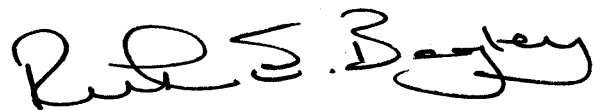


Date of issue: Friday, 9 January 2015

MEETING:	CABINET Councillor Anderson Councillor Carter Councillor Hussain Councillor Mann Councillor Munawar Councillor Parmar Councillor Sharif Councillor Swindlehurst	Leader of the Council - Finance & Strategy Community & Leisure Health & Wellbeing Education & Children Social & Economic Inclusion Environment & Open Spaces Performance and Accountability Neighbourhoods & Renewal
DATE AND TIME:	MONDAY, 19TH JANUARY, 2015 AT 6.30 PM	
VENUE:	MAIN HALL, CHALVEY COMMUNITY CENTRE, THE GREEN, CHALVEY, SLOUGH, SL1 2SP	
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	NICHOLAS PONTONE 01753 875120	

NOTICE OF MEETING

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



RUTH BAGLEY
Chief Executive

AGENDA

PART I



Apologies for absence.

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.

2.	Minutes of the Meeting held on 15th December 2014	1 - 8	
3.	Five-Year Plan 2015-2020	9 - 22	All
4.	Response to Airports Commission Consultation	23 - 26	All
5.	Subsidiary Housing Company Update	27 - 40	All
6.	Capital Strategy 2015-20	41 - 58	All
7.	Treasury Management Strategy 2015-16	59 - 84	All
8.	Slough Mass Rapid Transit Detailed Design and Consultation Update	85 - 94	All
9.	Public Outdoor Events Policy	95 - 110	All
10.	References from Overview & Scrutiny	To Follow	All
11.	Notification of Forthcoming Decisions	111 - 122	All

12. EXCLUSION OF PRESS AND PUBLIC

It is recommended that the Press and Public be excluded from the meeting during consideration of the item in Part 2 of the Agenda, as it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding the information) as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (amended).

AGENDA
ITEM

REPORT TITLE

PAGE

WARD

PART II

13.	Part II Minutes - 15th December 2014	123 - 124	
14.	Subsidiary Housing Company Update - Appendices	125 - 160	All

Press and Public

You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before the Committee considers any items in the Part II agenda. Please contact the Democratic Services Officer shown above for further details.

The Council allows the filming, recording and photographing at its meetings that are open to the public. Anyone proposing to film, record or take photographs of a meeting is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

Note:-

Bold = Key decision

Non-Bold = Non-key decision

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Cabinet – Meeting held on Monday, 15th December, 2014.

Present:- Councillors Anderson (Chair), Carter, Hussain, Mann, Munawar, Parmar and Swindlehurst

Also present under Rule 30:- Councillors Coad, Nazir and Smith

Apologies for Absence:- Councillor Sharif

PART 1

54. Declarations of Interest

No declarations were made.

55. Minutes of the Meeting held on 17th November 2014

Resolved – That the minutes of the meeting of the Cabinet held on 17th November 2014 be approved as a correct record.

56. Medium Term Financial Planning 2015-19

The Assistant Director Finance & Audit introduced a report which updated the Cabinet on the financial planning assumptions for future years and required savings levels between 2015-19.

A key area of volatility in setting for the budget for 2015-16 was in respect of Business Rates. Commissioners were informed that whilst the expected Business Rates forecast remained above expectations earlier in the year, it had fallen by circa £1m since the previous Cabinet report in November. The Assistant Director reported on the key aspects of the Autumn Statement delivered by the Chancellor on 3rd December 2014 and it was noted that there were no major alterations to the financial planning assumptions arising from the various announcements. The Local Government Finance Settlement was awaited later in the week and would set out in detail what the Council could expect in 2015-16 in terms of the Revenue Support Grant, other non-ringfenced grants, Education Services Grant and NHS monies to support social care.

Taking into account the £7.62m savings approved by Cabinet in November, the underlying budget gap was currently £3.29m and Commissioners considered proposals for a further £0.7m savings in relation to increasing the Managed Vacancy Factor by 1% and savings following a bus / transport review. This would leave a further £2.6m which would be allocated across directorates as set out in paragraph 5.7 of the report. Proposals to close this savings gap would come back to Cabinet for approval before being referred to full Cabinet on 19th February 2015. After due consideration, the Cabinet approved the draft savings proposals for inclusion in the proposed budget.

Resolved –

- (a) That the update on the Medium Term Financial Strategy be noted.
- (b) That the draft savings proposals in respect of 2015-16, as detailed in Appendix A of the report, be approved for inclusion in the proposed budget to full Council in February 2015.
- (c) That the level of restructuring implied within the report, being that this could be in excess of 20 members of staff / posts, be approved.

57. Council Taxbases for 2015/16

The Assistant Director Finance & Audit introduced a report setting out the properties in Slough and their categories of occupation to determine the council taxbase for the borough for 2015-16.

It was noted that the taxbase would rise by 2.9% between 2014-15 and 2015-16 which would partially mitigate against the £14.5m savings requirement due to reductions in government funding. Commissioners discussed a number of matters including the collection rate for council tax of 98.2%, which was a rise of 0.2% and had been agreed with arvato. The Cabinet agreed the recommendations as set out in the report.

Resolved –

- (a) That the level of council tax discount in respect of second homes remains at 0%.
- (b) That the level of discount in respect of long-term empty properties remains at 0%. With the charge of a 50% Empty Home Premium for on properties that have been empty longer than 2 years.
- (c) That the collection rate for the council tax for 2015/16 be set at 98.2% (this is an increase of 0.2% and has been agreed with the Council's transactional services partner, arvato).
- (d) In accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 2012 the amount calculated by Slough Borough Council as its council taxbase for 2015/16 shall be:

(i)	Parish of Britwell	597.0
(ii)	Parish of Colnbrook with Poyle	1,781.1
(iii)	Parish of Wexham	1,270.3
(iv)	Slough Town	34,814.2
	All areas	38,462.6

- (e) That the S151 officer be delegated with responsibility to adjust the taxbase following Cabinet due to any changes in Government

guidance around this subject and the Collection Fund figures for distribution.

- (f) That the S151 officer be delegated with responsibility to adjust the taxbase following Cabinet should any new property information become available and the Collection Fund figures for distribution require amendment.
- (g) That the S151 officer be delegated with responsibility to set the Business Rates baseline following consultation with the Commissioner responsible.
- (h) That it be assumed that the current Council Tax Support Scheme remain unchanged for 2015/16 apart from the uprating for all customers as detailed in section 4.6 of the report and the accompanying Council Tax Support scheme report (minute 59 refers). This included the approval for the Chief Executive and S151 Officer to make any textual amendments.

58. Business Rates Policies and Reliefs

The Assistant Director Finance & Audit introduced a report which sought approval for the following Business Rates reliefs and policies which had been brought together into a single document:

- Discretionary Business Rate Relief to Charities and other Not-for-Profit Organisations.
- Rate Relief for Properties that are Partially Unoccupied for a Temporary Period.
- Hardship Relief.
- General Rate Relief.
- Reoccupation Relief.
- Retail Relief.
- Inward Investment Policy.
- An extension of the existing Business Rate relief policy for flooded properties.

The Cabinet noted that the Chancellor had announced an increase in the level of Retail Relief in his Autumn Statement from £1,000 to £1,500 and that the Council would be able to recoup this from central government. This was agreed. Many of the policies had been approved in the previous year and the Assistant Director outlined the key changes as detailed in paragraph 5.2 of the report. The Discretionary Business Rates Relief policy had been tightened up to align any relief available to organisations which supported the delivery of the Council's priority outcomes. After due consideration, the policies were approved.

Resolved – That the Business Rates reliefs and policies included in Appendix A of the report be approved, subject to an increase in

retail rate relief from £1,000 to £1,500 in line with the Chancellor's Autumn Statement.

59. Council Tax Support Scheme 2015-16

The Assistant Director Finance & Audit introduced a report regarding the Council Tax Support Scheme for 2015-16 which presented the options following the review of the scheme as agreed by Cabinet in September 2014.

A review of the modelling had demonstrated that there could be financial benefits from changing the scheme, with a total maximum yield of circa £220k. However, the reduced support would generally impact on those who had already experienced reduction within the scheme and there were practical considerations such as the collection rate, legal and administrative costs associated with changing the scheme. On balance, it was therefore recommended to base the 2015-16 on the existing scheme, with the appropriate up-ratings, and to carry out a wider review for 2016-17 along with the likely introduction of Universal Credit. Commissioners agreed that it would be sensible for a more fundamental review to be conducted in this way and it was therefore agreed to continue the 2014-15 scheme for a further year, subject to the appropriate up-rating.

Resolved –

- (a) That the Council Tax Support Scheme adopted by Slough Borough Council for the 2014-15 financial year be continued and the relevant premiums, applicable amounts, non dependant deductions etc be up-rated in line with the statement from the Minister of Pensions.
- (b) That the Chief Executive and Section 151 Officer update the scheme to reflect such up-ratings of premiums, allowances and non dependent deductions as may be determined by the Department of Work and Pensions, and for other minor technical changes which may be required.

60. Approach to Heathrow Consultation

The Assistant Director Assets, Infrastructure and Regeneration and the Housing & Environment Policy Officer introduced a report seeking approval to respond to the Airports Commission consultation on the options for expanding runway capacity, which included two proposals at Heathrow and one at Gatwick.

The consultation was open until 3rd February 2015 and it was proposed that a draft response from the Council be prepared for review by the Cabinet at the meeting on 19th January 2015. A correction was noted to the table on page 113 of the agenda, with the projected increase in jobs being a maximum of 92,000 for the extended northern runway proposal and 112,000 for the North West runway. Commissioners discussed the potential impacts of any expansion at Heathrow and proposed a number of potential mitigations on

issues such as noise, air quality and transport. The Cabinet recognised both the importance and complexity of this issue to the borough, particularly to Colnbrook, and agreed to submit a response setting out the priority mitigations. A number of specific comments were made for inclusion including on noise insulation and housing.

Councillor Smith, as ward Member for Colnbrook with Poyle and Parish Councillor Peter Hood, Chairman of Colnbrook with Poyle Parish Council, addressed the Cabinet and explained in detail their views on the negative impacts they felt that any further expansion would have at Heathrow, including the anticipated additional noise and air pollution and pressures on housing and other public services. The Cabinet noted these concerns and asked officers to take the specific points raised into consideration in drafting a response to come back to the January meeting. Commissioners also recognised that many of the problems outlined were pre-existing and the consultation provided an opportunity for the Council to advance a package of benefits and improvements to the borough.

Resolved –

- (a) That all members be invited to comment on the list of potential mitigation and indicate their prioritisation, and that any further suggestions for mitigation are taken into consideration.
- (b) That the high level assessment of impacts, and the summary list of mitigations likely to be required be approved in principle.
- (c) That officers continue to engage with scheme promoters to encourage the inclusion of the required mitigations in scheme proposals.
- (d) That a draft response to the Airports Commission consultation be compiled by officers in time to be reviewed by Cabinet at its next meeting 19th January 2015, and submitted by the close of the consultation on 3rd February 2015.

61. Environmental Services Contract Savings

The Cabinet received a report proposing savings and efficiencies to the Environmental Services Contract with Amey. The proposals could be achieved in the short to medium term without major transformation to the services.

The savings detailed in the report included changes to the timing of bin collections, street cleaning and slight reductions in grass cutting and hedge trimming. The total savings for 2015/16 arising from the package would be £516,147.18. Commissioners were assured that the changes were unlikely to have a significant material impact on the quality of services and the changes would be introduced in parallel with more scouting and monitoring to carry out activity when required rather than to pre-arranged schedules. The Cabinet

approved all of the proposals, however, they further agreed that some contingency be available to enable additional hedge trimming to be carried out in the summer months if growing conditions meant this was required.

Resolved – That the proposed changes to the Amey contract, identified in section 5 of the report, be approved subject to the provision of some contingency funding to be available, if required, for hedge trimming to respond during any exceptional periods of growth.

62. A332 Windsor Road Route Enhancement and A355 Tuns Lane/Farnham Road Route Enhancement

The Cabinet considered a report seeking agreement to progress the implementation of the A332 and A355 route enhancement schemes in order to reduce congestion and improve journey time reliability.

The schemes were designed to enhance connectivity between key areas of the borough, particularly the town centre, Trading Estate and the motorways. Members noted the funding requirements for both schemes and welcomed the significant contribution from Thames Valley Berkshire Local Enterprise Partnership (LEP). A major public consultation had been undertaken which generally supported the proposals. Officers reported some of the concerns that had been raised such as the lowering of the speed limit between the M4 junction 6 and the Copthorne roundabout in relation to the A355 scheme and the residential access to side streets and concerns of the Slough Baptist Church for the Windsor Road scheme.

Commissioners discussed a number of issues including the funding from the LEP and Eton College (for the A355 scheme) and the anticipated benefits of the two schemes both the local residents and the town more generally and asked officers to continue to fully consider and take account of the feedback from the public consultation as the detailed designs were finalised. At the conclusion of the discussion, the Cabinet noted the progress made and agreed the recommendations as set out in the report.

Resolved –

- (a) That the process of securing funding from Thames Valley Berkshire LEP be progressed and supported.
- (b) That the terms of the offer, including the potential need for the remainder of the scheme cost to be met by local funding contributions, be noted.
- (c) That the local funding contributions required from Council capital resources be agreed in principle subject to further consideration of scheme costs.
- (d) That the design of the scheme be agreed in principle subject to a positive outcome of the public consultation.

- (e) That the tendering process be progressed in due course in line with the Council's procurement policy.

63. Children's Social Care Workforce Strategy 2014-17

The Commissioner for Education & Children introduced a report seeking endorsement of the Children's Social Care Workforce Strategy which was part of the Children's Social Care Improvement Programme.

The Strategy set out the Council's plans to address the workforce related issues raised by Ofsted in its inspection of December 2013 and detailed progress made in the past year. The Council had made a substantial investment in staffing for 2014-15 with £3.3m being added to the budget to reduce caseloads and improve practice and performance. The Strategy was designed to reduce reliance on agency staff and secure a more stable and permanent workforce and the report highlighted that good progress was being made.

Commissioners discussed a number of issues including the impact of the recruitment campaign; the progress in reducing social workers caseloads; and the potential workforce implications arising from the externalisation of some children's services functions into a new organisation. The Assistant Director Children & Families responded that the transition arrangements were ongoing but that it was vital to address the workforce issues as an immediate priority to improve the outcomes for children in the borough. The Cabinet welcomed the progress that had been made to date and endorsed the Strategy.

Resolved – That the Children's Social Care Workforce Strategy be endorsed as part of the Children's Social Care Improvement Programme.

64. Looked After Children Pupil Premium Policy

The Commissioner for Education & Children introduced a report seeking approval for a policy which would determine how the Council would allocate and manage the pupil premium for looked after children grant.

The grant funding was used to improve the educational outcomes of looked after children and the policy took account of a number of changes to the way the funding would operate in future with more resources per child, more children attracting the premium and management by the new Virtual School Head (VSH) appointed by the authority. Members welcomed the fact that the new national guidance and local policy would give the authority, through the VSH, more control over how the premium was used for each child to ensure the additional funding was improving their educational outcomes. The Cabinet agreed the policy as set out in Appendix A to the report.

Resolved – That the draft Looked After Children Pupil Premium Policy be adopted by the Council.

65. Contracts In Excess of £250,000

The Cabinet considered a report detailing a list of additional contracts with an estimated value of over £250,000 that were proposed to be let in the 2014/15 financial year. All contracts were included in approved budgets and Commissioners agreed the list as set out in Appendix A to the report.

Resolved – That the list of contracts in Appendix A be approved.

66. References from Overview & Scrutiny

There were no references from Overview & Scrutiny.

67. Notification of Forthcoming Decisions

The Cabinet considered the published Notification of Key Decisions for the forthcoming three month period to the end of February 2015. A number of updates to the plan were noted, including the possible addition of an item of the Slough Regeneration Partnership in January and the timing of the update on the Trelawney Avenue Redevelopment Plan which may move to February.

Resolved – That the published Notification of Key Decisions for the period between December 2014 and February 2015 be endorsed.

68. Exclusion of Press and Public

Resolved – That the press and public be excluded from the meeting during the consideration of the items in Part II of the agenda as they involved the likely disclosure of exempt information relating to individuals and to the financial and business affairs of any particular person (including the authority holding that information) as defined in paragraph 3 of Part I the Schedule 12A the Local Government Act 1972.

Below is a summary of the decisions of the Cabinet taken during Part II of the agenda.

69. Cambridge Education Contract Variation

A way forward was agreed regarding a possible variation to the contract between the Council and Mott MacDonald (Cambridge Education) relating to the provision of education services in Slough. The Cabinet also agreed that this could be implemented urgently.

Chair

(Note: The Meeting opened at 6.38 pm and closed at 8.50 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19 January 2015

CONTACT OFFICER: Tracy Luck, Head of Strategic Policy and Communications
(For all enquiries) (01753) 875518

WARD(S): All

PORTFOLIO: Councillor Anderson, Leader of the Council, Finance and Strategy

PART I
KEY DECISION

FIVE YEAR PLAN 2015 - 2020

1 **Purpose of Report**

To recommend to the Council to agree the draft five year plan which sets out the focus of the Council's work over the next five years.

2 **Recommendation**

The Cabinet is requested to recommend the Council to agree the Five Year Plan attached as Appendix 'A'.

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

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

The five year plan relates to all aspects of the Slough Joint Wellbeing Strategy's (SJWS) priorities and cross-cutting themes as set out below.

Priorities:

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

Cross-Cutting themes:

- Civic responsibility
- Improving the image of the town

The SJWS is due to be refreshed in 2015 and the review will be carried out in the light of the direction of the five year plan.

The five year plan has been developed using the evidence base of the JSNA and the Slough Story.

The five year plan will replace the Corporate Plan.

4 **Other Implications**

(a) Financial

The five year plan will be used to determine the council's spending priorities from 2016/17. This process will start during 2015/16 including by identifying in year savings. A graphic representation of the implications of funding reductions on the council's budget is attached as Appendix 'B'.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal		
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues		
Community Support		
Communications		
Community Safety		
Financial		The plan will provide a mechanism to make budget decisions from 2016/17.
Timetable for delivery		
Project Capacity		
Other		

(c) Human Rights Act and Other Legal Implications

There are no direct legal implications. The specific activity in the plan and outcome plans may have legal implications which will be brought to Cabinet separately. There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

Equality Impact Assessments will be prepared for specific actions within the plan when required.

5 **Supporting Information**

- 5.1 The Council has agreed a Corporate Plan, which sets out the objectives and key actions of the organisation, since 2012/13. This has been an annual plan and part of the forward planning framework, set in the context of the SJWS and providing the direction in which service plans are prepared.

- 5.2 As a result of the funding challenges the council faces we need to have a new approach to forward planning over the medium term and it was therefore agreed to develop a five year plan which would set out a vision for the borough against which the council will prioritise its resources.
- 5.3 The plan is attached as Appendix 'A'. The plan includes eight outcomes and outcome plans will be developed to include detailed delivery information and to provide a means of monitoring performance. The Cabinet is asked to recommend the Council to agree the plan.

6 **Comments of Other Committees**

- 6.1 Other committees have not been involved in the preparation of the plan but there will be a programme of engagement with various bodies and partners when the five year plan has been agreed to explain the outcomes and planned actions.

7 **Conclusion**

The plan will provide the strategic direction for the organisation over the next five years and will enable a clear focus of resources and activity.

8 **Appendices Attached**

- 'A' Five Year Plan
'B' Five Year Plan budget impact

9 **Background Papers**

None.

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Five Year Plan 2015 - 2019

Growing a place of opportunity and ambition

Our ambition

By 2019 we want Slough to be:

- A place where people can make good choices about where to live and work and where children can grow up to achieve their full potential
- One of the most attractive places to do business in the country, with excellent communications, business accommodation and a skilled, and available workforce

Our challenges and opportunities

We have reviewed the evidence about the people and place of Slough and have identified the following opportunities and challenges facing the town:

- A young, growing and dynamic population
- An unhealthy population, inequality in healthy lives
- A critical need for housing and improved places to live
- Importance of continuing growth of the healthy economy of the town
- Community safety and safeguarding our most vulnerable residents
- Improving the identity and vibrancy of the centre of the town

Role of the council

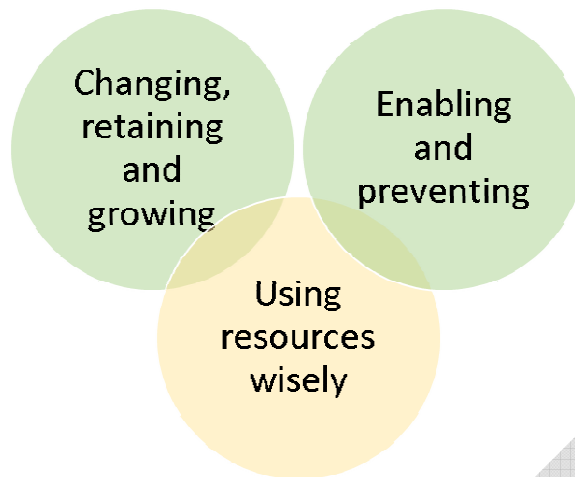
Slough Borough Council will meet these challenges and opportunities by:

- Demonstrating community leadership
- Shaping and managing the changing place
- Supporting the most vulnerable
- Enabling people to help themselves

Our approach

We have grouped our response to Slough's opportunities and challenges in three themes - shown below. We will focus our activity on the first two themes and the actions required to achieve the stated outcomes. **Resources will primarily be allocated to achieve these outcomes.**

Resource allocation will be evidence based – there will need to be a demonstrable, evidenced link between the outcome and the key action.



The following outcomes will shape the work of the Council to respond to the opportunities and challenges facing the town:

Our outcomes

Changing, retaining and growing

- Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay
- There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough
- The centre of Slough will be vibrant, providing business, living, and cultural opportunities

Enabling and preventing

- Slough will be one of the safest places in the Thames Valley
- More people will take responsibility and manage their own health, care and support needs
- Children and young people in Slough will be healthy, resilient and have positive life chances

Using resources wisely

- The Council's income and the value of its assets will be maximised
- The Council will be a leading digital transformation organisation

How we will deliver our outcomes

- By working with local people and helping them to do more for themselves
- By working with a range of partners in the public, private and voluntary sectors.
- Through our staff by recruiting, retaining and developing a skilled workforce
- We will consider the needs of businesses in everything we do

How the five year plan will be used

- To drive the decisions made in the medium and long term financial strategy
- To focus on delivery of outcomes by prioritising reducing resources
- As a basis on which to have discussions with partners about the services they provide
- To develop a performance framework to which services and staff will be held accountable

Outcome Plans

Each of our outcomes will be delivered through key actions delivered by the council in partnership with a range of organisations and the community. Below is a summary of those actions. The detail of delivery, including performance measures, is set out in individual plans for each outcome.

Our outcomes – by 2019	Key actions - to achieve the outcome SBC will ...	Partners who will contribute to the outcome	Success Measures
Changing, retaining and growing			
<p>1. Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay</p>	<ol style="list-style-type: none"> 1. Establish a business inward investment and retention function 2. Ensure a fit for business transport infrastructure 3. Enable partners to support residents to develop skills to meet local employers' needs 4. Develop planning policies which deliver more high value business properties to meet modern needs 5. Agree a coordinated plan to prepare for the impact of Cross Rail and Western Rail Access to Heathrow 6. Develop a more mutually-beneficial relationship with Heathrow Airport 7. Ensure that the gateways to the town, prominent places and green spaces are clean and well-maintained 	<ul style="list-style-type: none"> • Public and private transport providers • SEGRO • Thames Valley Berkshire Local Enterprise Partnership • Slough Aspire • East Berkshire College • Key landlords, developers and commercial property agents • Heathrow Airport Limited • Slough Regeneration Partnership • Secondary schools 	<p>Business rate income grows 1% per annum over the period of the medium term financial strategy (2015 -19)</p>
<p>2. There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough</p>	<ol style="list-style-type: none"> 1. Higher quality private sector housing will be a valued housing option and will reduce long term health problems 2. Make best use of existing housing stock 3. Utilise land and resources in and outside of our direct control to develop new homes across all tenures to meet local need 4. Make better use of land including using opportunities for new high quality, family and high density residential developments through 	<ul style="list-style-type: none"> • Private rented sector landlords • Private sector developers • Registered Providers • Slough Regeneration Partnership 	<ul style="list-style-type: none"> • Increase in council tax base (1.5% pa) and new homes bonus • An average of 550 new homes will be built per year compared to the current target of 315

	<p>the Local Plan</p> <p>5. Prevent homelessness where possible through early intervention and using a range of housing options</p>		
<p>3. The centre of Slough will be vibrant, providing business, living and cultural opportunities</p>	<ol style="list-style-type: none"> 1. Define and establish the Centre of the Town as a destination 2. Develop gap sites to stimulate the local economy by introducing a mix of residential, retail and office space 3. Understand through consultation and intelligence the current and future retail and business needs and expectations of the High Street 4. Cultivate a vibrant town centre 5. Expand the evening economy 6. Deliver a One Public Estate Strategy 7. Ensure the Curve continues to be operationally successful 8. 'Slough the place of innovation' 	<ul style="list-style-type: none"> • Retailers • Developers • Land owners • Slough CCG • Public sector partners 	<ul style="list-style-type: none"> • Increase in town centre business rate income
<p>Enabling and preventing</p>			
<p>4. Slough will be one of the safest places in the Thames Valley</p>	<ol style="list-style-type: none"> 1. Build on success in making Slough safer 2. Build on success in tackling anti-social behaviour 3. Deliver the council's community cohesion strategy 	<ul style="list-style-type: none"> • Members of the Safer Slough Partnership • Schools • Community organisations 	<ul style="list-style-type: none"> • Total crime per 1000 is in the top quartile of the similar group of local authorities
<p>5. Children and young people in Slough will be healthy, resilient and have positive life chances</p>	<ol style="list-style-type: none"> 1. Develop more preventative approaches to ensure children, young people and families are safe, independent and responsible 2. Be one of the best providers of children's social care in the country, providing timely, purposeful support that brings safe, lasting and positive change 3. Ensure vulnerable 	<ul style="list-style-type: none"> • The new Children's Services Organisation • Members of the Children and Young People's Partnership • The Local Children's Safeguarding Board • Schools 	<ul style="list-style-type: none"> • Establishment of a 'good' children's service • Reduction in children's referrals

	<p>children and young people are safe and feel safe</p> <ol style="list-style-type: none"> 4. Ensure children and young people are emotionally and physically healthy 5. Ensure children and young people enjoy life and learning so that they are confident about the future and aspire to achieve to their individual potential 6. Ensure children and young people with SEND and their families receive comprehensive, personalised support from childhood to adulthood 7. Secure sufficient school age places to meet the needs of Slough residents 		
<p>6. More people will take responsibility and manage their own health, care and support needs</p>	<ol style="list-style-type: none"> 1. Encourage all residents to manage and improve their health 2. Target those individuals most at risk of poor health and wellbeing outcomes to become more active, more often 3. Develop preventative approaches to ensure that vulnerable people become more able to support themselves 4. Build capacity within the community and voluntary sector to enable a focus on supporting more people to manage their own care needs 5. Put in place new models of social care for adults where direct payments will be the norm 6. Develop existing safeguarding arrangements to ensure people are at the centre of the safeguarding process and are supported to manage any risks 	<ul style="list-style-type: none"> • Social care providers • Voluntary and community organisations • Slough CCG • Thames Valley Police • Probation Service • Leisure provider and sports' agencies • Slough Safeguarding Adults Board 	<ul style="list-style-type: none"> • Reduction in the average spend per head of population (Adult social care users) • Reduction in total spend on adult social care from 2014 base • Reduction of the total number of people supported by adult social care and the council

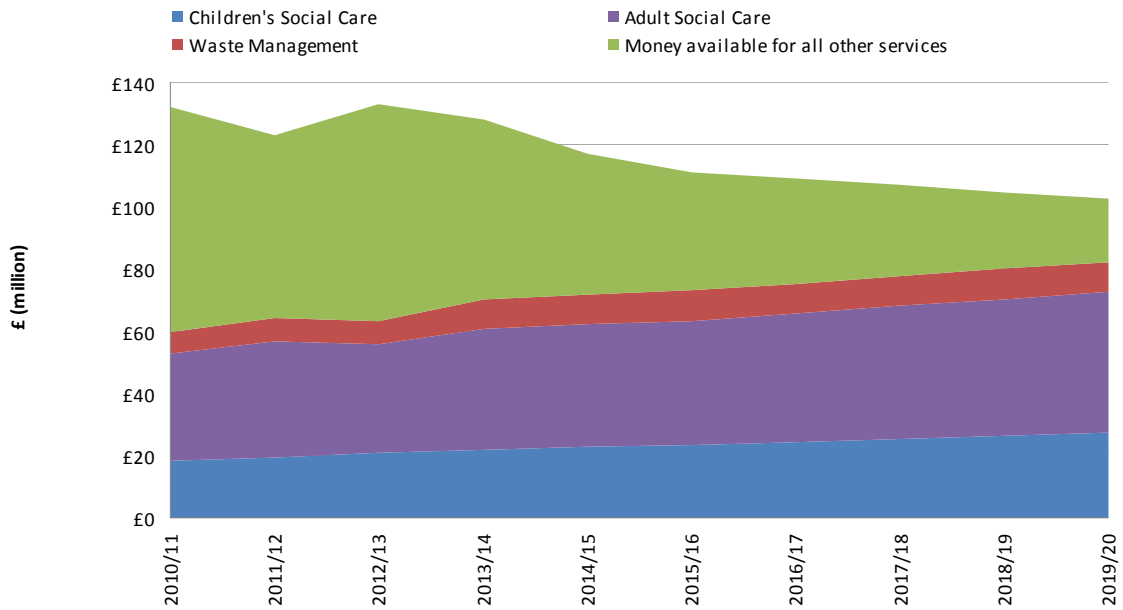
Using resources wisely			
<p>7. The Council's income and the value of its assets will be maximised</p>	<ol style="list-style-type: none"> 1. Increase the collection rates of Council Tax and Business Rates 2. Maximise the use of its capital resources to increase revenue savings and make the capital strategy affordable 3. Remove subsidies where appropriate and maximise revenue from fees and charges 4. Maximise income from investment properties 5. Use new approaches to revenue and asset maximisation through Slough Regeneration Partnership and other delivery options 6. Rationalise the operational property estate, through disposals and shared use 7. Maximise savings from procurement, commissioning and contract management 8. Ensure that a revolutionised approach to household waste collection is in place 	<ul style="list-style-type: none"> • Arvato • Slough Regeneration Partnership 	<ul style="list-style-type: none"> • An overall Council Tax collection rate of at least 98.4% by 2016-17 • An in year Business Rate collection of at least 97% by 2016-17 • All SBC funded capital schemes to have a revenue break-even of 10 years • Fees and charges will rise by at least inflation over the life of the MTFS • Generate £8m of additional capital receipts by 2019 • 30% reduction in net property/assets running costs • All schools and highways capital spend to be contained within the respective capital grants • Reduce costs of waste collection service and increase income from recycling and commercial waste
<p>8. The council will be a leading digital transformation organisation</p>	<ol style="list-style-type: none"> 1. Use technology to redefine the way customers contact the council 2. Streamline customer journeys to deliver savings 3. Invest in technology to enable staff to work smartly wherever they are located 	<ul style="list-style-type: none"> • Arvato 	<ul style="list-style-type: none"> • 80% of all transactions completed online • Paying the Council online will be the prime method of payment for most services (direct debit for Council Tax etc.) • Council tax and business rates direct debit payments of 60% • 30% reduction in

			comparative contract expenditure
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Note – a number of the key actions will contribute to delivering more than one outcome

The budget profile

If the Council continues on the current budgetary trajectory, the relative size of the Council’s budget will look like the below. The Five Year Plan will help to shape the Council’s budget to avoid the default position and shape its future resources around the key outcomes it wishes to achieve.



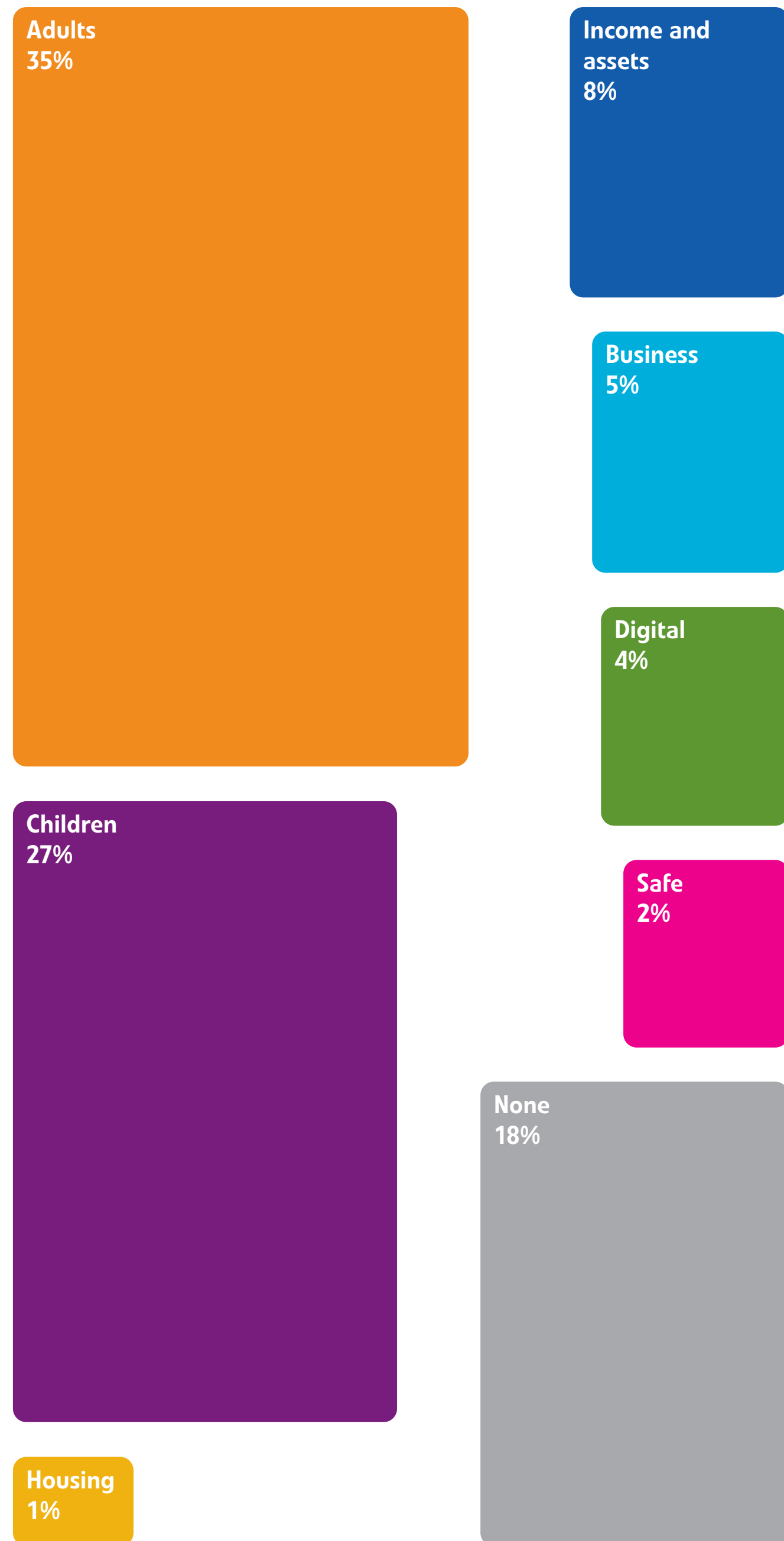
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5YP impact (%)

2014-15



2018-19



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SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

CONTACT OFFICER: Joseph Carter, Assistant Director, Assets, Infrastructure and
Regeneration
(For all enquiries) (01753) 875653

WARD(S): All

PORTFOLIO: Councillor Sohail Munawar, Commissioner for Social and
Economic Inclusion

PART I
NON-KEY DECISION

RESPONSE TO AIRPORTS COMMISSION CONSULTATION**1 Purpose of Report**

This report is to give members an opportunity to comment on the draft of Slough Borough Council's response to the Airports Commission consultation on shortlisted options for a new runway.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the draft response adequately represents the council's position in responding to the Airports Commission consultation on shortlisted options for a new runway.
- (b) That the response be submitted to the Airports Commission before the 3rd February 2015 closing date.
- (c) That any amendments to the response be delegated to the Assistant Director, Assets, Infrastructure and Regeneration, following consultation with the Commissioner for Social and Economic Inclusion.

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

Proposed expansion of aviation capacity in the south east, and especially at Heathrow, would have impacts on each of the priorities set out in the Slough Joint Wellbeing Strategy. Expansion of Heathrow could impact a number of measures included in the Joint Strategic Needs Assessment.

Setting out Slough's response to the proposals for expanding aviation capacity through the Airports Commission consultation ensures that technical expertise and local knowledge is captured by the Commission, and helps to ensure that mitigation identified by Slough Borough Council is considered and implemented in line with the vision for Slough as set across the council's strategic documents.

4 **Other Implications**

(a) Financial

The paper highlights to the Airports Commission the risks to the council's future funding from council tax and business rates.

Expenditure may be required on individual projects but these will be assessed on a case by case basis at the time of delivery.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal <i>None</i>		
Property <i>Runways proposed to impact Colnbrook with Poyle</i>	Set out concerns and mitigating actions to reduce negative impacts	Expansion at Heathrow could improve the local area
Human Rights <i>None</i>		
Health and Safety <i>None</i>		
Employment Issues <i>None</i>		
Equalities Issues <i>None</i>		
Community Support <i>Residents may not engage in the process</i>	The council should aim to represent the views of residents while addressing technical concerns	Residents views will be articulated and may be included within Airports Commission recommendation
Communications <i>Residents may feel the council has not acted in their best interests</i>	The council should aim to represent the views of residents while addressing technical concerns	Residents will have confidence in their council to articulate their views and safeguard the future of the town
Community Safety <i>None</i>		
Financial <i>Knock on impacts could cost the council income or expenditure, e.g. business rates</i>	Set out the council's concerns to the Commission for their consideration	The council could safeguard the economy or benefit financially by highlighting potential risks to the local economy
Timetable for delivery <i>None</i>		
Project Capacity <i>None</i>		
Other		

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or Legal implications relating to the compilation of this response. The council will make all efforts to represent the best interests of all of Slough's residents.

(d) Equalities Impact Assessment

The consultation response will take account of Equalities Impacts during compilation.

5 Supporting Information

5.1 At its meeting on 15th December 2014 Cabinet requested officers compile a response to the Airports Commission consultation on short listed runway options. The draft response is presented to members at appendix A for comment.

5.2 The Airports Commission is an independent commission, chaired by Sir Howard Davies, and attended by 4 other Commissioners. The Commission is designed to examine the need for additional UK airport capacity, and to make recommendations to central government about how this need can be met.

5.3 In December 2013, the Commission published an Interim Report, which identified a short-list of three options for increasing the UK's aviation capacity comprising:

Gatwick Airport Second Runway
Heathrow Hub: Extended Northern Runway
Heathrow Airport Limited: New North West Runway

5.4 On November 11th 2014, the Commission published a consultation, allowing public comment on the three shortlisted options and the Commission's assessment. This consultation will run for 12 weeks, and will end on Tuesday 3rd February 2015.

5.5 Following this public consultation, the Commission will submit a final report to government by summer 2015, which will assess the environmental, economic and social costs and benefits of a number of solutions to increase airport capacity.

5.6 The eight questions outlined in the Commission's consultation, published on November 11th 2014, are as follows:

Q1: What conclusions, if any, do you draw in respect of the three short-listed options? In answering this question please take into account the Commission's consultation documents and any other information you consider relevant. The options are described in section three.

Q2: Do you have any suggestions for how the short-listed options could be improved, i.e. their benefits enhanced or negative impacts mitigated? The options and their impacts are summarised in section three.

Q3: Do you have any comments on how the Commission has carried out its appraisal? The appraisal process is summarised in section two.

Q4: In your view, are there any relevant factors that have not been fully addressed by the Commission to date?

Q5: Do you have any comments on how the Commission has carried out its appraisal of specific topics (as defined by the Commission's 16 appraisal modules), including methodology and results?

Q6: Do you have any comments on the Commission's sustainability assessments, including methodology and results?

Q7: Do you have any comments on the Commission's business cases, including methodology and results?

Q8: Do you have any other comments?

- 5.7 Both proposals for expansion at Heathrow would result in a third runway crossing the borough boundary, and impacting heavily on land uses in Colnbrook and Poyle ward. Some impacts are common to both proposals while some arise from one or other of the options.
- 5.8 The Heathrow Airport Limited (HAL) proposal is for a new north-west runway of 3,500m, 1,045m north of the existing northern runway.
- 5.9 The Heathrow Hub (HH) proposal is for an extension of the existing northern runway, creating two in-line runways of 3000m in length separated by a 650m safety zone.
- 5.10 The level of detail available for the HH proposal is generally much less than for HAL, and while the council has engaged with both scheme promoters the engagement with HAL has yielded greater detail.

6 Comments of Other Committees

At its meeting on 15th December 2014 Cabinet requested officers to compile a response to the Airports Commission consultation. The comments received at that meeting have been incorporated into the draft response.

7 Conclusion

The national consultation currently being held by the Airports Commission is a valuable opportunity for stakeholders to express their views on the proposed options for expanding aviation capacity in the UK. Slough will be substantially impacted by the two Heathrow based of the three shortlisted options, and thus it is important that the council has the opportunity to submit any issues with the proposals, to inform the Commission of local knowledge they have omitted, and to submit mitigations which the borough council has identified.

8 Appendices Attached

'A' - Slough Borough Council draft response to the Airports Commission consultation on shortlisted options for a new runway (To Follow).

SLOUGH BOROUGH COUNCIL

REPORT TO Cabinet **DATE:** 19 January 2015

CONTACT OFFICER: Stephen Gibson, Head of Asset Management
(01753) 875852

WARD(S): All

PORTFOLIO: Neighbourhoods & Renewal - Cllr Swindlehurst
Leader of Council - Cllr Anderson

PART I
KEY DECISION

SUBSIDIARY HOUSING COMPANY UPDATE

1. Purpose of Report

The purpose of this report is to update Cabinet on proposals to establish a commercial Subsidiary Housing Company (SHC) to develop high quality houses, initially for sale.

2. Recommendations

The Cabinet is requested to resolve:

- 2.1 That it be agreed in principle to implement the proposal to form a company (referred to as 'Herschel Homes' and 'HHL') as a business to be owned by the Council.

The aims of the company are:

- a) To acquire land, construct, sell and/or manage high quality housing.
- b) Efficiently manage its assets in a manner that reflects the organisational principles of its parent organisation.

The objectives of the company are to:

- a) Construct/acquire high quality properties for sale or rent in locations that provide the maximum financial return to the company,
- b) Provide excellent customer focussed services at a competitive price,
- c) Explore the potential for a programme of land acquisitions and site developments within Slough to maximise the business opportunities and profitability of the company; and
- d) Promote an organisational culture that balances business acumen and entrepreneurial flair with the requirement to operate within the policies adopted by the parent company.

- 2.2 That Herschel Homes be agreed as a company limited by shares with the Council being the sole shareholder.

- 2.3 That the commercial procurement strategy for Herschel Homes, in a structure that is not subject to public procurement requirements, be approved.
- 2.4 That a further report on Herschel Homes be made to Cabinet by April 2015 in order for the Cabinet to consider matters which it has resolved to be delegated to officers to develop and/or progress set out below..

Delegate to the Strategic Director Regeneration, Housing and Resources:

- the development of a detailed business plan for Herschel Homes to be submitted to Cabinet
 - Following consultation with the Head of Legal Services, the development of a Shareholder's Agreement for Herschel Homes which shall protect the interests of the Council as shareholder and also to enable Herschel Homes to operate commercially as a business,
 - Following consultation with the Head of Legal Services, the development of a draft Memorandum and Articles for Herschel Homes; and
 - Following consultation with the Head of Legal Services and the Assistant Director, Finance & Audit, the development of state aid compliant funding precedent agreements between the Council and Herschel Homes.
- 2.5 That the Assistant Director Finance & Audit, following consultation with the Strategic Director Regeneration, Housing and Resources, shall make proposals in the Council's next draft budget/capital programme a range of allocations of expenditure which takes into account: Herschel Homes' draft business plan (and its assumptions concerning Council funding to it) and also provides the Council with appropriate options to adopt those assumptions or agree a different allocation.
- 2.6 That the Head of Legal Services, following consultation with the Strategic Director Regeneration, Housing and Resources, be delegated to develop a protocol which shall set out how to manage and avoid potential conflicts of interests and commercial tensions due to:
- The Council's interests in Herschel Homes and similar organisations in which it has an interest;
 - Members and/or Officers sitting on the Board of Herschel and also as Council nominated Directors/representatives on other entities in which the Council has an ownership interest.
- 2.7 That the Head of Legal, following consultation with the Assistant Director Finance & Audit, be delegated the development of a protocol to set out good governance within the Council to avoid potential conflicts of interest between the functions of: making Council funding decisions to Herschel Homes; holding Herschel Homes financial performance to account;

exercising the Council's rights as shareholder; and Members and/or Officers being a Council nominated Director of that company.

- 2.8 That the sites specified in section 6.5 be held with the intention of a future disposal to Herschel Homes and that the Head of Asset Management should identify additional Council owned sites that could be incorporated into the update report by April 2015.

3. Corporate Plan

- 3.1 The Corporate Plan for the period 2014/15 highlights the necessity for the Council to develop new ways of working. The plan reaffirms the requirement to identify ways of gaining more value from the Council's assets to maximise income and offset reduced support from central government. The introduction of a SHC would provide a wholly owned vehicle that that will demonstrate positive financial outcomes and reflects the overall strategic vision for the Council now and in the future. This company could redevelop Council-owned sites in the traditional town centre and act as a catalyst for the longer-term centre of town strategy.

4. Joint Strategic Needs Assessment

- 4.1 The introduction of new high quality housing as described in this report will maximise the value of the Council's asset base and will provide an income stream that could contribute to the provision of front line services.

5. Other Implications

(a) Financial

This report comes with no immediate financial implications, however moving forward, these would be significant. In the event that this and subsequent reports are approved, the introduction of a SHC would have major capital, revenue and treasury management implications. Subject to the approval of the recommendations in this report, these issues will be the subject of a detailed business plan. Comprehensive financial comments can be found in section 6.3 and Appendix 1 and 2 of this report.

In addition to financial advantages considered in Appendices 1 and 2 bringing forward the sites for residential will also create additional council tax income in the region of £60k pa, which would be doubled for the first six years to £120k pa under the current central government New Homes Bonus scheme introduced in 2010.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal – Council is sued by creditors of the subsidiary	Establish clear firewalls between the Council and its subsidiary company	
Market Conditions – House prices could fall, resulting in anticipated sales values being unachievable.	The residential market will be monitored closely and if realisable values drop significantly viability will be reviewed.	The Council will benefit in any growth in value achieved during the construction period.
Finance – Exposure to increased risk due to activities of subsidiary and potential loss of temporary finance made available to the SHC.	The Councils liability for any debts of its subsidiary will be restricted in accordance with corporate law, other than in respect of any guarantees.	SBC will reduce its operating costs/overheads by providing services to the subsidiary company. Additionally SBC could generate additional income through providing loan finance and profits.
Finance - Lack of financial control	Ensure that any financial support (e.g. in the form of lending, guarantees, collateral securities, or indemnities), is formally documented; and recorded (as may be required) in SBC's Financial Plans, budgets and accounts.	Additional financial return to SBC from developing and selling properties at the agreed sites.
Governance – Poor performance	Ensure that the subsidiary has a board of directors that is competent to direct the subsidiary's business autonomously.	Board members of the subsidiary will be appointed by SBC and will consist of individuals with an expertise or interest in the business of the subsidiary.
Governance – Potential conflicts of interest with SRP and DISH	Take legal advice to ensure separation and documentation of roles.	
Performance – failure to develop land transferred to subsidiary	Impose a covenant on and/or a charge over any transfer of land to the company to ensure that the land would be transferred back to the Council at nil value.	Potential short-term appointment of external person with appropriate commercial skills and contacts to drive through the property developments on time and within budget.
Employment Issues	No risks identified	Potential to reduce existing staffing costs by SBC entering into a SLA with the SHC to provide management support services. The vehicle will aim to use local SME's as consultants/ contractors boosting local economic development.
Equalities Issues	No risks identified	
Human Rights	No risks identified	

(c) Human Rights Act and Other Legal Implications

None

(d) Equalities Impact Assessment (EIA)

There are no equalities issues associated with this report.

(e) Legal

General

Cabinet is requested to make an in principle decision to proceed with the formation of Herschel Homes. It will (if it approves this resolution) also request an update report by April 2015 with more detailed information. This will enable it to consider whether it is appropriate to resolve to make a final decision on the formation and operation of Herschel Homes. In the interim, Officers have investigated and are satisfied that the Council has the powers to implement the proposals concerning Herschel Homes. Legal comments will be tailored to (and set out in) the detailed proposals in the update report

At this point the Cabinet is not making an irrevocable resolution to form Herschel Homes. The legal implications which arise at this stage are therefore limited to those arising from the delegation to develop a detailed business plan for the Cabinet's further consideration and factors influencing the adoption of a company limited by shares for Herschel Homes.

Section 2 of the Localism Act 2011 limits the exercise of the new general power where it 'overlaps' with a power which predates it, such as Section 95 of the Local Government Act 2003. Whether the Council relies on the General Power and/or Section 95 it is prudent for it to comply with the requirements and limitations to which section 95 is subject. These are set out in Regulation 2 of The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (the Order) which requires a business case to be prepared and approved by the Council before a company starts trading. Regulation 2(4) of the Order defines "business case" as a comprehensive statement of the objectives of the business; the investment and other resources required to achieve those objectives; any risks the business might face and the expected financial result of the business.

Relevant Finance Law

In accordance with the Council's constitution, any capital funding requirements for the HHL project will need to be allowed for in the council's budget strategy which needs to be approved by full Council.

HHL as a company

The report proposes that HHL be created as a company (limited by shares). There are other company structures but this is considered to be the most suitable vehicle for the Council under the current legislative framework. The Memorandum and Articles of Association need to be drafted. The Council is the

only shareholder and the company's memorandum and articles will need to reflect this. As the Company is operating as a business (and may be structured not to be subject to EU procurement requirements) Cabinet should consider requesting that the Strategic Director of Regeneration, Housing and Resource finalise a Shareholder Agreement between the Council and HHL. The purpose will be to protect the Council's interests, frame company governance and ensure compliance with the proposed procurement strategy for HLL (see 6.12 below).

Conflicts of interest

The Council has taken legal advice on potential conflicts of interest that may arise as a consequence of SBC introducing a SHC. A copy of the briefing note is attached (Appendix Three)

(f) Land and Property Implications

The property implications for this report are covered in Section 6 below.

6. Supporting Information

Background

- 6.1 In the previous report on the Subsidiary Housing Company, presented by the Assistant Director Housing & Environment on 14 July 2014, it was reported that the role of the company would be to develop, acquire, manage and/or sell properties. Subject to approval, it was noted that the company would be loaned the initial capital from the Council at market rates and with that money the company would buy the Council's land holdings and build residential housing developments in terms of the approved business plan.

The current recommended proposal is for a purely residential development company that aims to maximise short term development receipts assisting the Council's short term financial position and utilising its skills and capital to realise the development profit in the land holdings.

The table below shows what the HRA is for, what the SRP is for, what the SHC is for and what the private market is for and where the SHC sits in the asset management framework.

	Large Mixed Tenure Sites	Small Private Sites	HRA Sites	Non Residential Sites
Housing Revenue Account	X	X	√	X
Slough Regeneration Partnership	√	X	X	X

Subsidiary Housing Company	X	√	X	X
Market Disposal	X	X	X	√

6.2 The operation of a business to develop homes for either private sale or market rental with the intention of making profits is a commercial purpose. Section 4 of the Localism Act 2011 requires that where a local authority exercises/uses the general power for a commercial purpose it must do this through a company.

6.3 Options Appraisal

6.3.1 Delivery

The Council is already a partner in a joint venture regeneration partnership, the Slough Regeneration Partnership (SRP), created in March 2013. The SRP housing supply chain has until very recently (December 2014) indicated that it would not wish to develop smaller housing sites (with a capacity for under 20 units) that are typical of the sites the Council has and are included in this report. Whilst correspondence has been received from SRP to confirm a broad willingness to review its position with smaller sites, this change in approach has not been substantiated. Discussions continue with our JV partner on this matter.

Including SRP, the Council has a variety of options available to it in respect of the disposal of surplus assets: These can be summarised as follows:

- Immediate disposal,
- Disposal subject to planning,
- Obtain planning and then dispose,
- Develop via a new Joint Venture Company,
- Develop via Slough Regeneration Partnership; and
- Develop via a Subsidiary Housing Company.

The advantages and disadvantage of each approach are highlighted in Appendix One. Having considered the available options, the preferred approach is to develop the sites via a Subsidiary Housing Company. This is on the basis that the SHC route maximises the value of the asset (the combination of land value and profit) to the Council.

6.3.2 Build to sell or build to rent?

Previous reports to Cabinet have commented on the potential for the company to either build to sell or build to rent. Having undertaken detailed financial analysis, it is clear that the build to rent option provides a greater

financial return over the long-term (a return on investment of 57% compared to 47%) and has the advantage of capturing the long-term residential value increases. However, the build to sell option would generate circa £1.68m in profit (in addition to capital receipts) and have a 2 year pay back period. In contrast, the build to rent option would take 14 years to break-even and a further 14 years (until 2043) to generate the equivalent present value of the £1.68m in profit realised almost immediately by the build to sell option.

	Disposal subject to planning	SHC - sale	SRP	SHC - rent
	£	£	£	£
SBC income from sale of land to SHC	(£2,399,848)	(£2,399,848)	(£2,399,848)	(£2,399,848)
Income from sale of developments	n/a	(£10,426,720)	n/a	n/a
SBC share of SRP profit	n/a	n/a	(£1,031,153)	£0
Total purchase and development costs	n/a	£8,740,763	n/a	£8,740,763
Rental income (30 years) NPV at 3.5%	n/a	n/a	n/a	(£14,875,776)
Running costs (30 years) NPV at 3.5%	n/a	n/a	n/a	£3,577,921
NET RETAINED BY SBC	(£2,399,848)	(£4,085,805)	(£3,431,001)	(£4,956,940)

Payback period	1 year	2 years	2 years	14 years
Return on investment	n/a	47%	43%	57%
Return on investment per annum	n/a	23%	21%	4%

The return on investment per annum for the develop to sell option is 23% per annum compared to 4% pa for the build to rent option.

Taking the above into account, the develop for market sale option via a SHC is recommended as the most commercially beneficial approach. However, as the company evolves and subject to a robust business case, it may also develop/acquire properties for market rent.

6.4 Sections 6.5-6.12 will develop the SHC proposal and will provide clarity over the proposed:

- Development sites (and the approach for each site),
- Financial forecast for the early years of the company,
- Aims & Objectives of the Company
- Staffing arrangements
- Governance arrangements,
- Roles & responsibilities,
- Company model; and
- Procurement process.

6.5 Proposed Development Sites

6.5.1 For the purpose of this report, four sites previously identified as surplus have been appraised, as follows:

Site	Units	Description
Upton Road (former Gurney House)	10 four bedroom semi detached houses	This site will be marketed as Lascelles Place and is the location of a former care home that is now demolished. The development proposal is for a private gated scheme of high specification executive houses with south facing landscaped gardens backing onto Lascelles Park.
Alpha Street	14 one and two bedroom flats	This site is currently a town centre car park. The development proposals are for a high quality private flatted scheme
150-160 Bath Road	14 one and two bedroom flats or 4/5 town houses	This is a small cleared site on the Bath Road on the entrance into Slough with potential for a small private scheme of 14 flats.
83 Elliman Avenue	1 Detached House	This is a cleared site with planning permission for a private 4/5 bedroom detached house.

6.5.2 For the purposes of initial financial modelling, it has been assumed that the 4 sites will be practically complete within 3 years, with developments running concurrently.

6.6 Financial Forecast

6.6.1 As mentioned above, in order to determine the most advantageous approach, Asset Management and Finance have considered the impact of both developing and retaining the units for private rent and building and selling for short term profit. Detailed financial information is contained in Appendix 2.

6.7 Aims & Objectives

Companies no longer have to set out their detailed commercial objectives in their constitutional documents (Memorandum and Articles). The modern form of objectives can be summarised as a general power to do anything lawful to further their commercial objectives:

6.7.1 Aims

In broad terms it could be assumed that the Council is considering the introduction of a subsidiary company that aims to:

- a) Acquire land, construct, sell and/or manage high quality housing.
- b) Efficiently manage its assets in a manner that reflects the organisational principle of its parent organisation.

6.7.2 Objectives

The objectives of the company are to:

- a) Construct/acquire high quality properties for sale or rent in locations that provide the maximum financial return to the company,
- b) Provide excellent customer focussed services at a competitive price,
- c) Explore the potential for a programme of land acquisitions and site developments within Slough to maximise the business opportunities and profitability of the company; and
- d) Promote an organisational culture that balances business acumen and entrepreneurial flair with the requirement to operate within the policies adopted by the parent company.

6.8 Staffing Arrangements

The cash flows undertaken to date have assumed operating costs (including staff costs) of £350,000 per annum (for a breakdown see 7.3 of Appendix 1). Whilst external expertise will be required, the outline business plan makes the assumption that the Council will provide strategic, financial, technical and administrative support to the SHC, which will be set out in a Service Level Agreement (SLA). This would allow the new company to develop separate business plans, marketing plans, project development plans and board reports etc.

The underlying intent of a SLA is partly to provide reassurance that there is transparency in relation to the use of the Council's core staff and facilities for purposes which relate to the activities of the subsidiary, rather than the core Council activities and, similarly, that there is an appropriate mechanism for recovery by the Council of the associated costs.

The company will also have flexibility to appoint external expertise and consultants as required to assist with development management, sales and marketing, corporation tax and VAT. State Aid compliance means that HHL must pay a market fee for these services.

If staffing is wholly supplied by SBC via the SLA the sum of £350,000 per annum is over and above the amount that would otherwise be paid to SBC in relation to land receipt and profit. Costs have been assumed in relation to business and financial planning, corporate marketing, Asset Management, Project Management and Legal Services. This budget will

be used to backfill as required to ensure that business as usual is not affected by this additional work stream.

6.9 Proposed Governance Arrangements

- 6.9.1 As the sole shareholder the Council will appoint all of the company directors and the Shareholders Agreement (see below) will also provide the Council with the right to remove any Director. The Council should appoint directors in accordance with its constitution. The Council may elect to appoint some of the directors based on their commercial and sector experience, rather than their existing relationship with the Council. Some authorities have moved to selecting most directors on this basis in order to support the development of local authority owned businesses. Though such directors are 'independent' of a prior connection with the relevant council they are only appointed because that local authority has decided their skill and/or experience is an asset to the business. There is no requirement for the Council to include its method of selecting HHL's directors' within either the Shareholder's Agreement or the Company's Memorandum/Articles. This approach would provide flexibility for the Council to change its criteria for appointing HHL's directors as that company evolves.
- 6.9.2 Whoever is appointed as an HHL director will in that position have a primary duty to promote and advance HHL's business rather than the interests of other organisations (including the Council as HHL's shareholder).
- 6.9.3 In the event that Cabinet approves the introduction of a Group Structure, the governance and service delivery arrangements would be set out in a Shareholders Agreement (SA) and Service Level Agreement. The SA and SLA would establish the detailed arrangements within the group structure to demonstrate high levels of governance and operational effectiveness. The agreements will be required to demonstrate that:
- a) The group structure is established in a way that does not cause the Council as shareholder to breach its statutory obligations,
 - b) The Council holds HHL accountable for its financial and business performance and that it adopts good corporate governance standards,
 - c) That the Council's and its investment is not damaged by HHL delivering poor standards to the market and consumers,
 - d) That the Company has a board which: has a skillset to develop this type of business; is accountable to the Council as shareholder; and that it has at least one Member representative. All Directors will be appointed (and may be removed by the Council),
 - e) There are appropriate opportunities for Councillors to be involved in decision making at a strategic group level and ensure that appointments made to its subsidiary board is as transparent as possible,

- f) Costs are allocated correctly to the subsidiary in order to get an accurate assessment of the total costs incurred,
- g) Financial reporting to the Council, assessing results against target budgets and reviewing performance against key financial targets,
- h) A clear distinction is made between the organisations within the group to ensure that Councillors, staff and third parties are clear about which part of the group they are dealing with at any given time; and
- i) A clear governance distinction is made within the Council (by written protocol) which sets out and is clear about the Council's functions as Herschel Home's funder, its shareholder, holding its financial performance to account and a separation of decision making between individual Member's and Officers exercising those functions (including any role they may have as a Director of either Herschel Homes, Slough Regeneration Partnership or DISH).

6.10 Summary of Roles & Responsibilities

6.10.1 The Role & Responsibilities of each party will be set out in the SA and SLA. These will include but are not restricted to:

SBC	Subsidiary
<ul style="list-style-type: none"> • Approval of the overall strategy of the Group. • Approval of Corporate Plan. • Following sign-off by the Chairperson of the subsidiary, approval of the subsidiary's accounts. • Consideration and approval of subsidiary organisations' Business Plans and annual budgets. • Monitoring the performance of the subsidiary against financial and performance targets. • Consideration and approval of all constitutional changes. • The establishment of governance policies for the subsidiary, including standing orders and codes of conduct for board members. 	<ul style="list-style-type: none"> • Works within limits approved by SBC- but with operational independence from SBC. • Purchases staffing and other services from SBC. • Be tasked by SBC to develop housing and provide related services. • Provide high quality, effective and customer- focused developments that Comply with all the agreements in place between the subsidiary and the Council.

6.11 Proposed Company Model - Limited by Shares

6.11.1 Subsidiaries are separate, distinct legal entities for the purposes of taxation regulation and liability. The most common way that control of a subsidiary is achieved, is through the ownership of share in the subsidiary by the parent (SBC). These shares, along with governance measures described in section 6.8 and 6.9 give the parent the necessary means to exercise control.

- 6.11.2 The advantage of a Company Limited by Shares (CLS) is that it does not limit future options available to the Council. If the Council in future sought a private investor or wished to dispose of HHL then a CLS would be familiar to potential investors whereas a Company Limited by Guarantee may not be (as they are often associated with not for profit activity. HHL's commercial nature means a charitable or community structure would not be appropriate.
- 6.11.3 Whilst the Council could seek to enter into a partnership with an equity investor via some form of joint venture, the most effective way to control the company is to incorporate a wholly owned subsidiary. With such a model, the Council would have the maximum possible degree of control over the future activities of the subsidiary company and the Council (as sole shareholder) would have the ultimate sanction of either removing the Board Members and appointing replacements or, ultimately resolving to wind up the company. However, such a model means that the risks will not be shared and, however unlikely, creditors of an insolvent subsidiary may be able to obtain a judgment against the parent if they can prove that the parent and subsidiary are mere alter egos of one another.

6.12 The proposed procurement method

In developing the proposals for HHL a number of scenarios have been considered. When a report was last made to Cabinet in July 2014, the proposal was that HHL may have as an corporate objective the development of affordable homes. This would qualify as an objective in the general interest [of the community] and not one which an ordinary business would adopt. Based on that proposal HHL would have been a 'body governed by public law' under the control of the Council. As such it would have been subject to public procurement law and regulations. It is now proposed that HHL operates as a business developing market homes (and it will only provide affordable homes if this is required under planning law/policy). HHL will have a commercial nature and it will not be pursuing objectives in the general interest. As such it does not qualify as a body governed by public law and it will not be subject to public contract procurement requirements. This has a number of implications. Including that HHL should not promote public sector policies (including the Councils, adopt community or charitable objectives). For further information members are referred to Appendix 4.

7. Conclusion

- 7.1 This report updates Cabinet on the latest background work carried out on the feasibility of introducing a subsidiary company. It builds upon previous reports and provides confirmation that the company, if introduced, should focus on development and open market sale in its early years.

- 7.2 Whilst a detailed business case is still required, this report reiterates that the Council would maximise the value of its assets by benefitting from 100% of the net profit arising from each site.
- 7.3 The introduction of HHL would fit with the Council's ambition of making Slough a place where people want to live, work and do business, will help to deliver the Corporate theme of Using Resources Wisely and is an example of how the Council could maximise the value and use of its asset base, all of which are critical for success factors in the emerging 5 year plan.

8. Appendices (all contain exempt information)

- Appendix 1 - Options Appraisal
- Appendix 2 - SHC Options Appraisal – Financial modelling
- Appendix 3 - Paper on Council Governance for proposed SHC
- Appendix 4 - Paper on Procurement Process

9. Background Papers

None

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

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

WARD(S): All

PORTFOLIO: Cllr. Rob Anderson; Lead Commissioner for Finance & Strategy

PART I
KEY DECISION**CAPITAL STRATEGY: 2015-20****1 Purpose of Report**

To request approval for capital strategy 2015-20 and approval for the capital programme for 2015-16 to be implemented subject to the approval sufficient business cases

To request approval to Council for the calculation of the Minimum Revenue Provision

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the capital strategy of **£165m** be approved and Recommended to full Council on 19th February 2015.
- (b) That Cabinet notes the notional costs of borrowing for the capital programme to the revenue budget will be an increase of up to **£1.5m** per annum commencing during the period of the capital strategy to fund borrowing and / or the reduction of investments of £23m.
- (c) That the principles underpinning the capital programme in paragraph 5.1.2 and Minimum Revenue Provision principles be approved.
- (d) That appendices A to C detailing the capital programmes be approved (subject to these having approved Final Business Cases by the Capital Strategy Board).

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 all of the Strategy's priorities.

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

3c **Corporate Plan 2014/15**

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

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

(c) Human Rights Act and Other Legal Implications

No specific legal implications arising from this report.

(d) Equalities Impact Assessment

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

5 **Supporting Information**

5.1 **Purpose**

5.1.1 The capital strategy is one of four key strategic financial documents that the Council utilises in order to deliver its corporate objectives. The Council has a wide ranging number of capital commitments and purposes. The capital strategy, as with all other corporate documents, needs to underpin the delivery of the 5 year plan for the Council through to 2020.

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

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

5.2 **Current Medium Term Financial Position**

5.2.1 As detailed in the Council's Medium Term Financial Strategy (MTFS) the Council is facing a significant reduction in its anticipated financial resources. By 2018-19 the Council's anticipated net budget will be reduced by 13% 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 in February.

5.2.2 For there to be any net growth in the council financed element of the capital strategy, the Council will need to increase the amount of revenue monies set aside to pay back potential future borrowing, or assume greater investment returns to mitigate the use of internal balances. As detailed within the Treasury Management

Strategy, the Council will only borrow as a last resort once it has exhausted all other sources of funding; however, revenue monies need to be set aside to fund any additional borrowing costs otherwise the Council will not have sufficient resources to repay its borrowings if that occurs.

5.2.3 For the purpose of the 2015-16 financial year, the Council is assuming that internal balances will remain strong and that these will be utilised with additional treasury management returns picking up the cost of decrease investment balances.

5.2.4 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	2015-16	2016-17	2017-18	2018-19	2019-20	Total
TOTAL HRA EXPEND	11,544	11,489	10,264	10,364	9,002	52,663
Funding	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Section 106	0	0	0	0	0	0
Capital Receipts	-900	-1,200	-1,500	-1,500	-1,200	-6,300
Major Repairs Reserve	-6,500	-6,500	-6,500	-6,500	-6,500	-32,500
RCCO	-4,144	-3,789	-2,264	-2,364	-1,302	-13,863
TOTAL HRA FINANCING	-11,544	-11,489	-10,264	-10,364	-9,002	-52,663

Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Total General Fund	45,502	32,960	10,900	12,351	10,784	112,497
Funding	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Section 106	-32	0	0	0	0	-32
Grants	-20,925	-24,953	-7,363	-9,064	-9,564	-71,869
Revenue Contributions	0	0	0	0	0	0
LABV Receipts	-5,061	-3,875	-136	0	0	-9,072
Capital Receipts	-2,411	-2,067	-2,067	-2,067	0	-8,612
Borrowing requirement	-17,073	-2,065	-1,334	-1,220	-1,220	-22,912
Total Funding	-45,502	-32,960	-10,900	-12,351	-10,784	112,497
<i>Revenue cost - if borrowed p.a</i>	-1140	-138	-89	-81	-81	-1530
<i>Revenue cost - loss of investments p.a</i>	-145	-18	-11	-10	-10	-195

5.2.5 The total revenue financing required over the life of the capital strategy to fund a borrowing requirement of **£23m** is **£1.5m**, with the largest peak in the 2015-16 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.

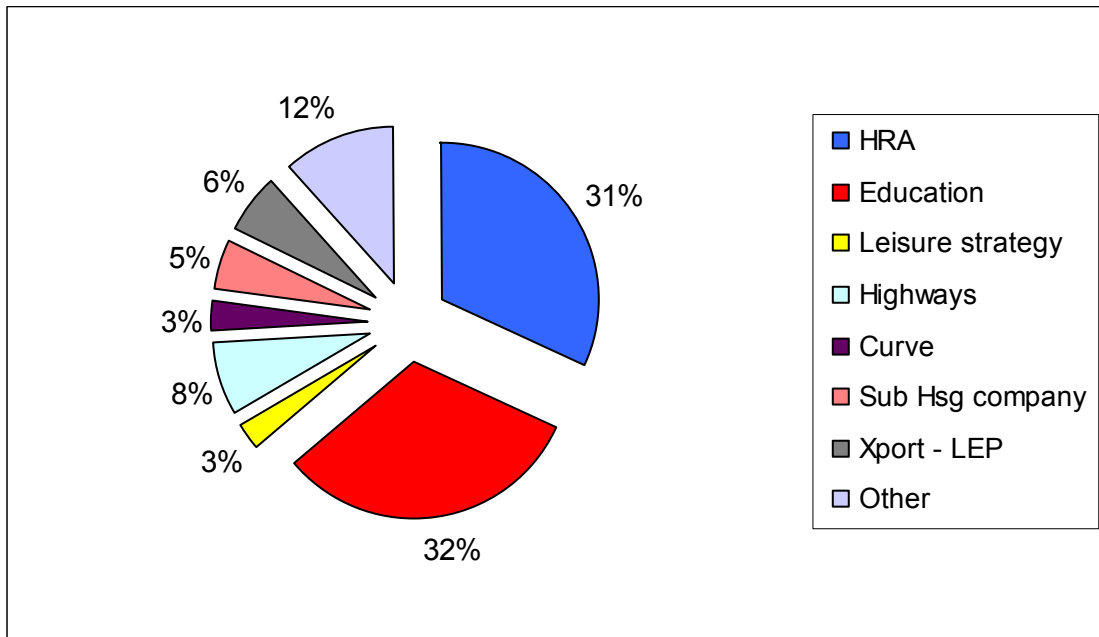
- 5.2.6 The minimum required to be set aside for **£23m** of capital borrowing per annum (given the main assets being build this would be over an assumed 20 year lifecycle) would equate to an increase in revenue cost of borrowing of **£1.5m**¹ from 2015-16 if the Council went out to borrow from the PWLB. As noted above, at present, the Council will utilise any internal balances first before undertaking any new borrowings. There is clearly a cost of doing this, but this is far lower than borrowing and with average returns at 0.85%. With the capital programme for 2015-16 requiring £15m, the cost to the Council of this in lost investment income would be £126k. It is expected that this pressure will be funded through improved Treasury Management returns through the 2015-16 Treasury Management Strategy.

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 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.
- 5.3.2 There are some new items in the capital programme for the future financial years, these include:
- The proposal to create a subsidiary housing company – see separate Cabinet reports
 - Aspiration for the Council to invest in LED street lighting to drive out revenue savings going forward
 - Sustained investment in the Council’s education provision (see appendix C for further details)
 - Approval for investment, with the Local Economic Partnership (LEP) to invest in key transport infrastructure programmes across the borough
 - Continued investment in the cemetery and crematorium, with additional costs for new works to extend the capacity and complete additional asset maintenance works
 - Highlighting the potential required spend for new leisure facilities, though these will be subject to a separate business case and will form part of the leisure strategy. No figures have been attached to this as yet and will depend upon the outcome of the Leisure Strategy. Once decisions have been made concerning the long term capital proposals these will be included within this document for 2016-21.
 - Sustained maintenance of the Council’s highways infrastructure assets

¹ Assuming borrowing from the Public Works Loans Board at the rate as at December 2014

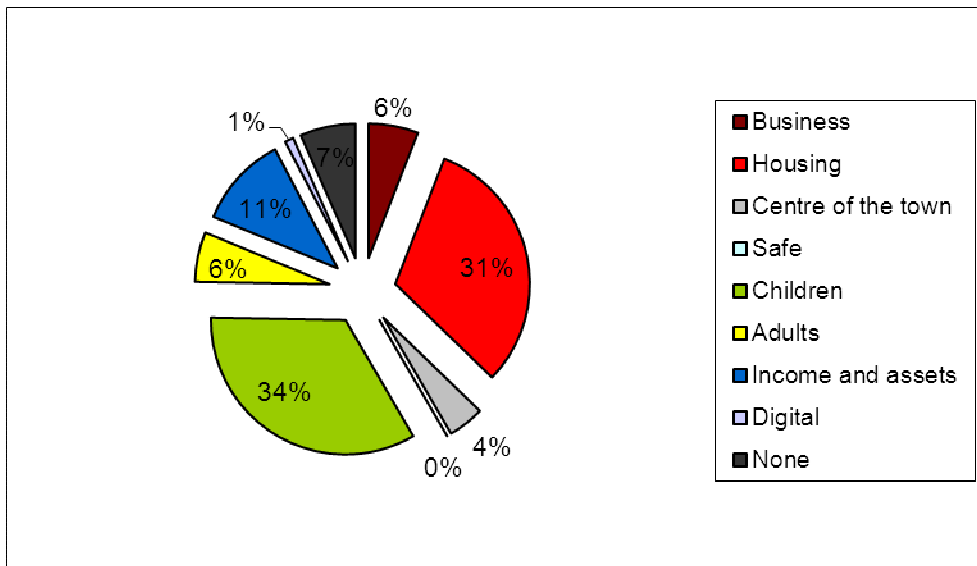
Chart 2.1: Key items included in the Capital Strategy



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 outcomes

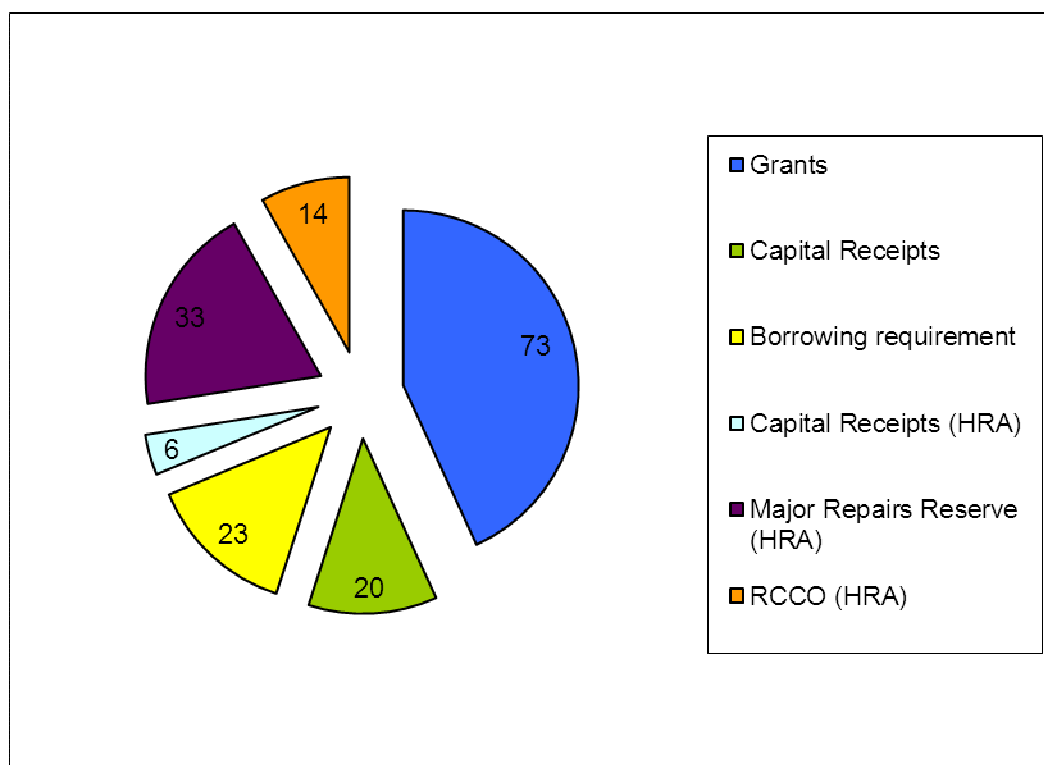


The above chart shows where the Council is due to spend capital sums over the life of the strategy in accordance with the latest draft outcome Plan for future years

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:

Graph 1.1: Capital financing / £m: 2015-20



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 received 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 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 2015/16: 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 2015/16 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 2015-2020 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 2015/16 has an indicative budget of £650k with the majority of this fund being spent on neighbourhood enhancements through identified member need in the wards across the borough.

6 **Comments of Other Committees**

This report will be considered by the Overview & Scrutiny Committee on 5th February 2015 and any comments will be reported at the Cabinet meeting.

7 **Conclusion**

The Cabinet are requested to approve the capital strategy and recommended it to Council on 19th February 2015.

8 **Appendices Attached**

- 'A' - Summary of draft 2015-20 General Fund strategy
- 'B' - Summary of draft HRA strategy
- 'C' - Summary of draft Education capital summary

9 **Background Papers**

- '1' - Local Government Finance consultation and final settlement – 2014
- '2' - Medium Term Financial Strategy – 2015-19

Appendix A

Project	15-16	16-17	17-18	18-19	19-20	Total
Education Services						
Primary Expansions (Phase 2 for 2011)	7,109	7,450	187			14,746
Town Hall Conversion	650	1,872	62			2,584
Expand Littledown School						0
Schools Modernisation Programme	3,401	100				3,501
SEN Resources Expansion	700	317	250	250	250	1,767
Children's Centres Refurbishments	45	40	40	40	40	205
DDA/SENDA access Works	90	50	50	50	50	290
Youth/Community Centres Upgrade	25	25	25	25	25	125
2 Year Old Expansion Programme	615					615
Special School Expansion-Primary, Secondary & Post 16	1,080	3,800	100			4,980
Children's Centres IT	45					45
School Meals Provision	55					55
Secondary Expansion Programme	500	4,000	4,500	7,000	7,500	23,500
Total Education Services	14,315	17,654	5,214	7,365	7,865	52,413
Customer & Community Services						
Cemetery Extension	1007					1,007
Repairs to Montem & Ice	80					80
Crematorium Project	664					664
Leisure Capital Improvements-Langley, Ten Pin, The Centre	913					913
Baylis Park Restoration	150					150
Cippenham Green	500					500
IT Infrastructure Refresh	350	350	350	350	350	1,750
Community Investment Fund	650	500	400	300	300	2,150
Community Leisure Facilities	150	150	150			450
Leisure Strategy						0
New Ice	3,500					3,500
Total Customer & Community Services	7,964	1,000	900	650	650	11,164
Community and Wellbeing						
Supported Living	500					500
Extra Care Housing	500					500
Care Act	280					280
Total Community and Wellbeing	1,280	0	0	0	0	1,280
Resources, Housing and Regeneration						
Disabled Facilities Grant	364	364	364	364	364	1,820
Highway & Land Drainage Improvements	70	70	70	70	70	350
Corporate Property Asset Management	250	250	250	250	250	1,250
Major Highways Programmes	765	765	765	765	765	3,825
Major Highways Programmes		2067	2067	2067		6201
Highway Reconfigure & Resurface	500	500	500	500	500	2,500
Colnbrook By-pass	131					131
Garage Sites Stage 7	32					32
Demolitions	100	100	100	100	100	500
Stoke Poges Footbridge	410					410

Project	15-16	16-17	17-18	18-19	19-20	Total
A332 Windsor Road Widening Scheme LEP/Other	2,211					2,211
A332 Windsor Road Widening Scheme SBC	2,300					2,300
Flood Defence Measures SBC/EA Partnership						0
Arbour Park	650	1,000				1,650
Plymouth Road (dilapidation works)	120	120	120	120	120	600
Land acquisition (Chalvey)	500					500
Housing Subsidiary	4,570	4,170				8,740
Bath Road Redevelopment	300	100				400
Salt Hill Car Park	100					100
Northborough Park	250					250
A355 Tuns Lane LEP Transport Scheme	2,800	2,600				5,400
A355 Tuns Lane Transport Scheme SBC		100				100
Redevelopment of Thomas Grey Centre	50	2,000	450			2,500
Installation of 3 Electric Vehicle Rapid Chargers	200					200
Carbon Management	100	100	100	100	100	500
The Curve	5,170					5,170
Total RHR (including Heart of Slough)	21,943	14,306	4,786	4,336	2,269	47,640
Total	45,502	32,960	10,900	12,351	10,784	112,497
Key:						
Grant Funded	20,925	24,953	7,363	9,064	9,564	71,869
Borrowing	22,134	5,940	1,470	1,220	1,220	31,984
Section 106	32	0	0	0	0	32
Capital Receipts	2,411	2,067	2,067	2,067	0	8,612
Revenue	0					
New	7,581	6,370	550	100	100	14,701

Appendix B – HRA Capital programme

Project	Lead Officer	Revised 2014-15 Budget £'000	15-16	16-17	17-18	18-19	19-20	Total
Housing Revenue Account								
Affordable Warmth/Central Heating	N Aves/Adrian T							
Boiler Replacement	N Aves/Adrian T	667	1,001	1,001	500	500	500	3,502
Heating / Hot Water Systems	N Aves/Adrian T	320	320	320	317	317	317	1,591
Insulation programmes	N Aves/Adrian T	823	788	788				1,576
Window Replacement	N Aves/Adrian T	600			112	112		224
Front / Rear Door replacement	N Aves/Adrian T	548	359	269	125	125	125	1,003
Internal Decent Homes Work	N Aves/Adrian T							0
Kitchen Replacement	N Aves/Adrian T	1,402	1,402	1,121	410	410	410	3,753
Bathroom replacement	N Aves/Adrian T	692	692	554	256	256	256	2,014
Electrical Systems	N Aves/Adrian T	263	263	263	136	136	136	934
External Decent Homes Work	N Aves/Adrian T							0
Roof Replacement	N Aves/Adrian T	187	187	187	628	628	628	2,258
Structural	N Aves/Adrian T	598	598	321	802	802	803	3,326
DISH	N Aves/Adrian T							
Decent Homes		6,100	5,610	4,824	3,286	3,286	3,175	20,181
	N Aves/Adrian T							
Winvale Refurbishment	N Aves/Adrian T	44						0
Garage Improvements	N Aves/Adrian T	468	170	170	150	150	150	790
Mechanical Systems /Lifts	N Aves/Adrian T	374	69	123	100	200	200	692
Capitalised Repairs	N Aves/Adrian T				46	46	46	138
Security & Controlled Entry Modernisation	N Aves/Adrian T	50	44	44				88
Darvills Lane - External Refurbs	N Aves/Adrian T				200	200	200	600
Estate Improvements/Environmental Works	N Aves/Adrian T	278	150	150	221	221	221	963
Replace Fascias, Soffits, Gutters & Down Pipes	N Aves/Adrian T	835	668	501	250	250	250	1,919
Upgrade Lighting/Communal Areas	N Aves/Adrian T	550	250	250	71	71	71	713
Communal doors	N Aves/Adrian T	47	47	28	78	78	78	309

Project	Lead Officer	Revised 2014-15 Budget	15-16	16-17	17-18	18-19	19-20	Total
		<i>£'000</i>						
Paths	N Aves/Adrian T	265	65	65	91	91	90	402
Store areas	N Aves/Adrian T	157	57	34	250	250		591
Sheltered / supported upgrades	N Aves/Adrian T	0	250	250				500
Planned Maintenance - Capital		3,249	1,851	1,664	1,628	1,728	1,477	8,348
Environmental Improvements (Allocated Forum)	N Aves/Adrian T	409	100	100	100	100	100	500
Tower and Ashbourne	N Aves/Adrian T	522	633	651				1,284
Major Aids & Adaptations	N Aves/Adrian T	450	350	250	250	250	250	1,350
Affordable Homes	N Aves/Adrian T	6,200	3,000	4,000	5,000	5,000	4,000	21,000
Britwell Regeneration	N Aves/Adrian T	2,225						
Housing Revenue Account		19,155	11,544	11,489	10,264	10,364	9,002	52,663

Appendix C – Education expenditure proposals

	2015-16	2016-17	2017-18	2018-19	2019-20	2014-2020
Primary Expansion Programme	£6,759	£6,322	£249	£0	£0	£17,114
Penn Wood (Phase 2 and bulge)	£190					£190
Claycots (Monksfield Way Phase 3)	£310					£310
Ryvers (Phases 2 and 3)	£157					£157
Lynch Hill (Phase 3)	£300					£300
Castleview (Phase 2)						£0
Priory (Phases 2 and 3)	£444					£444
Godolphin Jun	£1,457	£50				£1,507
Montem (Phase 3)	£117					£117
St Anthony's (Phases 2 and 3)	£1,126					£1,126
Cippenham Pri (Phases 2 and 3)	£450					£450
St Mary's (Single Phase)	£528	£2,200	£87			£2,815
James Elliman (Single Phase)	£640	£2,200	£100			£2,940
Langley Primary Academy - 3G Pitch	£350					£350
Foxborough bulge class	£40					£40
Town Hall conversion and expansion (Claycots)	£650	£1,872	£62			£2,584
Willow bulge class						£0

Pipeline projects	Bulge classes (provisional sum)	£500	£500				£1,000
	Expand existing school by one form of entry	£500	£2,500				£3,000

Secondary Expansion Programme	£0	£0	£1,500	£1,500	£0	£3,000
	Langley Grammar Expansion by 1FE		£1,500	£1,500		£3,000

Pipeline projects	Expand existing school by 2 forms of entry	£500	£4,000	£1,500			£6,000
	Expand existing school by 2.5 forms of entry			£1,500	£5,500	£500	£7,500
	Build a new school or expand other local schools					£7,000	£7,000

	2015-16	2016-17	2017-18	2018-19	2019-20	2014-2020
Additional Needs (SEN) Expansion Programme	£300	£300	£0	£0	£0	£600
Littledown expansion						£0
Haybrook College rebuild and expansion (phase 1)						£0
Ditton Park Resource Unit	£300					£300
SASH2 Resource Unit		£300				£300

Pipeline projects	New Resource Units	£400	£17	£250	£250	£250	£1,167
	Special School Expansion - Primary, Secondary and Post-16	£1,080	£3,800	£100			£4,980

School Capital Improvement Programmes

Modernisation Programme	£3,401	£100	£0	£0	£0	£3,501
Colnbrook entrance toilets and playground						£65
Claycots fire door replacement	£25					£40
Foxborough security, kitchen and car park	£21					£26
Foxborough heating and roof	£357					£362
Wexham Secondary entrance, hall, windows and roof	£620					£652
Wexham Primary security and roof repair	£60					£64
Montem heating and playgrounds	£440					£450
Parlaunt Primary roof works						£69
Pippins ceilings and wiring	£210					£218
Priory windows and roofs	£323					£623
St Mary's entrance and windows	£135					£135
Baylis Nursery reprovision	£1,150	£100				£1,700
Cippenham Nursery						£12
Western House floor repair	£30					£30
Asbestos Pippins						£6
Asbestos Foxborough						£30

	2015-16	2016-17	2017-18	2018-19	2019-20	2014-2020
Asbestos contingency	£30					£30

Universal Infant Free School Meal Project	£55	£0	£0	£0	£0	£55
Claycots	£55					£55
Parlaunt						£0
Penn Wood						£0
Pippins						£0
Priory						£0
St Mary's						£0
Western House						£0
Wexham Court						£0

Other Projects

Other Commitments	£820	£115	£115	£115	£115	£1,280
323 High St / Haybrook College						£200
Arbour Park Project - St Joseph's Improvements						
Children's Centres and Places for 2 Year Olds	£705	£40	£40	£40	£40	£1,352
DDA/SENDA access works	£90	£50	£50	£50	£50	£300
Youth Service upgrades	£25	£25	£25	£25	£25	£200
Schools Devolved Capital						£156

Ongoing Project Totals	£11,335	£6,837	£1,864	£1,615	£115	£21,766
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Contingency projects or schemes yet to be approved	£2,980	£10,817	£3,350	£5,750	£7,750	£30,647
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Grand Total	£14,315	£17,654	£5,214	£7,365	£7,865	£52,413
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SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

CONTACT OFFICER: Joseph Holmes, Assistant Director Finance & Audit
(For all enquiries) (01753) 87 5358

WARD(S): All

PORTFOLIO: Cllr. Rob Anderson; Lead Commissioner for Finance & Strategy

PART I
KEY DECISION**TREASURY MANAGEMENT STRATEGY 2015-16****1 Purpose of Report**

The Treasury management strategy (TNMS) 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

Members are asked to Recommend approval of the Treasury Management Strategy for 2015/16 to Council on 19th February 2015.

3 Slough Joint Wellbeing Strategy**3.1 SJWS Priorities**

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

3.2 Corporate Plan

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

Risk	Mitigating action	Opportunities
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	none
Communications	None	none
Community Safety	None	None
Financial; Detailed in the report and above	As identified	Returns outperform the budget income
Timetable for delivery; A number of capital projects have been reprofiled into the 2014-15 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 2015/16 is required to set out how the Council intends to manage its treasury management risk. The Council's treasury policy is set out in Appendix 1 of this report. The Treasury management Strategy complies with the requirements set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

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

6. Key Principles

6.1 The medium term capital finance budget is a key part of the council's budget

strategy. When setting the Treasury management strategy the Council has considered

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

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

7. Service Delivery and Performance Issues

7.1 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 in the short term.

7.2 Current Position

7.2.1.1 The Council currently has £182.4m of borrowing and average investments of around £90m investments throughout the year. The underlying need to borrow is measured by the Capital Financing Requirement (CFR) while usable reserves are the underlying resources available for investment. The current strategy is to maintain borrowing and investments below their underlying levels.

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 2015/16.

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

8 Comments of Other Committees

The Treasury Management annual report was considered by the Overview & Scrutiny Committee on 11th November 2014 and the draft Treasury Management Strategy 2015/16 is due to be considered by the Committee on 5th February 2015. Any comments will be reported to Cabinet.

9 Appendices Attached

'A' Treasury Management Strategy 2015/16

7 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 2015/16

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

There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.

The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee. Despite two MPC members having voted for an 0.25% increase in rates at each of the meetings August 2014 onwards, some Committee members have become more concerned that the economic outlook is less optimistic than at the time of the August Inflation Report.

Credit outlook: The transposition of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The Bank Recovery and Resolution Directive promotes the interests of individual and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast Deposit Guarantee Schemes Directive includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, the credit risk associated with making unsecured bank deposits will increase relative to the risk of other investment options available to the Authority.

Interest rate forecast: The Authority's treasury management advisor Arlingclose forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. Arlingclose believes the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%. The risk to the upside (i.e. interest rates being higher) is weighted more

towards the end of the forecast horizon. On the downside, Eurozone weakness and the threat of deflation have increased the risks to the durability of UK growth. If the negative indicators from the Eurozone become more entrenched, the Bank of England will likely defer rate rises to later in the year. Arlingclose projects gilt yields on an upward path in the medium term, taking the forecast average 10 year PWLB loan rate for 2015/16 to 3.40%.

A more detailed economic and interest rate forecast provided by the Arlingclose 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.

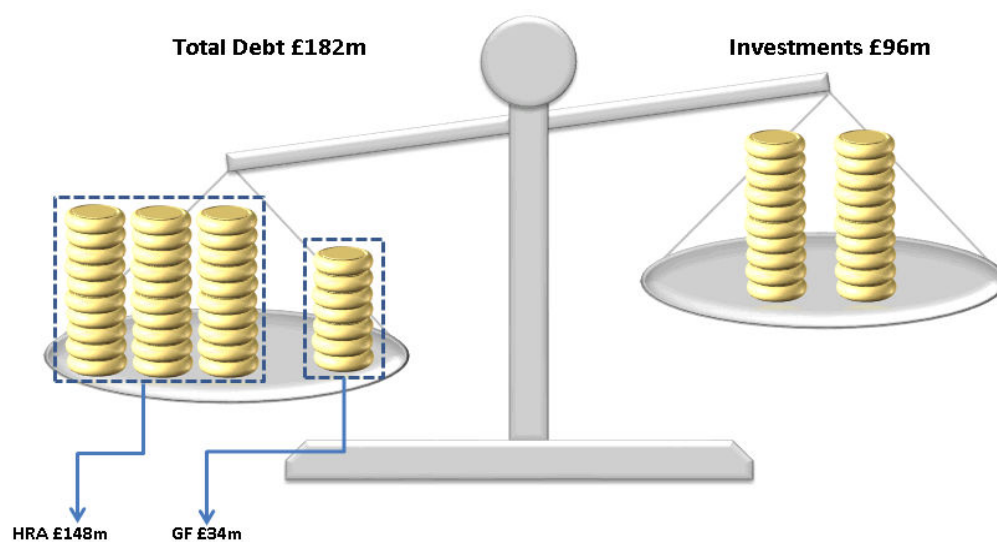


Table 1: Balance Sheet Forecast

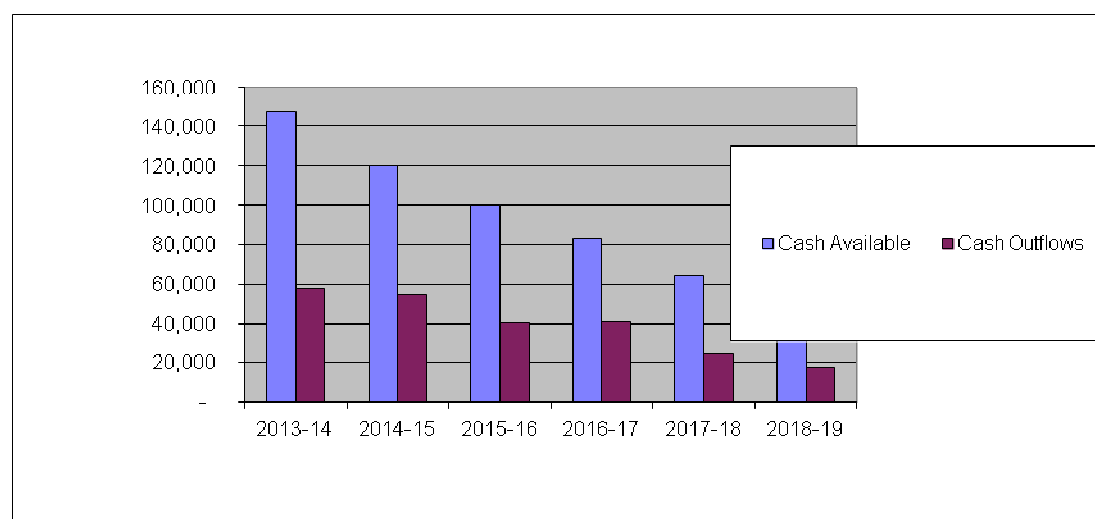
Slough Borough Council					
Balance Sheet Summary and Projections in £millions					
31st March	2014	2015	2016	2017	2018
General Fund Capital Financing Requirement	128.3	137.1	137.3	114.9	113.8
HRA Capital Financing Requirement	159.0	159.6	163.9	164.1	165.3
Total Capital Financing Requirement	287.3	296.7	301.2	279.0	279.1
Less: Other long-term liabilities *	(48.35)	(45.30)	(41.96)	(40.07)	(38.20)
Loans Capital Financing Requirement	238.97	251.40	259.20	238.9	240.90
Less: External borrowing **	(182.87)	(182.8)	(177.8)	(173.8)	(170.8)
Internal (over) borrowing	56.1	68.60	81.40	65.10	70.01
Less: Usable reserves	(126.5)	(120.1)	(127.9)	(110.2)	(114.2)
Net Borrowing Requirement/(Investments)	(70.4)	(51.50)	(46.5)	(45.1)	(44.2)

* 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

	Cash Available	Cash Outflows
2014/15	119,125	40,284
2015/16	103,759	57,631
2016/17	88,301	49,929
2017/18	84,174	27,064
2018/19	69,963	37,148
2019/20	60,414	32,486



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 2015/16.

5 **Borrowing Strategy**

The Authority currently holds £182.3 million of loans, which is the same as the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not expect to need to borrow in 2015/16.

Objectives: 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.

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

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. 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 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

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

- Public Works Loan Board (PWLB)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues

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

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

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

LGA Bond Agency: Local Capital Finance Company was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for three reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; there will be a lead time of several months between committing to borrow and knowing the interest rate payable; and up to 5% of the loan proceeds will be withheld from the Authority and used to bolster the Agency's capital strength instead. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet and the Capital Strategy Board.

LOBOs: The 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 2015/16, 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. Total borrowing via LOBO loans will be limited to the current £13m.

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

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

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	31,864	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	12/07/2054	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
					182,372,864	

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.

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £84 and £104 million, and similar levels are expected to be maintained in the forthcoming year.

Objectives: 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.

Strategy: Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and higher yielding asset classes during 2015/16. This is especially the case for the estimated £[X]m that is available for longer-term investment. The majority of the Authorities surplus cash is currently invested in short-term unsecured bank deposits, certificates of deposit and money market funds. This diversification will therefore represent a substantial change in strategy over the coming year.

Under the current economic environment it may 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.

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

Table 3: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£15m 5 years	£15m 20 years	£15m 50 years	£5m 20 years	£5m 20 years
AA+	£15m 5 years	£15m 10 years	£15m 25 years	£5m 10 years	£5m 10 years
AA	£15m 4 years	£15m 5 years	£15m 15 years	£5m 5 years	£5m 10 years
AA-	£15m 3 years	£15m 4 years	£15m 10 years	£5m 4 years	£5m 10 years
A+	£5m 2 years	£15m 3 years	£15m 5 years	£5m 3 years	£5m 5 years
A	£5m 13 months	£15m 2 years	£15m 5 years	£5m 2 years	£5m 5 years
A-	£5m 6 months	£5m 13 months	£15m 5 years	£5m 13 months	£5m 5 years

BBB+	£5m 100 days	£5m 6 months	£15m 2 years	£2.5m 6 months	£2.5m 2 years
BBB or BBB-	£5m next day only	£15m 100 days	n/a	n/a	n/a
None	£3m 12 months	n/a	£5m 25 years	n/a	£5m 5 years
Pooled funds	£10m per fund				

This table must be read in conjunction with the notes below

† 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

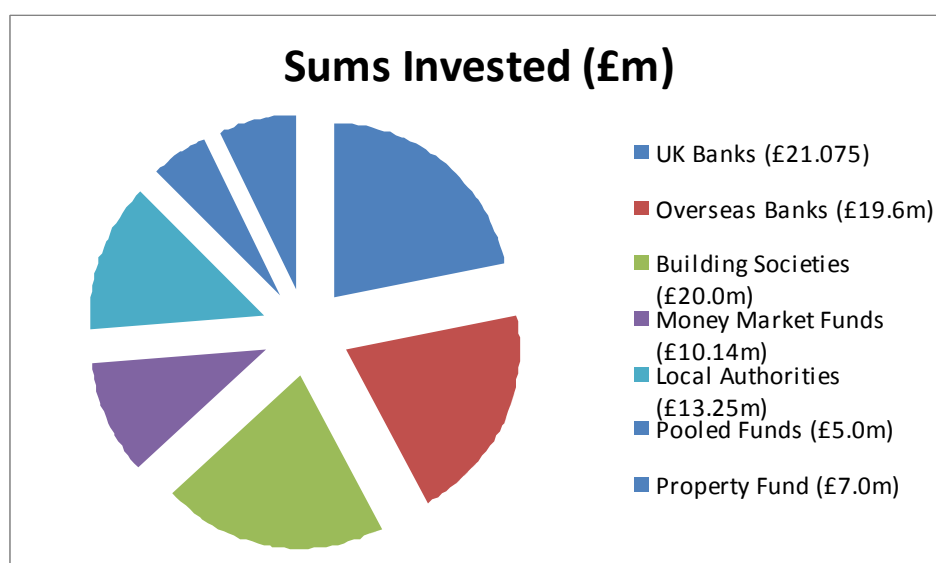
** But no longer than 5 years in fixed-term deposits and other illiquid instruments

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



£14.74m of the above is in instant access accounts (i.e. Call Accounts and Money Market Funds)

8 **Investment Opportunities**

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market 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 pooled funds whose value

changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the 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.

9 Risk Management

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

Other Information on the Security of Investments: The 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 or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

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

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

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The 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 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£40m
Total investments without credit ratings or rated below A-	£10m
Total investments with institutions domiciled in foreign countries rated below AA+	£10m
Total non-specified investments	£60m

10 Investment Limits

The Authority’s revenue reserves available to cover investment losses are forecast to be £88 million on 31st March 2015. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below:

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£15m per group
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker’s nominee	£25m per broker

account	
Foreign countries	£10m per country
Registered Providers	£25m in total
Unsecured investments with Building Societies	£10m in total
Loans to unrated corporates	£10m 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 exceed 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 5: Capital Programme

Capital Expenditure and Financing	2014/15 Revised £m	2015/16 Estimate £m	2016/17 estimate £m	2017/18 Estimate £m
General Fund	39,798	45,502	32,960	10,900
HRA	19,155	11,544	11,489	10,264
Total Expenditure	58,953	57,046	44,449	21,164
Capital Receipts	-8,528	-8,372	-7,142	-3,703
Grants & Contributions	-18,351	-20,957	-24,953	-7,363
Revenue	-4,814	-4,144	-3,789	-2,264
Reserves	-6,500	-6,500	-6,500	-6,500
Borrowing (incl. internal)	-20,760	-17,073	-2,065	-1,334
Total Financing	-58,953	-57,046	-44,449	-21,164

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

Capital Financing Requirement	31.03.15 Revised £m	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m
General Fund	137,125	137,292	114,880	113,777
HRA	159,603	163,935	164,167	165,299

Total CFR	296,728	301,227	279,047	279,076
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The CFR is forecast to rise by £15m over the next two years as capital expenditure financed by internal borrowing outweighs resources put aside for debt repayment before reducing in subsequent years where budgeted capital expenditure reduces.

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.

Debt	31.03.15 Revised £m	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m
Borrowing	182,372	177,372	173,372	170,372
Finance leases	10,061	8,951	7,862	6,917
PFI liabilities	37,540	36,545	35,816	35,087
Total Debt	229,973	222,868	217,050	212,376

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.

Operational Boundary	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	257,399	259,504	261,322	262,996
Other long-term liabilities	47,601	45,496	43,678	42,004
Total Debt	305,000	305,000	305,000	305,000

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.

Authorised Limit	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	267,399	269,504	271,322	272,996

Other long-term liabilities	47,601	45,496	43,678	42,004
Total Debt	315,000	315,000	315,000	315,000

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.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund	4.46%	4.98%	4.40%	4.45%
HRA	13.12%	12.89%	12.66%	12.45%

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

Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
General Fund - increase in annual band D Council Tax	11.56	11.14	4.0
HRA - increase in average weekly rents	0	0	0

12 **MRP Statement 2014/15**

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 2014/15: 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 2015/16 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:

LIMITS ON INTEREST RATE EXPOSURE			
	2014/15	2015/16	2016/17
Limit on Principal invested beyond year end	£45m	£45m	£45m
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:

MATURITY STRUCTURE OF BORROWING			
	Existing Level	Lower	Upper
Under 12 months	13.0	0%	50%
12 months and within 24 months	4.0	0%	50%
24 months and within 5 years	3.0	0%	50%
5 years and within 10 years	18.0	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.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	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	Strong regulatory framework and oversight; Conservative financial management; High likelihood of government support

	loans borrow). Downside 6 weeks set up time.	
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

The Council could seek to invest in specific ethical funds, though there would be a charge to undertake the risk analysis of doing so from the Council's Treasury Management advisors

Appendix A – Arlingclose Economic & Interest Rate Forecast October 2014

Underlying assumptions:

- The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP throughout this year.
- We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of significant contribution from external demand.
- Inflationary pressure is currently low and is likely to remain so in the short-term. Despite a correction in the appreciation of sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
- Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.
- However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
- In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
- The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.
- While the ECB is likely to introduce outright QE, fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term.
- The probability of potential upside risks crystallising have waned a little over the past two months. The primary upside risk is a swifter recovery in the Eurozone.

Forecast:

- Arlingclose continues to forecast the first rise in official interest rates in Q3 2015; general market sentiment is now close to this forecast. There is momentum in the economy, but inflationary pressure is benign and external risks have increased, reducing the likelihood of immediate monetary tightening.

- We project a slow rise in Bank Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Bank Rate post-crisis to range between 2.5% and 3.5%.
- The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term.

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Dec-17	Mar-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00
3-month LIBID rate													
Upside risk	0.05	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.55	0.60	0.65	0.85	1.00	1.15	1.30	1.45	1.60	1.75	1.85	2.05	2.15
Downside risk	0.10	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-1.00
1-yr LIBID rate													
Upside risk	0.10	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.95	1.00	1.05	1.20	1.35	1.50	1.65	1.80	1.95	2.10	2.20	2.40	2.50
Downside risk	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80
5-yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	1.70	1.75	1.90	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.90	2.95
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70
10-yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	2.40	2.45	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.05	3.10
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60
20-yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	2.90	2.95	3.05	3.10	3.15	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.55
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60
50-yr gilt yield													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	3.00	3.05	3.10	3.15	3.20	3.25	3.30	3.35	3.40	3.45	3.50	3.55	3.60
Downside risk	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

CONTACT OFFICERS: Savio De Cruz, Acting Head of Transport
Charlotte Lee, National Management Trainee
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WARD(S): Cippenham Green, Cippenham Meadows, Chalvey, Central, Farnham, Foxborough, Kederminster, Upton

PORTFOLIO: Councillor Sohail Munawar
Commissioner for Social and Economic Inclusion.

PART I
KEY DECISION**SLOUGH MASS RAPID TRANSIT (SMaRT) DETAILED DESIGN AND PUBLIC CONSULTATION UPDATE****1. Purpose of Report**

The purpose of this report is to provide Cabinet with an update on the current progress of the Slough Mass Rapid Transit (SMaRT) scheme detailed designs, and to provide Cabinet with feedback from the SMaRT public consultations held in October 2014.

2. Recommendation(s)/Proposed Action

- 2.1. The Cabinet is requested to resolve that the progress made on this project, as set out below, be noted:
- (a) That the detailed designs for the SMaRT scheme are currently underway.
 - (b) That a public consultation into the SMaRT scheme has been completed.
 - (c) That the results of the public consultation into the SMaRT scheme are as outlined in Section 5 of this document.
 - (d) That the consultation results are accepted and that the designs are amended to reflect the points raised during the consultation.
 - (e) That the conclusions of this Cabinet meeting are accepted and shall be implemented in line with the Council's procurement policy.

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

3.1. Aims relating to this report:

- Ensuring better community engagement to improve the wellbeing of our residents
- Increase residents' level of physical activity

- 3.2. The SMaRT project will promote sustainable alternatives to private cars, and will ensure that major employment areas such as Slough Trading Estate and the town centre will be accessible by sustainable transport. This increased accessibility and connectivity will help residents to make healthier and more sustainable choices about how they travel, and will enhance social inclusion.
- 3.3. Relieving traffic congestion and reducing stop-start traffic will also have a beneficial effect on air quality, particularly in Air Quality Management Areas 3 and 4 (Tuns Lane/Farnham Road and Town Centre.)

Economy and Skills

- 3.4. Aims relating to this report:
 - Increase prosperity of the community and town
 - Maintain and grow the town's economy
 - Improve transport and communications infrastructure
 - Increase inward investment and town centre regeneration
- 3.5. The scheme helps to reduce congestion, improve journey time reliability, and enhances access to the Town Centre, Trading Estate and Heathrow. In doing so, the scheme will make Slough a more attractive location for business investment, thus contributing to the local economy.
- 3.6. By tackling congestion, SMaRT also has the potential to reduce the current £34 million that Slough loses each year in wasted travel time alone.
- 3.7. SMaRT is linked to the delivery of the 150,000 sq m of office and ancillary space proposed in the Trading Estate masterplan, and will enable over 60,000 sq m of office space and other developments to be delivered in the town centre as part of the 'Heart of Slough' project.
- 3.8. Lastly, SMaRT will enable access to a new secondary school in eastern Slough, thus contributing to the provision of skills and educational opportunities for young people.

Regeneration and Environment

- 3.9. Aims relating to this report:
 - Facilitate the regeneration of Slough town centre to become a thriving sub regional hub for public transport, retail, culture and living
 - Encourage private sector investment to create employment and economic activity that will increase the viability and vitality of the town
 - Maintain and improve access to recreational and leisure facilities, including parks and open spaces, using these in such a way as to ensure local people gain most benefit
- 3.10. Providing a sustainable service which will act as a genuine alternative to the private car will reduce congestion on the approach to the town centre by encouraging people to leave their cars at home and make use of sustainable transport choices. In turn, this will contribute towards a reduction in emissions from 'stop start' road traffic, which will have a positive impact on the environment and on Slough's AQMAs.

- 3.11. Increased connectivity to the town centre will also encourage retail developments and greater patronage of the town centre's amenities, thus contributing to its regeneration.

Housing

- 3.12. Aims relating to this report:
- Better housing standards, including efficiency and more choice and affordability
 - Continue to develop a mix of housing in terms of tenure and size to meet the needs of the current and future population
- 3.13. SMaRT will unlock the potential delivery of 2,300 dwellings in the centre of Slough as part of the 'Heart of Slough' project. With the scheme stretching to Junction 5 of the M4 it will also enable an additional 1,000 dwellings in the borough and will provide good links to enable housing opportunities to the east of Slough.
- 3.14. Land acquired west of the Tuns junction to assist the MRT scheme will also be used as part of a regeneration project to improve the image of the town by providing high quality housing.

Safer Communities

- 3.15. Aims relating to this report:
- A place where people feel safe to live, visit, work and play
 - Promote cohesive open communities that value diversity, encourage a sense of belonging and engender a sense of local pride
- 3.16. Increased connectivity and accessibility to the town centre on safe and sustainable modes of public transport will encourage greater social inclusion.
- 3.17. Further, the regeneration of the local area that is likely to occur as a result of the scheme will also improve the image of Slough and engender a sense of local pride.

Cross-Cutting themes

Civic responsibility

- 3.18. The SMaRT scheme will provide a genuine sustainable alternative to the private car. This will encourage residents to make sustainable transport choices, and will also enable them to walk for part of their journey rather than using private cars to undertake door to door trips. The scheme will therefore encourage residents to make responsible choices to improve their health and the sustainability of their travel.

Improving the image of the town

- 3.19. The project will reduce congestion on one of the main approaches into the town centre and Slough Trading Estate, which has the potential to significantly improve the image and perception of the town in the eyes of businesses and visitors. Moreover, the increased connectivity to the centre of town and the Trading Estate will contribute towards enhancing the image of Slough as an economic hub and an excellent location for business investment.

4. **Other Implications**

(a) Financial

- 4.1. It is important to note the significant financial contribution from the council to this scheme of £8.701m. This will need to be factored into the next Capital Strategy (2015-20) as part of the planning process; this will come to Cabinet early in 2015. This cost will be borne by the Council's General Fund capital programme, and this will result in a revenue cost through either reduced investment balances or through the need to borrow additional funds. The Capital strategy is due to be approved by full Council in February 2015 and at this point, if approved, the scheme will receive the finalised approval for funding from SBC.

Contributions will come from:

SBC General Fund: £2.319m
TVBLEP: £5.6m
S106 : £782,000 (includes Castleview)

(b) Risk Management

- 4.2. Full details relating to this section of the report were presented to Cabinet and resolved on 15th September 2014. Please refer to Cabinet Report 'Slough Mass Rapid Transit Scheme (SMaRT) Phase 1,' 15th September 2014 for further details.

(c) Human Rights Act and Other Legal Implications

- 4.3. Full details relating to this section of the report were presented to Cabinet and resolved on 15th September 2014. Please refer to Cabinet Report 'Slough Mass Rapid Transit Scheme (SMaRT) Phase 1,' 15th September 2014 for further details.

(d) Equalities Impact Assessment

- 4.4. The development of a rapid transit service along the A4 corridor was an integral part of Slough's Third Local Transport Plan 2011- 2026 which was the subject of an Equality Impact Assessment carried out in 2010.
- 4.5. Full details relating to this section of the report were presented to Cabinet and resolved on 15th September 2014. Please refer to Cabinet Report 'Slough Mass Rapid Transit Scheme (SMaRT) Phase 1,' 15th September 2014 for further details.

(e) Workforce

- 4.6. No issues.

(f) Property

- 4.7. Full details relating to this section of the report were presented to Cabinet and resolved on 15th September 2014. Please refer to Cabinet Report 'Slough Mass Rapid Transit Scheme (SMaRT) Phase 1,' 15th September 2014 for further details.

5. Supporting Information

Strategic Context

- 5.1. The CPO process for this scheme is being managed as per the details in the report presented to Cabinet on 15th September 2014.

Benefits

- 5.2. The SMaRT scheme will deliver a number of benefits for residents and businesses. Firstly, the scheme will help to deliver traffic improvements and reduce congestion, leading to improved and more reliable journey times for local people and commuters.
- 5.3. Residents will enjoy the benefits of a reduction in traffic congestion along the A4 through the removal of localised pinch points between Galvin Road and the Tuns Junction and also between Upton Court Road and High Street, Langley. The scheme will also contribute to enhancing access into the centre of Slough, and will play a part towards the regeneration of this key strategic route. Pinch point removal, regeneration and enhanced connectivity is likely to encourage greater investment and patronage in the town, therefore making it a more attractive place to live, work, and shop.
- 5.4. The scheme will also unlock over 60,000 sq m of office space, and 2,300 dwellings and other developments in the centre of Slough. It will also enable an additional 1,000 dwellings to be delivered in the town over and above current LDF allocations. SMaRT will also mitigate existing and forecast levels of congestion, and will make a significant contribution to enabling the creation of at least 4,750 new direct full time jobs in Slough and over 2,000 further indirect full-time jobs.
- 5.5. SMaRT will also attract money into Slough. Enhanced connectivity to Heathrow, Slough Trading Estate and the centre of Slough will encourage residents and businesses from neighbouring boroughs to live, work, and visit Slough. This will lead to increased expenditure in the centre of the town, which in turn will contribute towards its continued regeneration and revitalisation. Further, as outlined above, the scheme also unlocks opportunities for housing and employment floor space.
- 5.6. The scheme will also help to deliver a modal shift, by initiating a step change in public transport to and from the airport and the wider Slough area. Whilst the shuttle bus services that are currently provided by individual businesses along the A4 Bath Road deliver a number of benefits, there is room for these services to be consolidated and improved. The SMaRT scheme will accomplish this by delivering a service that is suitable for business and public use, in contrast to the shuttle bus service, which only provides for businesses. Not only does this provide an additional service for residents, but the increased patronage that will occur from streamlining business and resident services into one scheme could also lead to a reduction in ticket prices. Therefore, the SMaRT scheme will also help to provide a reliable, sustainable, and affordable way for residents to travel.
- 5.7. Modal shift will bring other benefits to the town specifically a reduction in cars on the road network. It is not possible to predict the reduction in cars on the network but similar MRT schemes have seen between 19% and 28% of journey's switched from

car to bus. This shift would have a positive impact on the network and on improving air quality in the town.

- 5.8. SMaRT also complements a number of Slough Borough Council's proposed new schemes. For example, the Slough Basin and Stoke Road regeneration schemes will improve connectivity between Slough and its surrounding boroughs. However, improved connectivity between Slough and its surrounding areas is futile if Slough itself is not connected, and if visitors are not able to travel easily around Slough's key strategic locations when they arrive. This connectivity within Slough itself is delivered by SMaRT. The SMaRT scheme therefore complements these proposed schemes in order to ensure that Slough's external links are also easily accessible internally via sustainable modes of transport. This will make Slough more attractive and will encourage residents, businesses and visitors to invest in Slough.
- 5.9. Further, the proposed A332 and A355 route enhancement schemes will reduce congestion along a number of Slough's strategic routes, thus improving access into the centre of Slough, the M4, and Slough Trading Estate. Both schemes also unlock opportunities for housing in addition to new office and ancillary space. There is also an opportunity to unlock further housing opportunities as a result of the A355 route enhancement, as well as the regeneration of parts of Slough along the Farnham Road and Chalvey.
- 5.10. By linking the areas served by these improved strategic routes, including the Trading Estate and the centre of the town, SMaRT will once again succeed in improving Slough's internal accessibility. In the same way as it enhances the Slough Basin and Stoke Road schemes, SMaRT will also complement and improve the external accessibility delivered by schemes such as the A332 and A355 route enhancements, by ensuring that the newly improved connections to the M4 and other strategic locations are also easily reached internally via public transport. By complementing and enhancing the delivery of the A332 and A355 schemes, SMaRT will also contribute towards unlocking the opportunities for housing and employment floor space detailed above.

Public Consultation

- 5.11. 550 consultation leaflets were sent to residents and businesses via post, and roughly another 50 were sent in an additional postal delivery. Approximately 600 consultation leaflets were therefore delivered to residents and businesses via the postal service. Roughly 200 were taken to the public consultation events, meaning that between 600 and 700 paper copies of the consultation leaflets were given to residents. The leaflets gave residents the option to respond to the consultation questionnaire via the freepost address on the back of the leaflet, or via the Council's online consultation portal.
- 5.12. Slough Borough Council received 29 responses via post, and 393 via the online portal. In total therefore, Slough Borough Council received 422 responses to the estimated 600- 700 leaflets that were distributed. Responses were received from both residents and businesses. These results suggest a high level of public interest in the scheme from residents and businesses alike, and also suggest that people showed a strong preference for completing the questionnaire online rather than via post.

Total Responses (Online and Postal)

Figures:

Question	Yes	No	No Response
Do you agree with the removal of on-street parking on the westbound service road from Twinches Lane to the PC World junction?	200	200	22
Do you agree with the removal of on-street parking on the eastbound service road between O2 and Galvin Road?	200	198	24
Do you support the proposed eastbound and westbound one-way roads between Ipswich Rd to Leigh Road? (Eastbound one-way)	178	219	25
Do you support the proposed eastbound and westbound one-way roads between Leigh Road to Twinches Lane? (Eastbound one-way)	173	223	26
Do you support the proposed eastbound and westbound one-way roads between Galvin Road to Thirkleby Close? (Eastbound one-way)	175	224	23
Do you support the proposed eastbound and westbound one-way roads between Twinches Lane to the A4 and its junction with service road opposite Leigh Road? (Eastbound one-way)	168	225	29
Do you support the proposed eastbound and westbound one-way roads between Westgate retail park to the service road opposite Leigh Road? (Eastbound one-way)	159	233	30
Do you support the proposed bus stop hub located on the Bath Road (near Ipswich Road)?	224	167	31
To reduce congestion we are proposing to widen the carriage way, do you agree with the road widening on the north side of A4 near Tesco and Wexham Road?	251	149	22
To reduce congestion we are proposing to widen the carriage way, do you agree with the road widening on the south side of the A4 between High Street Langley/ Ditton Road junction and Ditton Park?	243	164	15

- 5.13. Following public consultation on this scheme, Slough Borough Council received a number of comments from residents and businesses, including a petition.
- 5.14. The concerns highlighted by residents and businesses are being addressed, and will be used to inform the detailed design process.
- 5.15. Residents used this opportunity to raise a number of issues, including concerns that the scheme will lead to; an increase in noise and pollution; an increase in congestion; loss of footpaths and compromised pedestrian safety; damage to the landscape; and a decrease in property value. Some residents also questioned the value added by the scheme, due to the fact that there are already 12 buses per hour along this route these issues were replicated in the petition.
- 5.16. Slough Borough Council's response is that there is not likely to be any increase in either noise or pollution. The buses will be hybrid buses, meaning that the type of vehicles used along this route will actually be less polluting and much quieter than conventional vehicles.
- 5.17. Furthermore, congestion is in fact likely to be reduced due to the fact that dedicated bus lanes will be provided, thus freeing space on the A4 for private cars. By providing excellent public transport links to the centre of the town, the scheme is also likely to encourage car owners to utilise public transport, thus reducing the amount of traffic on the road.
- 5.18. In addition to this, public footways will in fact remain in place, and are affected only insofar as being redirected.

- 5.19. Moreover, landscaping will be carried out, and existing highway land will be utilised in order to prevent damage to the landscape.
- 5.20. As has already been stated, noise, pollution and congestion are likely to reduce following the implementation of SMaRT, meaning that these factors are unlikely to cause any fall in property values. It is also conceivable that property values may increase, due to the fact that fast services to Heathrow and the centre of Slough are accessible from their properties.
- 5.21. Lastly, residents highlighted concerns that there will be no value added by the scheme as there are already 12 buses per hour on this route. The scheme will make existing services quicker, meaning that it will be easier and faster to access the Trading Estate, centre of town, and Heathrow. Furthermore, the scheme will utilise highway land rather than park or private land, so it adds value to the existing bus service without damaging Slough's parks and green spaces.
- 5.22. Businesses have also expressed concerns about junction capacity and the facilities for access into their car parks along the A4 Bath Road. Officers have met with SEGRO representing the businesses and also separately individual companies to discuss their concerns.
- 5.23. The main concern of access will not be removed as part of this scheme and so businesses will still be able to continue as before. However, the main issue for businesses has been the direction of traffic in the service road between in each junction which can be seen in the responses. This concern has been overcome by agreeing to undertake the traffic regulation order under an experimental order allowing both the businesses and the council the opportunity to see how traffic and businesses are coping with the new layout, if changes are required then experimental order can be altered.
- 5.24. The concern of capacity at each junction is a valid point raised by businesses. The design of each junction specifically with regard to traffic signal timings is now made easier through the SMaRT scheme. The new One Way proposals for the service road will enable the Council to determine the amount of time to allocate to each entrance and exit point. The Council is not able to do this with the existing layout as drivers habits change depending on the levels of congestion and therefore they have joined the service road at different junctions. The new proposal will not permit this and therefore designers will be able to predict with confidence the movements at each junction and apportion sufficient time for vehicles entering and exiting the service road.
- 5.25. Questions were also asked why the MRT service is switching to the service road at Twinches Lane and not Wellcroft Road. Designers will review the potential to run the bus from Wellcroft Road and/or Cranborne Road. However, between Cranborne Road and Wellcroft Road there are residential properties and pockets of private land, it is felt that due to the number of trips made by residents and the businesses in this location, that there would be too many conflicts with the new service.
- 5.26. The CPO process is at a point where negotiations with SMC Ford over the amount of land required to deliver the improvements is reaching a conclusion. Agreements have been reached in principle for the remaining sites and therefore there is confidence in completing in concluding the purchases before the scheme commences next year.

- 5.27. As stated above, the concerns highlighted by residents and businesses are being addressed, and will be used to inform the detailed design process.

6. Comments of Other Committees

- 6.1. At the Cabinet meeting of 15th September 2014, Cabinet received a report entitled 'Slough Mass Rapid Transit Scheme (SMaRT) Phase 1.' This report outlined the first phase of the scheme in detail.
- 6.2. The most recent progress on the detailed designs and the public consultation has not been taken to, or been commented on by, any other committees.

7. Conclusion

- 7.1. The CPO process for this scheme is being managed as per the details in the report presented to Cabinet on 15th September 2014 and that progress has been made with the majority of property owners along the A4.
- 7.2. There is general support for the scheme from both businesses and the wider public through the various exhibitions and presentations around the town.
- 7.3. The detailed design for the scheme is being amended to reflect the comments received through the consultation process such as signal timing, access arrangements and direction of traffic on the service roads, following meetings with the various companies along the A4.
- 7.4. That the representations from residents and businesses be set aside as the concerns raised have been incorporated into the design
- 7.3. That Slough Borough Council go out to tender on this scheme, and on the A332 and A355 route enhancement schemes, in March 2015.
- 7.6. Slough Borough Council received 29 responses to the SMaRT consultation via post, and 393 via the online portal. These results suggest a high level of public interest in the scheme from businesses and residents alike, and also suggest that people showed a strong preference for completing the questionnaire online rather than via post.

8. Appendices Attached

None.

9. Background Papers

'1' <http://www.slough.gov.uk/council/strategies-plans-and-policies/local-transport-plan-ltp3.aspx>

'2' <http://www.slough.gov.uk/parking-travel-and-roads/plans-for-the-future.aspx>

'3' <http://www.slough.gov.uk/parking-travel-and-roads/slough-mass-rapid-transit-smart.aspx>

'4' <http://static.slough.gov.uk/downloads/SJWSbooklet-final-2013.pdf>

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SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

CONTACT OFFICER: Kate Pratt, Communications Manager
(For all enquiries) (01753) 875088

WARD(S): All

PORTFOLIO: Councillor Martin Carter, commissioner for community and leisure
Councillor Sohail Munawar, commissioner for economic and social inclusion

PART I
NON-KEY DECISION**PUBLIC OUTDOOR EVENTS POLICY****1 Purpose of Report**

This report sets out background to amending the public outdoor events policy for the council which was approved by Cabinet in October 2011 and also amended and approved by Cabinet in October 2013.

The policy governs all outdoor events in the town centre and the council's parks and open spaces to which the public is invited or can attend.

Having a prescribed events policy gives clarity to event organisers and ensures the council meets its obligations in terms of health and safety, protecting council assets and using resources correctly.

2 Recommendation(s)/Proposed Action

Cabinet is requested to resolve:

(a) That the amendments to the public outdoor events policy (at appendix A – amendments detailed in the report below at 5.5) be approved.

(b) That Cabinet make any other comments on events in Slough and their facilitation.

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).

3a. Slough Joint Wellbeing Strategy Priorities

This report and the Public Outdoor Events Policy contribute to the following priorities in the Slough Joint Wellbeing Strategy:

- Health
- Regeneration and Environment
- Safer Communities

Well-managed events also contribute to the cross cutting themes of improving the image of the town and civic responsibility.

4 **Other Implications**

(a) Financial

Events, in particular town centre based promotional activities, provide an income to the council. The update to the policy this report details includes opening up another town centre location for promotional activity which, potentially, increases income generation.

In 2014/15, income generated by town centre promotional activity, commercial event fees and charges, sponsorship and other activities detailed in the policy, is expected to offset council spend – exclusive of wages – on Slough Borough Council corporate events including the canal festival, bonfire, WW1 centenary events and Christmas lights switch on.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal		The policy provides for a clear legal arrangement between organisations and individuals holding events and the council and will protect the council's interests.
Property	None	
Human Rights	None	
Health and Safety		The policy protects the health and safety of any and all visitors to public outdoor events taking place in Slough.
Employment Issues	None	
Equalities Issues		An EIA has been completed for the policy. Events provide an opportunity for different communities to come together and therefore promote community cohesion. The policy supports equal access of all protected characteristic groups to access public events. There is a requirement that events in the town centre and parks and open spaces should not promote a particular religion to ensure

		discrimination is prevented. However events related to festivals of a non-promotional nature, for example Diwali fireworks or carol singing will still be permitted.
Community Support	None	
Communications	None	
Community Safety	None	
Financial	None	
Timetable for delivery	None	
Project Capacity	None	
Other		The policy was been developed in part to reduce and mitigate the risks of holding public events within the borough. Such events pose potential risks in terms of health and safety, public order and costs to the council. If events are managed in the way set out in the policy such risks will be minimised. Individual risk assessments will be carried out for each event. There is an inherent risk to the council should a fit for purpose policy not be in place.

(c) Human Rights Act and Other Legal Implications

The policy provides for a clear legal arrangement between organisations and individuals holding events and the council and will protect the council's interests. There are no Human Rights Act implications..

(d) Equalities Impact Assessment

An EIA has been completed for the policy. Events provide an opportunity for different communities to come together and therefore promote community cohesion. The policy supports equal access of all protected characteristic groups to access public events.

There is a requirement that events in the town centre and parks and open spaces should not promote a particular religion to ensure discrimination is prevented. However events related to festivals of a non-promotional nature, for example Diwali fireworks or carol singing will still be permitted.

5 **Supporting Information**

- 5.1 Public outdoor events as governed by the policy are: A one off or annual large scale activity with a corporate cross-council focus, or large events by an external organiser to which the public are invited with no restrictions on numbers – for example fireworks events, canal festival, fairs, Mela... or....
- 5.2 ...A one off or annual large scale activity with a specific service focus to which the public are invited in an unlimited way – for example Urban Action, Play Day, Winter Wonderland and similar.
- 5.3 Other activities to which a limited number of people can sign up or register to take part in – for example a boot camp, healthy walks, park run or half-term activity club may also take place in parks and open spaces and these are managed separately and are not governed by this policy.
- 5.4 Events in Slough are booked and arranged through the events officer, part of the communications team. All events are required to go to the multi-agency safety advisory group (SAG) and gain support before the council issues approval for the event to take place.
- 5.5 The amendments made to the policy are as follows:
- Detailed definition of what constitutes an event
 - To clarify responsibility and authority for agreeing public outdoor events – what constitutes the council approving an event
 - To not permit circuses which involve animals
 - The addition of traffic management and parking enforcement as separate charges to the hiring and administration fees
 - To clarify the council's policy on not allowing mobile leaflet distribution in the town centre
 - To open Mackenzie Square as a site for town centre promotional activities and events
 - To bring-forward the deadline deposits are required to be with the council.
- 5.6 The amendments to the policy have been drafted after consideration of experience of SBC and non-SBC organised events and comments from event organisers. The policy sets out principles and procedures with the aim of providing clear processes for event organisers. It also reflects best practice in other local authorities.

6 **Comments of Other Committees**

None

7 **Conclusion**

Slough is very popular as a venue for commercial and non-commercial events, promotions and fun fairs. Events are a vital element of the cultural scene in Slough but events have to be managed effectively with external events putting no financial pressure on the council.

The policy has been reviewed and it is believed amendments are necessary to better reflect best practice across the council and ensure clarity for event organisers. Cabinet is asked to approve the amendments to the policy so we can ensure consistent control, management and monitoring of events in Slough.

8 **Appendices Attached (if any)**

A - Public outdoor events policy with amendments

9 **Background Papers**

None

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Public outdoor events policy

October 2011

Reviewed & amended October 2013

Reviewed & amended December 2014

Background

Slough is an area of cultural diversity with vibrant communities and a strong voluntary sector.

Slough's parks and open spaces, population and history make it a popular location for large and small events, fun fairs, commercial activities and promotions.

Events are a vital element of the cultural scene in Slough but events have to be managed effectively with external events putting no financial pressure on the council.

This policy has been drafted after consideration of experience of SBC and non-SBC organised events and sets out principles and procedures with the aim of providing clear processes for event organisers.

A separate booking form will also be provided to all event organisers with detailed terms and conditions, which, along with this policy, will form part of a binding contract for event organisers wishing to use Slough as a location.

The policy will provide consistent control, management and monitoring of events in Slough.

Date of implementation

1 January 2012

Reviewed October 2013 – implemented 1 January 2013

Reviewed December 2014 – implemented 1 February 2014

Priorities

Slough Borough Council has a series of priorities for the town which feed into two central cores.

Events should contribute to the council's core priorities of:

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

Events should also contribute to the two central cores:

- Improving the image of the town
- Civic responsibility

Aim

The aim of the events policy is to promote and manage the staging of controlled and safe outdoor events within the borough of Slough in a way so they place no financial pressures on the council.

Objectives

- To ensure the maximum benefit to local residents from outdoor events in Slough
- To ensure the health and safety of all visitors to outdoor events in Slough
- To establish high standards of public safety, food handling, fire safety, environmental protection at events
- To ensure road safety and minimise the impact on the traffic network from events being held in Slough
- To minimise any detrimental effect of such events to Slough's environment
- To manage the bookings of the Town Square and all the council's parks and open spaces for events and promotional activities.

Definition of events governed by this policy

i) A one off or annual large scale activity with a corporate cross-council focus, or large events by an external organiser, to which the public are invited with no restriction on numbers – for example fireworks event, Slough festival, canal festival, fairs, Mela, etc.

The lead for these is the council's events officer, who must approve them in consultation with relevant service managers.

ii) A one off or annual large scale activity *with a specific service focus* to which the public are invited in an unlimited way – for example Urban Action, Play Day etc.

The lead for these will be relevant service managers in consultation with the events officer.

iii) All other regular activities which a limited number of people can sign up for or register to take part in - for example a boot camp, healthy walks, park run or half term activity club.

These are the responsibility of service managers who may approve them, consulting with the events officer if risk assessment identifies SAG implications.

Criteria for event agreement

The following criteria will be used to determine whether approval will be given to a specific event:

- Public safety and security
- Effect on the local area
- Effect of the event on regular users of the public space
- Size of area required and numbers attending
- Impact on transport infrastructure – for example parking, road closures, congestion
- Quality of the event

- Relevance to council priorities
- The ability of the organisers to plan, manage and control the event
- No financial risk to Slough Borough Council
- Compliance with the HSE's The Events Safety Guide: A guide to health, safety and welfare at music and similar events (HSG195)
- Adherence to relevant legislation
- Adherence to the principles of the council's equal opportunities policy statement 2014
- Other criteria as specified by SAG or set out in conditions specific to the location of the event

SAG

SAG is the multi-agency Safety Advisory Group which includes representatives from Thames Valley Police operations and roads policing, Royal Berkshire Fire and Rescue, environmental health, traffic and network management, environmental services, events, health and safety, emergency planning and licensing.

The group is chaired by the council's emergency planning officer.

The terms of reference for the group are attached to this policy.

Policies

1. Slough Borough Council arranged events take priority over all other bookings
2. Slough Borough Council will not approve an event which does not have the support of the multi-agency safety advisory group (SAG).
3. A public outdoor event as defined by the policy (see item I and ii) in the definition of events governed by the policy – above) in the Town Square, Mackenzie Square or any council parks and open spaces can only be approved by the events officer and communications manager in conjunction with relevant council teams.
4. Event bookings will only be considered if submitted a set time in advance of the date requested:
 - Three months notice for events with up to 1,000 attendees
 - Six months notice for events with between 1,000 and 5,000 attendees
 - 12 months notice for events with more than 5,000 attendees
5. Slough will only host one circus or similar event per calendar year.
6. Slough Borough Council will not approve any circuses which include animals, wild or domestic.
7. All large events (5,000 people or more) to be held at Upton Court Park.
8. Slough will only host one large event (5,000 people or more) at Upton Court Park in any four week period, inclusive of weekends.
9. No events or activities promoting a particular religion or political party to take place in Slough Town Square, Mackenzie Square or any of the council's parks or open spaces.
10. No mobile leafleting activities will be approved for the Town Centre.
11. Charitable events will only be approved if hosted by a registered charity.
12. A deposit will be required for all event bookings. This deposit is non-refundable in the event of a cancellation but will be returned to the event organiser

- following completion of the event and no additional costs being incurred (see 17). The deposit will reflect the possible costs of waste collection, restitution of the site, utilities and projected staff attendance beyond the administration fee. The deposit will be required 12 weeks before the event date or when the council approves the event – whichever is sooner.
13. All commercial events or promotions will be required to pay a fee for each day / week they have use of the venue. All fees will be required four weeks before the event date or when the council approves the event – whichever is sooner.
 14. All charitable events or promotions will be offered a discount of 80% on the commercial fee for each day / week they have use of the venue unless otherwise decided by the events officer in conjunction with the communications manager. All fees will be required four weeks before the event date or when the council approves the event – whichever is sooner.
 15. All commercial events or promotions will be required to pay an administration fee. All fees will be required four weeks before the event or when the council approves the event – whichever is sooner.
 16. All charitable events or promotions will be offered a discount of 80% on the commercial administration fee unless otherwise decided by the events officer in conjunction with the communications manager. All fees will be required four weeks before the event or when the council approves the event – whichever is sooner.
 17. The council will charge additional fees for events requiring:
 - a. traffic management
 - b. parking enforcement
 - c. planning and / or building control
 - d. additional litter collection (during or post event)
 - e. removing park furniture
 - f. officers being present at the event
 - g. repairs to park equipment, hard or soft landscaping, gates, fencing and bollards
 - h. use of changing rooms or opening and closing of gates
 - i. use of water from metered external taps (Upton Court Park)
 - j. electricity (Town Square and Upton Court Park only)
 - k. removal of flyposting
 - l. additional work undertaken by officers due to organisers not adhering to advice or recommendations from SAG, the HSE's The Events Safety Guide: A guide to health, safety and welfare at music and similar events (HSG195), missing deadlines for paperwork or changing the event plan after the paperwork has been submitted.
 18. Public liability insurance of £10million is required for all bookings. Proof of appropriate insurance must be received before a booking is confirmed.
 19. All licensing legislation must be adhered to. Fees will be charged by the council's licensing service, payable on approval of the licence application.
 20. Litter caused by an event is not household waste and removal and appropriate disposal is the responsibility of the event organiser.

Fees and charges

The council will set an annual scale of fees and charges for event hire, based on the type of event, amount of venue used, capacity attendance, effect on the local population and event duration.

The appendix sets out the fees and charges.

These charges will form part of the council's annual review of fees and charges.

The following regulations apply:

- Prices include hire of the venue for one day and a separate administration fee.
- The fee provides for a one day event and includes one day setting up and one day taking down. Any additional days needed for set up or taking down will be charged at the agreed daily rate.
- Funfair set up and de-rig will be charged at a flat fee of £100 per day following the one free day given for each.
- Discretion to waiver or vary fees may be exercised by the commercial officer in conjunction with the communications manager.

Further information

For any further information on the events policy please contact Slough Borough Council events on:

Tel: 01753 875194

Email: events@slough.gov.uk

Web: www.slough.gov.uk

Fees and charges for outdoor events in Slough

Large parks (for example Upton Court Park, Kedermister Park, Salt Hill Park)

Commercial: £3,000 to £15,000 per day

Rate will depend on:

- extent of park used (for example: lower rates for part of a park used, higher rates for all of a park used)
- projected attendance
- charging policy of event
- and will include the administration fee

Charitable, not-for-profit: 20% of commercial rate

Smaller parks (for example Lascelles Park, Mercian Way Recreation Ground, Bloom Park)

Commercial: £2,000 to £5,000 per day

Rate will depend on:

- extent of park used
- projected attendance
- charging policy of event
- and will include the administration fee

Charitable, not for profit: 20% of commercial rate

Funfairs

- Large (six to 10 powered rides, rollercoasters and more than 10 stalls, temporary structures / ancillary vehicles): £1,000 per day.
 - Small (less than six powered rides, no rollercoasters, less than 10 stalls and less than 10 temporary structures / ancillary vehicles): £400 per day.
-

Town Square & Mackenzie Square

- Town Square

Commercial event or promotion: £500 to £1,000 per week

- McKenzie Square

Commercial event or promotion: £350 to £750 per week

Rate will depend on:

- extent of High Street used
- projected attendance
- single event or block booking
- and will include the administration fee

Charitable, not for profit: 20% of the commercial rate.

SLOUGH SAFETY ADVISORY GROUP

Terms of Reference

Policy statement

It is the policy of Slough Borough Council (the council) to uphold high standards of public safety at all events in Slough. To ensure, so far as is reasonably practicable, the safety and well being of the public at those events. To aid this the council maintains a safety advisory group to offer specialist advice to persons or organisations wishing to stage events in Slough and to advise the council of any advice given.

Main role of SAG

The main role of the SAG is to provide specialist advice to event organisers to help them discharge their duty to public safety and wellbeing functions. The SAG will operate in accordance with these agreed terms of reference, and will keep and make available, as appropriate, records of its activities in order that it effectively carries out this function and ensures transparency of decision making. The terms of reference are dynamic and reviewed on a regular basis.

Specific terms of reference

- To advise on the event, venues and its immediate environs as required
- To advise on the exercise of Council Officers' powers under Health and Safety and Food Safety legislation and under the Licensing Act 2003 for the event and venues
- To advise on the enforcing actions and duty of care of the local authority and other partners as defined in related legislation
- To provide a forum within which the local authority and partners develop a co-ordinated approach to public safety and wellbeing
- To take on other safety and public protection functions as agreed
- To receive, consider and act upon reports in relation to matters found during inspections by group members
- To receive notification of the issue of any legal notices or prosecutions

Status of SAG and conflicts of interest

All comments and observations made by the SAG are always advisory. SAG has no statutory compulsion and event organisers are under no obligation to submit information, attend SAG meetings, or follow the SAG's advice. However, the advice given will assist event organisers in meeting their legal obligations.

Although SAG's recommendations are considered best practice, each of the constituent members has their own regulatory role and may exercise their powers independently of SAG. If it is decided by the SAG that the correct event planning is not in place, it can recommend that the event does not go ahead.

SAG is not a licensing panel but can recommend to the panel that an application to the Council for a licence be refused.

SAG does not directly manage or let the Council's premises, parks or open spaces but can recommend that the use of them, as event venues, be refused in applications where SAG requirements are not being met.

- The decision making power is delegated to the local authority or other as designated (this may be the Chair of the SAG)
- The ultimate responsibility for the event safety lies with the event organiser.
- Members of the SAG must declare any material conflict of interest in relation to any item put before the SAG, prior to any discussion on that matter. If the interest could be considered prejudicial, then that person should withdraw and be replaced by an appropriate person or persons agreed with the SAG

Composition of the SAG

Authorities or partners to be represented on the SAG.

- The SAG shall consist of persons with sufficient seniority/experience/competency/ knowledge on their services strategic/ policy/practical issues to be able to take operational decisions on behalf of their service/body, save where these raise new policy issues
- The SAG will be constituted in the following manner; however the composition of the SAG should be appropriate to the event being planned for
 - Core members
 - Invited representation

Core members

Core membership may include:

- Chair (from the local authority)
Licensing Officer
- Council Officer for Corporate health and safety
- Environmental Health Officer for health and safety and food safety
- Commercial Officer
- Emergency planning
- Police service
- Traffic management
- Fire Brigade
- Parks
- Ambulance service

Invited representation

Those persons or partners who are invited to the SAG meetings, to make a presentation or offer advice to the SAG but who may not be party to the

formal decision making process of the SAG. .These representatives will be allowed to freely contribute to the meeting=and will have their view considered, reported and recorded.

The following may be invited either to all SAG meetings, or to a particular meeting as considered appropriate:

- NHS/Public health services
- Legal Services representation, Slough Borough Council
- Other local authority service representation such as Highways, Waste Services
- Voluntary first aid services
- Transport services
- Local business representation

The Chair may invite any other specialist to assist the SAG fully consider any issue.

Administration of the SAG

- The Chair will be an officer representative from the Council
- The relevant service lead will act as lead service to the SAG.
- The Council will provide the administrative support to the SAG.
- The SAG will consult with all core members of the SAG, invited representation, other council services

Frequency of meetings of the SAG

The Council holds SAG meetings once a month, The number of SAG meetings can be flexible, determined by particular local circumstances and will be event specific. Any core member may request an additional special meeting or series of meetings. Such requests shall be considered by the Chair.

- It will be within the remit of the SAG to constitute smaller working parties to address specific issues relating to the event and venues. The outcome of any such groups will be reported to the next available SAG.

SAG Minutes

- Each meeting of the SAG will be prearranged to an agenda published in advance of the meeting with minutes recorded
- The minutes of the meetings will be circulated to all SAG members, and to such other parties as may be determined by the Chair
- A summary of meetings of the SAG will be held by local authority as a public record and be subject to the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 for further discussion)
- The FOIA Inter-Agency protocol adopted by local authorities and other public authorities will operate where information is requested from the SAG's records

and the involvement of another public authority is necessary prior to the decision about the disclosure or non-disclosure of information.

Agreed:
Review date:

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 19th January 2015

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

WARD(S): All

PORTFOLIO: Leader, Finance and Strategy – Councillor Anderson

PART I
NON-KEY DECISION

NOTIFICATION OF DECISIONS**1. Purpose of Report**

To seek Cabinet endorsement of the published Notification of Decisions, which has replaced the Executive Forward Plan.

2. Recommendation

The Cabinet is requested to resolve that the Notification of Decisions be approved.

3. Slough Joint Wellbeing Strategy Priorities

The Notification of Decisions sets out when key decisions are expected to be taken and a short overview of the matters to be considered. The decisions taken will contribute to all of the following Slough Joint Wellbeing Strategy Priorities:

- Health
- Economy and Skills
- Housing
- Regeneration and Environment
- Safer Slough

4. Other Implications**(a) Financial**

There are no financial implications.

(b) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications. The Local Authorities (Executive Arrangements) (Meetings and Access to Information)(England) Regulations 2012 require the executive to publish a notice of the key decisions, and those to be taken in private under Part II of the agenda, at least 28 clear days before the decision can be taken. This notice replaced the legal requirement for a 4-month rolling Forward Plan.

5. Supporting Information

5.1 The Notification of Decisions replaces the Forward Plan. The Notice is updated each month on a rolling basis, and sets out:

- A short description of matters under consideration and when key decisions are expected to be taken over the following three months;
- Who is responsible for taking the decisions and how they can be contacted;
- What relevant reports and background papers are available; and
- Whether it is likely the report will include exempt information which would need to be considered in private in Part II of the agenda.

5.2 The Notice contains matters which the Leader considers will be the subject of a key decision to be taken by the Cabinet, a Committee of the Cabinet, officers, or under joint arrangements in the course of the discharge of an executive function during the period covered by the Plan.

5.3 Key Decisions are defined in Article 14 of the Constitution, as an Executive decision which is likely either:

- to result in the Council incurring expenditure which is, or the making of savings which are, significant, having regard to the Council's budget for the service or function to which the decision relates; or
- to be significant in terms of its effects on communities living or working in an area comprising two or more wards within the Borough.

The Council has decided that any expenditure or savings of £250,000 or more shall be significant for the purposes of a key decision.

5.4 There are provisions for exceptions to the requirement for a key decision to be included in the Notice and these provisions and necessary actions are detailed in paragraphs 15 and 16 of Section 4.2 of the Constitution.

5.5 To avoid duplication of paperwork the Member Panel on the Constitution agreed that the Authority's Notification of Decisions would include both key and non key decisions – and as such the document would form a comprehensive programme of work for the Cabinet. Key decisions are highlighted in bold.

6. Appendices Attached

'A' - Notification of Decisions

7. Background Papers

None.

NOTIFICATION OF DECISIONS

1 JANUARY 2015 TO 31 MARCH 2015

SLOUGH BOROUGH COUNCIL

NOTIFICATION OF DECISIONS

Slough Borough Council has a decision making process involving an Executive (Cabinet) and a Scrutiny Function.

As part of the process, the Council will publish a Notification of Decisions which sets out the decisions which the Cabinet intends to take over the following 3 months. The Notice includes both Key and non Key decisions. Key decisions are those which are financially significant or have a significant impact on 2 or more Wards in the Town. This Notice supersedes all previous editions.

Whilst the majority of the Cabinet's business at the meetings listed in this document will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that part of the Cabinet meetings listed in this Notice will/may be held in private because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government (Access to Information) Act 1985 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it.

Page 114
This document provides a summary of the reason why a matter is likely to be considered in private / Part II. The full reasons are listed alongside the report on the Council's website.

If you have any queries, or wish to make any representations in relation to the meeting being held in private for the consideration of the Part II items, please email catherine.meek@slough.gov.uk (no later than 15 calendar days before the meeting date listed).

What will you find in the Notice?

For each decision, the plan will give:

- The subject of the report.
- Who will make the decision.
- The date on which or the period in which the decision will be made.
- Contact details of the officer preparing the report.
- A list of those documents considered in the preparation of the report (if not published elsewhere).
- The likelihood the report would contain confidential or exempt information.

What is a Key Decision?

An executive decision which is likely either:

- To result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- To be significant in terms of its effects on communities living or working in an area comprising two or more wards within the borough.

Who will make the Decision?

Decisions set out in this Notice will be taken by the Cabinet, unless otherwise specified. All decisions (unless otherwise stated) included in this Notice will be taken on the basis of a written report and will be published on the Council's website before the meeting.

The members of the Cabinet are as follows:

- | | |
|---|-------------------------|
| • Leader of the Council – Finance & Strategy | Councillor Anderson |
| • Commissioner for Community & Leisure | Councillor Carter |
| • Commissioner for Education & Children | Councillor Mann |
| • Commissioner for Environment & Open Spaces | Councillor Parmar |
| • Commissioner for Health & Wellbeing | Councillor Hussain |
| • Commissioner for Neighbourhoods & Renewal (& Deputy Leader) | Councillor Swindlehurst |
| • Commissioner for Performance & Accountability | Councillor Sharif |
| • Commissioner for Social & Economic Inclusion | Councillor Munawar |

Where can you find a copy of the Notification of Decisions?

The Plan will be updated and republished monthly. A copy can be obtained from Democratic Services at St Martin's Place, 51 Bath Road on weekdays between 9.00 a.m. and 4.45 p.m., from MyCouncil, Landmark Place, High Street, or Tel: (01753) 875120, email: catherine.meek@slough.gov.uk. Copies will be available in the Borough's libraries and a copy will be published on Slough Borough Council's Website.

How can you have your say on Cabinet reports?

Each Report has a contact officer. If you want to comment or make representations, notify the contact officer before the deadline given.

What about the Papers considered when the decision is made?

Reports relied on to make key decisions will be available before the meeting on the Council's website or are available from Democratic Services.

Can you attend the meeting at which the decision will be taken?

Where decisions are made by the Cabinet, the majority of these will be made in open meetings. Some decisions have to be taken in private, where they are exempt or confidential as detailed in the Local Government Act 1972. You will be able to attend the discussions on all other decisions.

When will the decision come into force?

Implementation of decisions will be delayed for 5 working days after Members are notified of the decisions to allow Members to refer the decisions to the Overview and Scrutiny Committee, unless the decision is urgent, in which case it may be implemented immediately.

What about key decisions taken by officers?

Many of the Council's decisions are taken by officers under delegated authority. Key decisions will be listed with those to be taken by the Cabinet. Key and Significant Decisions taken under delegated authority are reported monthly and published on the Council's website.

Are there exceptions to the above arrangements?

There will be occasions when it will not be possible to include a decision/report in this Notice. If a key decision is not in this Notice but cannot be delayed until the next Notice is published, it can still be taken if:

- The Head of Democratic Services has informed the Chair of the Overview and Scrutiny Committee or relevant Scrutiny Panel in writing, of the proposed decision/action. (In the absence of the above, the Mayor and Deputy Mayor will be consulted);
- Copies of the Notice have been made available to the Public; and at least 5 working days have passed since public notice was given.
- If the decision is too urgent to comply with the above requirement, the agreement of the Chair of the Overview and Scrutiny Committee has been obtained that the decision cannot be reasonably deferred.
- If the decision needs to be taken in the private part of a meeting (Part II) and Notice of this has not been published, the Head of Democratic Services will seek permission from the Chair of Overview & Scrutiny, and publish a Notice setting out how representations can be made in relation to the intention to consider the matter in Part II of the agenda.

For further information, contact Democratic Services as detailed above.

Cabinet - 19th January 2015

Item	Portfolio	Ward	Priority	Contact Officer	Other Committee	Background Documents	New Item	Likely to be Part II
<u>Five-Year Plan</u> To approve the new Five-Year Plan for the Council.	F&S	All	All	Tracy Luck, Head of Strategic Policy and Communications Tel: 01753 875518	-	None	√	
<u>Response to Airports Commission Consultation</u> To consider the Council's draft response to the Airports Commission consultation on proposals for additional runway capacity.	S&E	All	All	Joe Carter, Assistant Director Assets, Infrastructure and Regeneration Tel: (01753) 875653	-	None	√	
<u>Housing Allocation Review</u> To consider a report reviewing the implementation and implications regarding the Council's housing allocation scheme.	N&R	All	All	Neil Aves, Assistant Director, Housing & Environment Tel: (01753) 875527	Neighbourhoods & Community Services Scrutiny Panel	None	√	
<u>Subsidiary Housing Company</u> To consider a report on the outcomes of the Options Appraisal for a Subsidiary Housing Company.	N&R	All	All	Stephen Gibson, Head of Asset Management Tel: 01753 875852	-	None		Yes, p3 LGA

Portfolio Key – F&S = Finance and Strategy, P & A = Performance and Accountability, C & L = Community and Leisure, E & C = Education and Children, S & E = Social and Economic Inclusion, E & O = Environment and Open Spaces, H & W = Health and Wellbeing, N & R = Neighbourhoods and Renewal

Bold – Key Decision Non-Bold – Non-Key Decision *Italics* – Performance/Monitoring Report

<u>Leisure Strategy</u> To consider a report seeking approval of the 5 year community leisure action plan and progress on replacement of facilities at Montem.	C&L	All	All	Andrew Stevens, Assistant Director, Community & Skills Tel: 01753 875507	-	None		
<u>Capital Strategy</u> To consider, and if agreed, to recommend to Council the Capital Strategy.	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	Overview & Scrutiny Committee	None		
<u>Treasury Management Strategy</u> To consider, and if agreed, to recommend to Council the Treasury Management Strategy.	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	Overview & Scrutiny Committee	None		
<u>Slough Mass Rapid Transit (SMaRT) Detailed Designs and Consultation Results</u> To consider the detailed designs for the Slough Mass Rapid Transit (SMaRT) scheme, and receive an overview of the feedback received at the Mass Rapid Transit public consultations.	S&E	All	All	Savio DeCruz, Head of Transport, Charlotte Lee, National Management Trainee Tel: 01753 875640, Tel: 01753 875216	-	Report, 15/09/2014 Cabinet		
<u>Public Outdoor Events Policy</u> To approve amendments to the Council's Public Outdoor Events Policy.	C&L	All	All	Kate Pratt, Communications Manager Tel: (01753) 875088	-	None	√	

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Bold – Key Decision Non-Bold – Non-Key Decision *Italics* – Performance/Monitoring Report

<u>References from Overview & Scrutiny</u> <i>To consider any recommendations from the Overview & Scrutiny Committee and Scrutiny Panels.</i>	P&A	All	All	Shabana Kauser, Senior Democratic Services Officer Tel: 01753 787503	-	None		
<u>Notification of Forthcoming Decisions</u> <i>To endorse the published Notification of Decisions.</i>	F&S	All	All	Catherine Meek, Head of Democratic Services Tel: 01753 875011	-	None		

Cabinet - 9th February 2015

Item	Portfolio	Ward	Priority	Contact Officer	Other Committee	Background Documents	New Item	Likely to be Part II
<u>Financial & Performance Report - Quarter 3 2014-15</u>	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	Overview & Scrutiny; Audit & Risk	None		
<u>Medium Term Financial Strategy 2015-19</u> To consider, and if agreed, to recommend to Council the Medium Term Financial Strategy 2015-19.	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	Overview & Scrutiny Committee	None		
<u>Revenue Budget 2015-16</u> To agree the recommendations to be made to Council on the 2015-16 Revenue Budget.	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	Overview & Scrutiny Committee	None		

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Bold – Key Decision Non-Bold – Non-Key Decision *Italics* – Performance/Monitoring Report

<u>Slough Regeneration Partnership Update</u> To consider a report setting out the progress and future activities of the Slough Regeneration Partnership.	N&R	All	All	Sarah Richards, Strategic Director, Regeneration, Housing and Resources Tel: 01753 875301	-	None	√	
<u>Trelawney Avenue Redevelopment Plan</u> Further to the Cabinet report of 14 th April 2014, to consider a report detailing the progress of the Trelawney Avenue Redevelopment Plan.	N&R	Langley Kedermister	All	Stephen Gibson, Head of Asset Management Tel: 01753 875852	-	None		
<u>Asset disposals</u>	N&R	All	All	Stephen Gibson, Head of Asset Management Tel: 01753 875852	-	None		
<u>Welfare Policies for 2015-16</u> Following regular review of the Council's policies in relation to Welfare Benefits and Council Tax, to approve the following policies for 2015-16: <ul style="list-style-type: none"> • Council Tax Hardship Policy; • Discretionary Hardship Policy; and • Local Welfare Provision Policy. 	F&S	All	All	Joseph Holmes, Assistant Director, Finance & Audit Tel: 01753 875358	-	None	√	
<u>References from Overview & Scrutiny</u> <i>To consider any recommendations from the Overview & Scrutiny Committee and Scrutiny Panels.</i>	P&A	All	All	Shabana Kauser, Senior Democratic Services Officer Tel: 01753 787503	-	None		

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Bold – Key Decision Non-Bold – Non-Key Decision *Italics* – Performance/Monitoring Report

<u>Notification of Forthcoming Decisions</u> <i>To endorse the published Notification of Decisions.</i>	F&S		All	Catherine Meek, Head of Democratic Services Tel: 01753 875011	-	None		
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Cabinet - 9th March 2015

Item	Port- folio	Ward	Priority	Contact Officer	Other Committee	Background Documents	New Item	Likely to be Part II
<u>References from Overview & Scrutiny</u> <i>To consider any recommendations from the Overview & Scrutiny Committee and Scrutiny Panels.</i>	P&A	All	All	Shabana Kauser, Senior Democratic Services Officer Tel: 01753 787503	-	None	√	
<u>Notification of Forthcoming Decisions</u> <i>To endorse the published Notification of Decisions.</i>	F&S	All	All	Catherine Meek, Head of Democratic Services Tel: 01753 875011	-	None	√	

Portfolio Key – F&S = Finance and Strategy, P & A = Performance and Accountability, C & L = Community and Leisure, E & C = Education and Children, S & E = Social and Economic Inclusion, E & O = Environment and Open Spaces, H & W = Health and Wellbeing, N & R = Neighbourhoods and Renewal

Bold – Key Decision Non-Bold – Non-Key Decision *Italics* – Performance/Monitoring Report

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