.4 Applicants will be notified of the date on which the appeal will be considered, which will be within eight weeks of receipt of the appeal, or as soon as reasonably practicable thereafter.

39.5 Applicants may appeal against the decision to award or not award relief, or against the level of relief awarded.

39.6 Appeals must be made in writing and must give the reasons why it is believed the decision should be amended. New or additional information may be included, but only if it is relevant to the decision making process.

39.7 The appellant does not have a right to appear in person but may make a request to present evidence in person. Such requests will be considered at the discretion of the Members Appeal Panel as appropriate.

39.8 The Members Appeal Panel can request a meeting with either the applicant and/or the appropriate Revenues and Benefits officer to hear evidence in person. The Members Appeal Panel may nominate a representative or representatives to attend such meetings on its behalf.

39.9 Each application will be considered individually on its merit.

39.10 The appeal decision may be adjourned if further information is required from either party.

39.11 The applicant will be informed of the final decision, and the reasons for the decision within four weeks of the hearing.

39.12 Submitting an appeal does not affect the appellant's legal rights to challenge a decision made by the Council through the Judicial Review process.

#### **40.0 Discontinuation of Applications or Appeals**

40.1 If the Council has requested further evidence from the ratepayer and this has not been received within four weeks the application or appeal will be deemed to have been discontinued.

40.2 Ratepayers will be notified in writing in these circumstances

#### **41.0 Notifications of award**

41.1 The Council will consider applications within six weeks of the application and all supporting information being received or as soon as practicable thereafter.

41.2 Notification of the outcome of the decision will be made in writing within fourteen days of the decision being considered.

#### **42.0 Action to recover unpaid rates**

42.1 Once an application, or an appeal, is received for Hardship Relief no action will be taken to recover unpaid rates until fourteen days after the decision has been notified to the ratepayer.

42.2 In the event of an application or appeal being discontinued recovery action may be commenced seven days after the ratepayer has been notified of the discontinuation.

#### **43.0 Promotion of Rate Relief**

43.1 The Council will promote the availability of hardship relief, and this policy, in the following ways.

- All rate demands will have accompanying information explaining the availability of relief.
- Employees who deal with enquiries from ratepayers will be trained in all aspects of this policy
- The Council will work in partnership with other organisations that may have a stake in this area.
- The policy will be published on the Council's web site and printed copies will be made available to ratepayers and other stakeholders on request.

#### **44.0 Amount of Relief**

44.1 Relief may be awarded as a fixed sum or as a percentage of the rates bill.

#### **45.0 Duration of Relief**

45.1 Relief will normally only be awarded retrospectively. However, where the applicant can show that the circumstances will remain the same for a period up to the end of the current financial year relief may be award for the remainder of the year.

In all cases relief will end in the following circumstances:

1. At the end of a financial year
2. All or part of the unoccupied area becoming occupied
3. A change of liable person
4. The property becomes empty, or become occupied
5. The ratepayer enters any form of formal insolvency
6. The ratepayers financial circumstances change (the ratepayer must inform the Council if their circumstance change)

## **46.0 Examples of appropriate circumstances**

46.1 The following examples indicate circumstances where it may be appropriate to award relief. They are included in this policy in the form of broad general guidelines and are not intended to be prescriptive.

In the first instance the District Valuation Officer will be asked to review the assessment.

- a) The ratepayer is severely or terminally ill
- b) Without rate relief the business will close and deprive local residents of an essential service.
- c) The ratepayer's business has been detrimentally affected by circumstances beyond the ratepayers control and that do not constitute part of the normal risks in running a business (e.g. a natural disaster, an unusual or uncontrollable event in the neighbourhood of the business such as a fire making the immediate area of the business unsafe).

## Appendix A

Application for Charitable Discretionary Rate Relief under Sections 43(6) and 47 of the Local Government Finance Act 1988.

Please read the guidance notes below before completing this form. If you need further help please contact the Business Rates Section on  
01753 772220

### 1. Details of Organisation:

**Name:**

**What are the main objects and purposes of the organisation?**


**Area covered by organisation:**


**Name of any Organisation affiliated to:**

--

### 3. Details of premises for which relief is sought:

**Description:**

**Address:**

--

**Business Rates Account Reference (if known)**

--

**For what purposes are the premises used?**


**If used for any other purpose other than those of the claimant please give details:**


**Are there any facilities in the property which are made available to people other than members, e.g. schools, casual public sessions?**

Yes/No
--------

<b>If YES please provide details:</b>

**Is there a bar on the premises?**

Yes/No
--------

**If Yes and the organisation is not a Social Club, please state the number of:**

<b>Playing Members</b>	
<b>Non-Playing Members</b>	

**Are your premises and activities accessible for all groups of disabled people, including wheelchair users, deaf people and blind people? Are your materials accessible to everybody? (For example: print size, graphic design, plain English, meetings structure, speaker's presentations etc.)**

Yes/No
--------

<b>If Yes please provide details:</b>
---------------------------------------


4. Membership Details

**Number of Members**

--

**Do members pay a Subscription?      Yes/No      If Yes, how much?**

<b>Adults:</b>	<b>Juniors:</b>
----------------	-----------------

**When were subscriptions last increased?**

--

**From what other sources are funds raised?**


**To what extent have the facilities been provided by self help?**

--


**Of the total membership, how many live outside the Borough Council's area?**

--

**Is membership open to all members of the community?**

<b>Yes/No</b>
---------------

**Are profits made available to people other than members?**

<b>Yes/No</b>
---------------

<b>If Yes please provide details:</b>

**Is membership encouraged from minority groups?**

<b>Yes/No</b>
---------------

<b>If yes please detail what positive steps are taken to involve hard to reach groups such as black and ethnic minority people, young people, different religions, lesbians and gay men.</b>

**Does the organisation provide training or education for its members and are there schemes for particular groups to develop their skills, e.g. young people, the disabled, retired people?**

**Yes/No**

**If Yes please provide details:**


**5. Charitable Status**

**Is the organisation a registered charity?**

**Yes/No**

**If yes, please state the charity registration number.**

--

**If not, has an application been made for registration under the provisions of the Charities Act 1960?**

**Yes/No**

**If exempt from registration please state why.**

--

**If you are not a registered charity or an exempt charity, is the organisation recognised as a charity for tax purposes?**

**Yes/No**

**If yes please provide a copy of a letter from the HM Revenue & Customs confirming this.**

**6. If you are applying for Discretionary Relief please supply:**



- (a) a copy of the Memorandum and Articles of Association, or Rules of the Association.**
- (b) Copies of your latest accounts and balance sheets for the last two years.**
- (c) A copy of the organisation's Equal Opportunities Policy, if available.**

**7. Contact details:**

**Please provide the name, address and contact telephone number of the secretary or correspondent.**


Please remember to notify us of any change to these contact details

**8. I certify that the information provided above is correct to the best of my knowledge and belief:**

<b>Signature:</b>	<b>Date:</b>
<b>Capacity in which signed:</b>	

**When completed this form should be returned to:**

**Slough Borough Council  
 St Martins Place  
 51 Bath Road  
 Slough  
 SL1 3UF**

## **Business Rates Discretionary Relief Application Guidance**

### **What is Charitable Rate Relief?**

It is a relief scheme that allows rates bills to be reduced for charitable and non-profit making organisations.

### **What Organisations may Qualify?**

If your organisation is a registered charity, and the property concerned is used wholly or mainly for charitable purposes, then you may be entitled to 80% relief.

If your organisation is not a charity, but is another type of non-profit making organisation, the Council still has discretion to award relief. To be eligible for consideration you must be a non-profit making body and the property used for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature or the fine arts, or used wholly or mainly for recreation by a not-for-profit club or society.

### **How do I Apply?**

Complete the application form and return to the address shown on the form.

If there is insufficient space on the form and you would like to add additional information then you can attach additional sheets if you wish.

### **Factors Considered when Assessing your Application for Discretionary Relief**

#### **(a) Whether the application satisfies the legal requirements**

The Authority cannot award relief to any organisation that does not meet the legal requirements of Section 47 of the Local Government Finance Act 1988.

#### **(b) The benefit the ratepayer brings to the residents of the Borough**

The Authority needs to ensure that the award of Discretionary Rate Relief is to the benefit of the wider population of the Slough Borough Council. Any ratepayer whose membership comes from largely outside the Borough's boundaries is unlikely to qualify for relief unless they can prove a sound case for a specific and unequivocal benefit to residents of the Borough.

**(c) Whether the ratepayer is a local organisation, or a branch of a national organisation**

The Authority will need to consider the overall benefit to the community of the organisation and what effect the award of rate relief will have upon the organisation. If the benefit of the rate relief is kept locally, the relief is more likely to be awarded than if it goes to a national organisation which is based elsewhere.

**(d) Membership costs**

The cost of membership should not be used as a means to restrict membership.

**(e) Whether the organisation actively promotes representation from disadvantaged or under-represented groups in the community**

Organisations which do so are more worthy of rate relief and are requested to supply detailed information on action taken to ensure that the benefits of the organisation are in practice reaching or being brought to the attention of all those who might benefit.

**(f) Whether membership is determined by the votes of existing members**

Where an organisation determines membership based on the election by existing members this could be construed as a restriction. Such organisations will need to be carefully evaluated as to whether they should receive rate relief.

**(g) Whether the organisation provides training or education for its members**

An organisation which provides training packages or educational aspects for its members is more worthy of relief than one which does not.

**(h) Is the organisation or the facilities provided being funded largely self-help rather than relying on full external funding?**

Whilst many organisations do depend on grant-aid and awards from statutory bodies, those which undertake fundraising themselves by various methods are probably more worthy of rate relief than those who do not make additional efforts.

### **What if Circumstances Change?**

If the aims and objectives of the organisation, or the way in which the premises are used, change then the Council needs to be notified of this immediately.

### **Further Information**

If you require further information then contact the Business Rates Section on 01753 772220

### **Where to send your Application Form**

**Slough Borough Council**

**St Martins Place**

**51 Bath Road**

**Slough**

**SL1 3UF**

Appendix B

	Guidelines	Mandatory Relief	Discretionary Relief (Up to a maximum)	Total Relief (Up to a maximum)
1	Charitable bodies <sup>1,2</sup> whose main objectives are to work with vulnerable areas of the community (for example but not limited to – children, youth, elderly).	80%	20%	100%
2	Charitable bodies whose main objectives are to work with vulnerable areas of the community in respect, but not limited to, health, disability, well- being.	80%	20%	100%
3	Charitable bodies whose main objectives are concerned with the Arts. This includes for example, but not limited to, museums, theatres, artists workshops.	80%	20%	100%
4	Charitable bodies that run educational establishments including voluntary aided, Foundation Schools, and Academy schools.	80%	Nil	80%
5	Charitable bodies that provide advice and information to the residents of Slough Borough Council either free of charge or at minimal cost. This includes, but not limited to, employment advice.	80%	20%	100%
6	Charitable bodies that are established for the purposes of running and maintaining meeting places, halls and community spaces	80%	20%	100%
7	Organisations which are registered with Inland Revenue as Community Amateur Sports Clubs (CASCs).	80%	20%	100%
8	Charitable bodies that are established for the purposes of encouraging sport or other elements of a healthy lifestyle to the residents of Slough Borough Council . Membership must be in excess of 50% of residents within Slough Borough Council .	80%	20%	100%
9	Properties that are occupied by Charitable bodies for the purposes of income generation, for example charity shops, who are eligible for mandatory rate relief.	80%	20%	1000%
10	Properties that are occupied by Charitable bodies for the purposes of administering the organisation, for example Admin Offices for National Charities, Over seas Aid Organisations who are eligible for mandatory rate relief.	80%	Nil	80%
11	Properties that are occupied by Charitable bodies who currently receive other funding from the Council	80%	20%	100%
12	Properties that are occupied by Charitable bodies for the purposes of Social Clubs	80%	20%	100%
13	Not for profit organisations whose main objectives are charitable or are otherwise philanthropic, or religious, or concerned with education, social welfare, science, literature or the fine arts and do not fit in the above categories.	-	100%	100%
14	Properties that are occupied by non-profit organisations and are wholly or mainly used for purposes of recreation and sport or other elements of a healthy lifestyle to the residents of Slough Borough Council Membership must be in excess of 50% of residents within Slough Borough Council	-	100%	100%

	Guidelines	Mandatory Relief	Discretionary Relief (Up to a maximum)	Total Relief (Up to a maximum)
15	Where the property is used for purposes which are of benefit to the wider local community but does not fall in any of the above guidelines and it would be in the interests of the Council Tax payer to make an award.	-	100%	100%

<sup>1</sup> Charitable bodies covers both registered charities and bodies established for charitable purposes (ie not for profit or Community Interest Companies ( which have been established. for charitable purposes)) and who qualify under the definition under s43 and s47 of LGFA. The property must be used wholly or mainly for charitable purposes.

**DISCRETIONARY RATE RELIEF CRITERIA  
CHARITABLE, VOLUNTARY & NOT-FOR-PROFIT ORGANISATIONS**

Table 1 – Qualifying Criteria

	<b>Criteria</b>	<b>Evidence</b>	<b>Points</b>
1	Premises used wholly or mainly for the benefit of the community	Written declaration	Mandatory as per the regulations
2	Proof and acceptance of written constitution	Copy of current document	Mandatory as per the regulations
3	Audited accounts	Copy of latest certified accounts	Mandatory as per policy
4	Membership is open to all sections of the community	Copy of current membership list / articles of association	10
5	Membership / services are free or charged at an affordable level	Copy of fee structure / articles of association  Affordable is defined at £20 per annum or less	10
6	No Alternative Service provision within the borough	Written declaration	10
7	Percentage of members / service users resident within the borough	Membership list / written confirmation	<50 0 50-80 5 >80 10
8	Provision of facilities by self-help	Fund raising activities	10
9	Premises used by non-members	Details of groups / frequency of meetings	Available 5 Free 5 Regular 5
10	Additional services including training	Service documentation	5 per additional service (max.10)

**Table 2 – Relief Awards**

Points Total	% Discretionary Rate Relief	
	Non-Registered Charity	Registered Charity
0 – 5	10	Mandatory Relief only
5-10	20	Mandatory Relief only
10-15	30	Mandatory Relief only
15-20	40	Mandatory Relief only
20-25	50	Mandatory Relief only
25-30	60	Mandatory Relief only
30-35	70	Mandatory Relief only
35-40	75	Mandatory Relief only
40-45	80	Mandatory Relief only
45-50	85	5
50-55	90	10
55-60	95	15
60-70	100	20

**Exclusions**

- Organisations carrying out activities that are not deemed beneficial to the local community will be excluded from the Discretionary Rate Relief Scheme.
- Organisations operating restrictive membership schemes will be excluded from the Discretionary Rate Relief Scheme.
- Charity Shops will be restricted to Mandatory Rate Relief only (80%).
- Overseas Aid Organisations, Administrative Offices for National Charities, will be restricted to Mandatory Relief



## Appendix K – HRA Rents and Service Charges

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

- Council house dwelling rents for 2014/15 increase by an **average of £4.85 per week** (5.0% average increase) with effect from Monday 7<sup>th</sup> April 2014. This is in line with current government guidelines on rent increases, linked to September RPI+0.5%, and restructuring (the government is proposing to change its guidelines on rent increases from 2015/16 to an annual increase of CPI plus 1%, removing the restructuring policy);
- Garage rents, heating, utility and ancillary charges **increase by 3.2%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the September RPI figure used in rent setting.
- Service charges **increase by 3.7%** with effect from Monday 7<sup>th</sup> April 2014. This is based upon the RPI+0.5% uplift used for rent setting.
- 'Other committee' property rents increase by an average of 5.0% from Monday 7<sup>th</sup> April 2014 in line with the average increase of all housing properties.

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**SLOUGH BOROUGH COUNCIL**

REPORT TO: Council

DATE: 18<sup>th</sup> February 2014

CONTACT OFFICER: Catherine Meek, Head of Democratic Services.  
(For all enquiries) (01753) 875011

WARD(S): All

**PART I**  
**FOR DECISION**

**COUNCIL MEMBERSHIP**

1 **Purpose of Report**

To consider whether to grant Councillor Small a dispensation to the 'six month' rule in the event that she is not able to attend the meeting.

2. **Recommendation**

In the event that Councillor Small is unable to attend the Council meeting, the Council is requested to resolve whether she be granted an extension to the six month rule and for what period of time.

3 **Community Strategy Priorities**

Effective, transparent and democratic decision making processes are an essential pre-requisite to the delivery of all the Council's priorities.

4. **Other Implications**

4.1 The proposals have no workforce or financial implications. There are no Human Rights Act implications

4.2 Legal - The Local Government Act 1972 states that 'if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority.'

5. **Supporting Information**

5.1 Any member of a local authority who fails to attend any meeting of the authority for a period of six months ceases to be a member of that authority unless the Council considers the reasons for failure to attend and agrees to extend the period.

5.2 Councillor Small has given her apologies for meetings since 10th September 2013 due to her husband's ill health. Councillor Small has advised that she is anticipating attending this Council meeting if her husband's health permits. However if she is unable to attend she has asked that the Council consider granting her a dispensation to extend the six month rule.

6. **Background Papers**

Request for dispensation from Councillor Small

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**SLOUGH BOROUGH COUNCIL**

REPORT TO: Council

DATE: 18<sup>th</sup> February 2014

CONTACT OFFICER: Ruth Bagley, Chief Executive  
(for all enquiries) 01753 875000

WARD(S): All

**PART I**  
**FOR DECISION**

**APPOINTMENT OF ELECTORAL REGISTRATION OFFICER, ACTING RETURNING OFFICER AND RETURNING OFFICER**

**1 Purpose of Report**

The purpose of the report is to seek the Council's approval to the appointment of the statutory positions of Electoral Registration Officer, Acting Returning Officer and Returning Officer in place of the current holder, the Chief Executive.

**2. Recommendations**

The Council is requested to resolve:-

- (a) That Kevin Gordon, Assistant Director (Professional Services), be appointed to the roles of Electoral Registration Officer, Acting Returning Officer and Returning Officer for Parliamentary and Local Elections respectively with effect from 19<sup>th</sup> February 2014.
- (b) That the Scheme of Delegation be amended to reflect the above changes.

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

This is a technical/administrative report and does not directly link with the Corporate Plan.

**4. Other Implications**

(a) Financial

These statutory appointments do not have any financial implications for the Council.

(b) Risk Management

The Council is duty bound under the Representation of the People Act 1983 (as amended) to appoint to these statutory positions. Failure to do so would

mean that the Council would be in breach of its statutory duties to make such appointments.

(c) Human Rights Act and Other Legal Implications

Section 8 of the Representation of the People Act 1983 requires the Council to appoint an Electoral Registration Officer who carries out the role of the Acting Returning Officer for UK Parliamentary Elections. Section 35 of the same Act requires the Council to appoint a Returning Officer for the election of Councillors within the Borough and the Parishes within the Borough.

(d) Equalities Impact Assessment

It is not considered that any formal equalities impact assessment needs to be carried out in relation to the information and recommendations contained within this report.

**5. Background/Supporting Information**

- 5.1 At its meeting on 24<sup>th</sup> March 2010 the Council appointed the Chief Executive to the statutory roles of Electoral Registration Officer, Acting Returning Officer and Returning Officer with effect from noon on Friday 26<sup>th</sup> March 2010.
- 5.2 Kevin Gordon was appointed to the newly created Assistant Director (Professional Services) post in 2010 and it was envisaged that the postholder would become the Council's Electoral Registration Officer, Acting Returning Officer and Returning Officer. The Chief Executive has requested that the Council now formally appoints Kevin Gordon to these statutory positions with effect from 19<sup>th</sup> February 2014.
- 5.3 The Scheme of Delegation, which forms part of the Constitution, will need to be amended to reflect these changes, if agreed.

**6. Comments of other Committees**

None.

**7. Conclusion**

The Council must appoint to the three statutory positions and is recommended to approve the recommendations set out in paragraph 2 above.

**8 Background Papers**

None.

**SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Council

**DATE:** 18<sup>th</sup> February 2014

**CONTACT OFFICER:** Catherine Meek  
**(For all enquiries)** Head of Democratic Services  
 (01753) 875011

**WARD(S):** All

**PART I**  
**FOR DECISION**

**CALENDAR OF MEETINGS 2014/ 2015**

1. **Purpose of Report**

To seek approval to the calendar of meetings for the 2014/15 municipal year.

2. **Recommendations**

The Council is requested to resolve:-

- (a) That the calendar of meetings for the 2014/15 municipal year attached as Appendix A be approved (To follow).
- (b) That the Head of Democratic Services be authorised to make amendments to the calendar resulting from any constitutional changes that may be agreed, in accordance with the provisions of the Constitution.

3. **Community Strategy Priorities and Other Implications**

3.1 None arising from this report which is administrative in nature.

4. **Supporting Information**

- 4.1 A draft timetable of meetings for the next municipal year has been drawn up and is appended to this report.
- 4.2 If alterations to the calendar are required as a result of any changes to the Constitution, it is proposed that the Head of Democratic Services be authorised to make changes following appropriate consultation in accordance with the Constitution.
- 4.3 The dates for Member Development are provisional. The week of 9th June has been set aside in the calendar for training members following appointments to Committees on 5<sup>th</sup> June 2014. Once committee appointments have been finalised tailored training/briefing sessions will be held in the week of 9<sup>th</sup> June prior to first meetings of Committees.

5. **Appendices**

Appendix A – Draft Calendar of Meetings 2014/15- To Follow

6. **Background Papers**

None.

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