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Taking pride in our communities and town

Date of despatch: 11th February, 2015

To the Members of Slough Borough Council

Dear Councillor,

You are summoned to attend an Extraordinary Meeting of the Council of this Borough which will be held in the Flexi Hall, The Centre, Farnham Road, Slough, SL1 4UT on **Thursday, 19th February, 2015 at 7.00 pm,** when the business in the Agenda below is proposed to be transacted.

Yours faithfully

RUTH BAGLEY
Chief Executive

PRAYERS

AGENDA

Apologies for Absence

PAGE

1. Declarations of Interest

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

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

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

PAGE

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 Council 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.

SLOUGH BOROUGH COUNCIL

REPORT TO:	Council	**DATE:** 19th February 2015
CONTACT OFFICER:	Joseph Holmes; Assistant Director Finance & Audit, section 151 officer	
(For all enquiries)	(01753) 875358	
WARD(S):	All	

PART I
FOR DECISION

MEDIUM TERM FINANCIAL STRATEGY 2015-19

1 **Purpose of Report**

To set out the medium and longer term financial planning assumptions and the different approaches the Council will take to manage these.

2 **Recommendation**

The Council is requested to resolve that the Medium Term Financial Strategy 2015-19, as attached at Appendix A, be approved.

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

This report sets out the financial planning for the council over the next four years and assists in delivering the Council Plan primarily through theme 6 'promote economic growth and protect the council's finances'. However, the report cuts across all themes as it is about ensuring sufficient resources to deliver the Council's strategies going forward.

Priorities:

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

4 **Other Implications**

(a) Financial

Though the report in itself does not have any direct financial implications that require immediate implementation, the MTFS contains a significant amount of financial information concerning the future financial planning for the Council.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal		
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues		
Community Support		
Communications		
Community Safety		
Financial		
Timetable for delivery		
Project Capacity		
Other		

(c) Human Rights Act and Other Legal Implications - there are no direct legal or Human Rights Act implications.

(d) Equalities Impact Assessment - there is no identified need for the completion of an EIA.

(e) Workforce - there are no direct workforce implications from this report.

5 Supporting Information

The full Medium Term Financial Strategy (MTFS) is included in appendix A. The MTFS sets out the financial challenge that the Council faces and the different methods and strategies that the Council are undertaking to meet this challenge.

6 Comments of Other Committees

This report was considered by the Overview & Scrutiny Committee on 5th February 2015 and by the Cabinet on 9th February 2015.

7 Conclusion

To approve the MTFS as the overall financial planning for the Council in the next four years and the associated actions and risk mitigations.

8 Appendices Attached

'A' - Medium Term Financial Strategy

9 Background Papers

'1' - Previous MTFS report to cabinet

'2' - Local Government Finance Settlement 2014

Appendix A

Medium Term Financial Strategy: 2015-19

Introduction

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

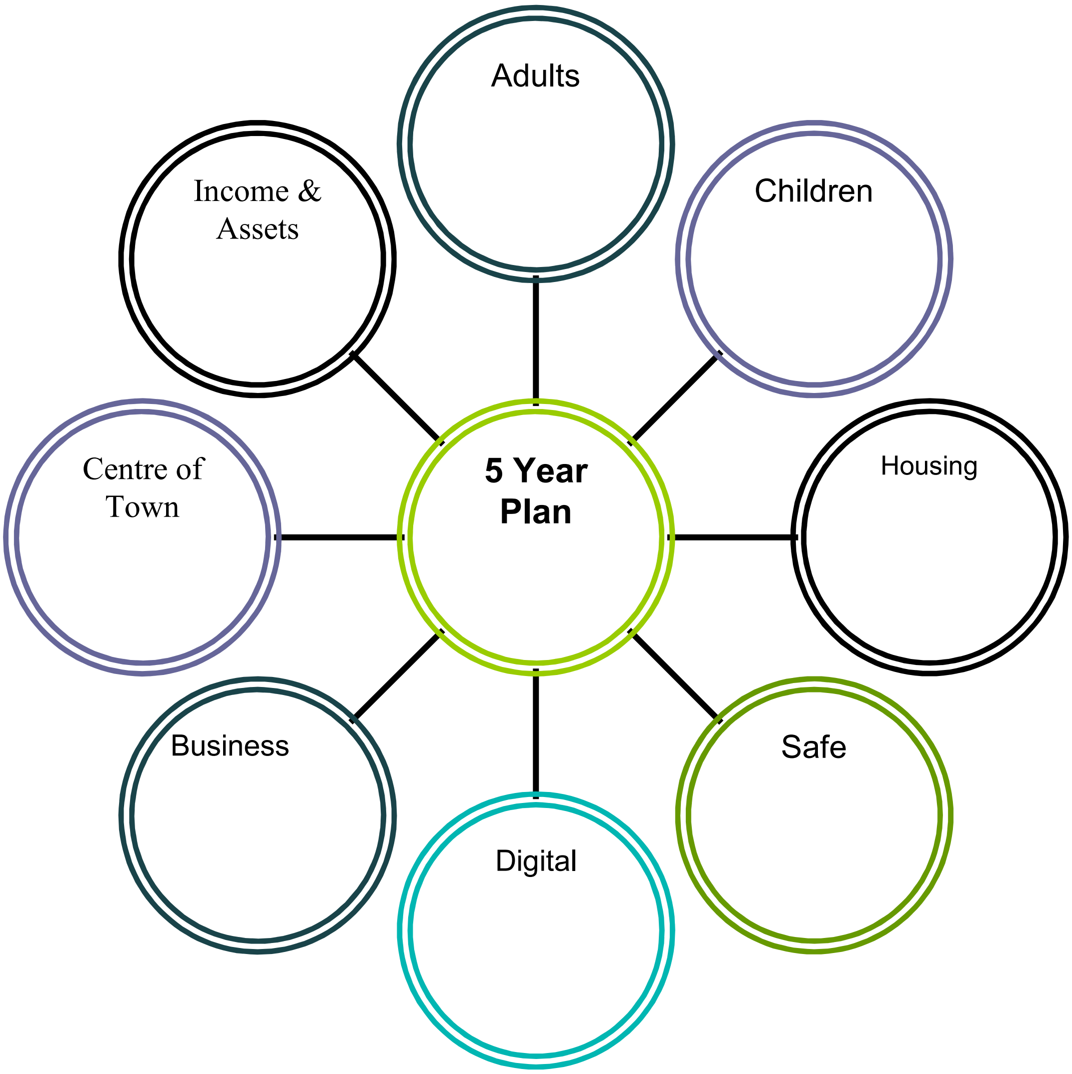
Given the scale of the ongoing reductions in Central Government spend, the Council has, and will increasingly need to, deliver public services in a more joined up, effective and efficient manner. Maintaining the current levels and delivery of existing services is unlikely to be an option to the Council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

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

This document provides the overarching framework for the Council; the revenue budget 2015-16, Capital Strategy 2015-20 and the Treasury Management Strategy 2015-16 provide the detail behind this and are due to full Council meeting in February 2015.

The Council has a new corporate plan that provides the high level outcomes that this document seeks to deliver through the financing of the Council's activities. The Five Year Plan (5YP) summary themes (to be considered by Cabinet in January 2015) are highlighted in the below:

Graph 1.1: The 5 Year Plan – summarised outcomes focus



The strategy will also be informed by the Government's vision for Local Government and its funding going forward. The current coalition Government has introduced a Council Tax referendum requirement for those Councils exceeding 2% (for 2015-16), as well as significantly reducing funding to Local Government. It is also likely that similar levels of Government grants reductions will continue with the current Government going forward, or indeed, whichever Government is in power from 2015 onwards. Integrated health and social care is also a theme that will be strengthened upon over the period of the MTFS irrespective of the Government in power. Some of the more pronounced Government driven impacts on Council policy and finances may be across housing and these will continue to be monitored over the period of the MTFS to identify any impacts upon the Council.

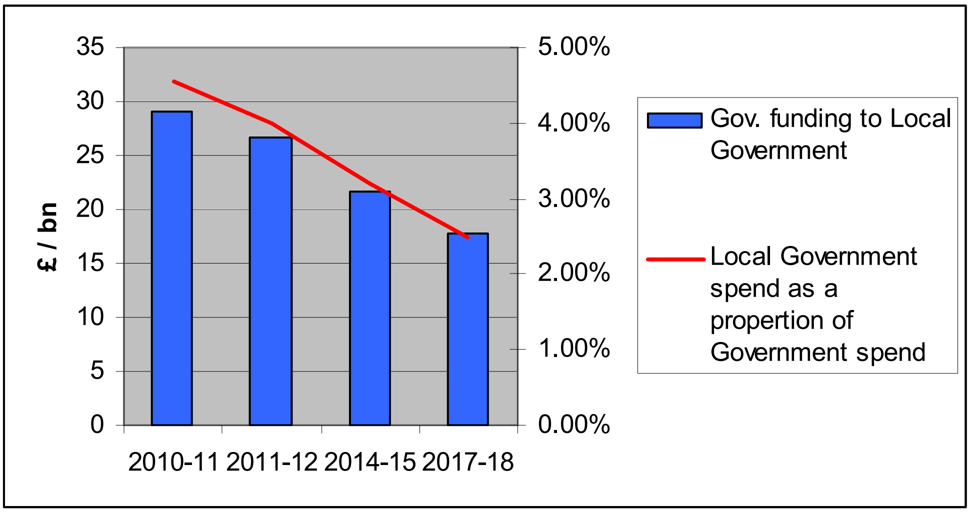
Included throughout the MTFS are some case studies outlining where the council has, or is proposing to over the MTFS, make savings to provide services and protect the public purse.

The Financial Challenge

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

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

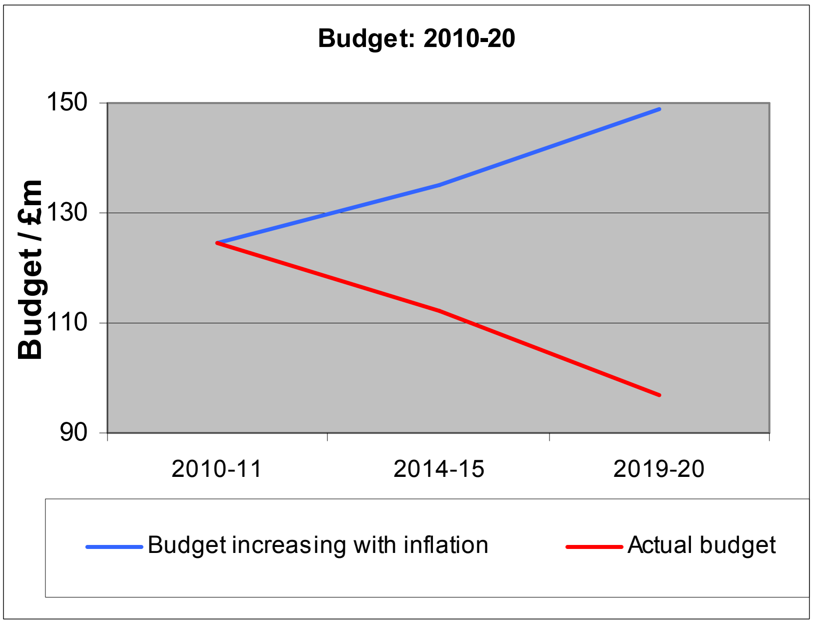
Chart 2.1: Reductions in Local Government revenue spending: 2010-18



The impact on the Council has been significant. Since 2010, the Council's overall net budget has reduced by 14% and by the end of this MTFS, it is expected to have declined by 22%. Put another way, what the Council delivered for £100 in 2010-11 will now need to be delivered for £66 in real terms in 2018-19.

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

Chart 2.2: Net budget vs Inflation

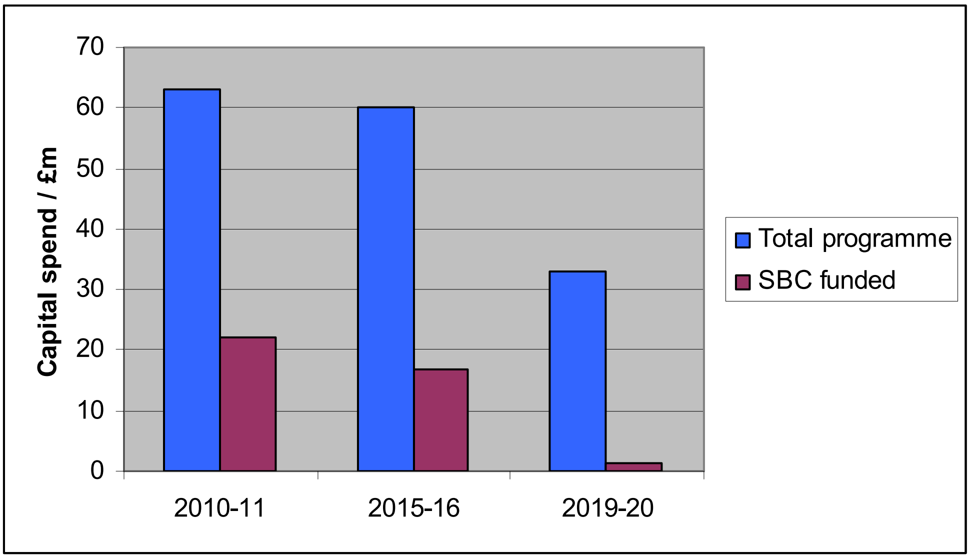


Over this period of reduced expenditure, the Council has been given greater freedoms with where it spends money with the removal of many of the previously ring-fencing funding streams. Though this has not compensated the Council for the funding reductions it has faced, it has meant that the Council has more control over its future spending priorities. With the Department for Education's intention that Children's Social Care in Slough is run through a separate organisation, the Council faces a new financial challenge to ensure that the provision and cost of these services remain affordable in light of the other pressures placed upon the Council for its services over the MTFS.

The Council has maintained capital investment over the recent past and is due to continue to invest in infrastructure into the period covered by the MTFS. Through the Slough Regeneration Partnership (SRP) the Council will seek to deliver its most significant infrastructure projects outside of the Housing Revenue Account and Education schemes. The Capital Strategy 2015-20 details more the future capital plans for the Council going forward.

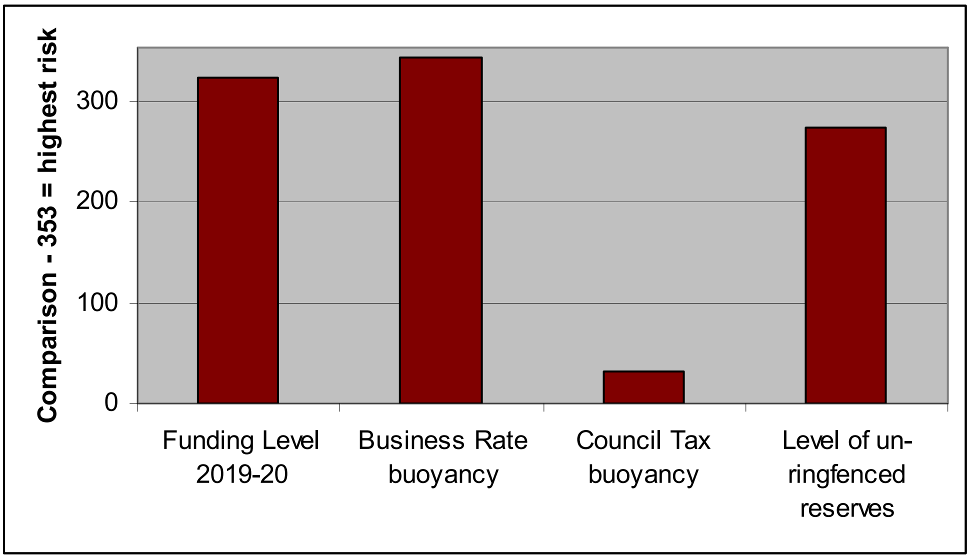
As can be seen from the below, capital spend is expected to reduce over the coming years, though this is with lower assumptions of education spend, and will be once much of the significant works on the Curve and transportation schemes are completed.

Chart 2.3: Capital expenditure & future plans



The Local Government Association has also completed some analysis of how the council compares to other Councils when considering the risk and opportunities available to the Council going forward over the life of the MTFS.

Chart 2.4: Financial comparison analysis[1]



The analysis above is consistent with the previous MTFS and the much of the work completed concerning the finances of the Council. This chart shows SBC's comparison against all other Councils. A ranking of 1 means the lowest risk, whilst 353 represents the greatest comparative amount.

Looking at the key outliers, and starting with the funding level and volatility around this, it shows that the Council is at a greater risk than many of

[1] A score of 1 indicates the 'best' position compared with all other Councils, and one of 353 indicates the 'worst' position'.

delivering its services within the funding available to it. This is because of rising pressures within Council services in Children's and Adults social care, but also because the Council is exposed to risk from Business Rates and from falling Government Grants. Many Councils will face a significant risk from one of these funding sources, whereas Slough faces the risk from both of these due to it having a large business community and also a higher level of financial need for the borough compared to other Councils.

Business Rate buoyancy highlights that the fluctuation in business rates has been significant and that the overall rate of growth has been lower in Slough compared to other Councils before 2014. The 5YP is very much focussed on ensuring that there is less risk from this area. Council Tax buoyancy highlights the growth in the Council tax base in recent years, and this has been reflect yet again for 2015-16 with a year on year Council taxbase growth of almost 3%.

The overall un-ringfenced reserves (i.e. the General Fund and earmarked reserves) show that Slough's position is that as a Council we hold slightly lower levels of reserves than others. It is important to note however that the General Reserve is above the minimum level set by the s151 (Chief Finance) Officer, and that the Council has to ensure that there are suitable general and earmarked reserves to ensure the proper functioning of the Council against holding excess reserves that could be utilised more effectively to assist the Council going forward. More information on reserves can be found in the revenue budget papers for 2015-16.

The Council sits in the middle of risk in respect of the impact of welfare reforms; this will be a key risk going across the period of the MTFS for the Council and impacts that these will have upon the Councils services e.g. housing.

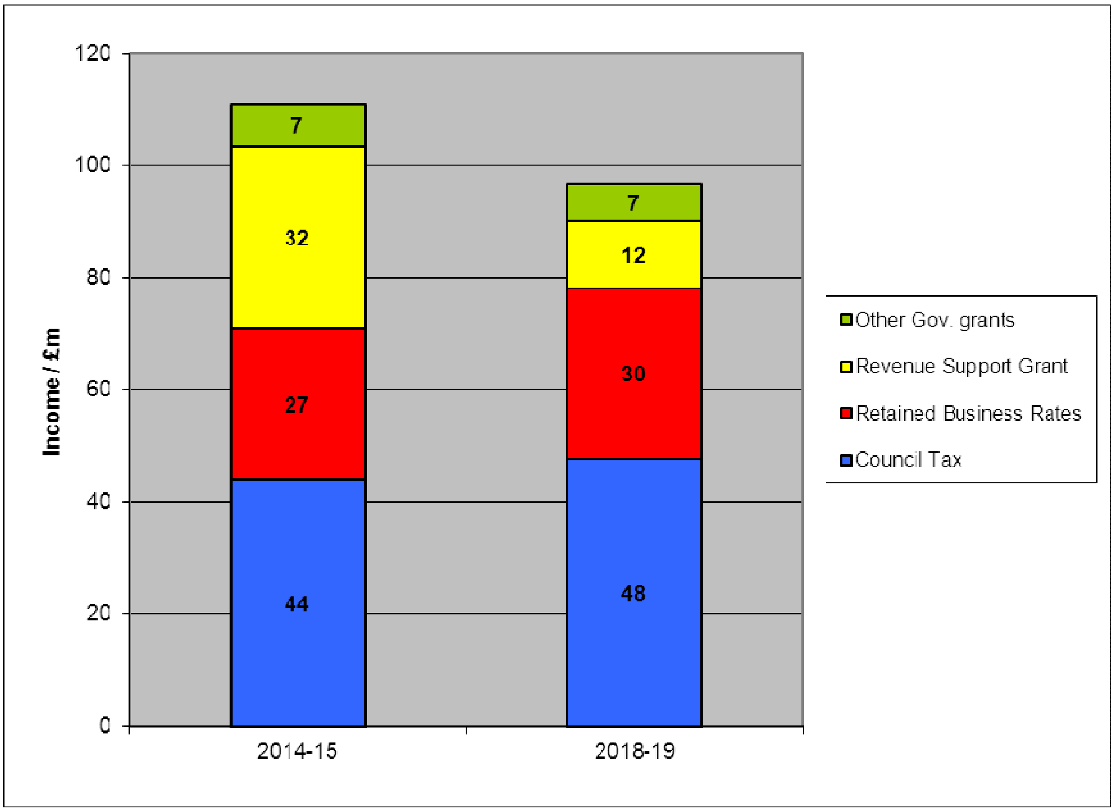
Case Study – increasing Treasury Management Returns

The Council manages around £90m of investments each year. The Strategy for managing these was significantly changed in 2014-15 to diversify investments across a wider portfolio of deposits. This has included completing some longer term investments, including with a property fund. The Council's average returns has improved from approximately 0.5% to 1.3%, with an increase of over £1m to offset having to make savings elsewhere in the Council. The Council's comparative performance has been greatly improved, and in quarter 2 was one of the best performing in its comparator group.

How the Council is financing & where it spends money

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

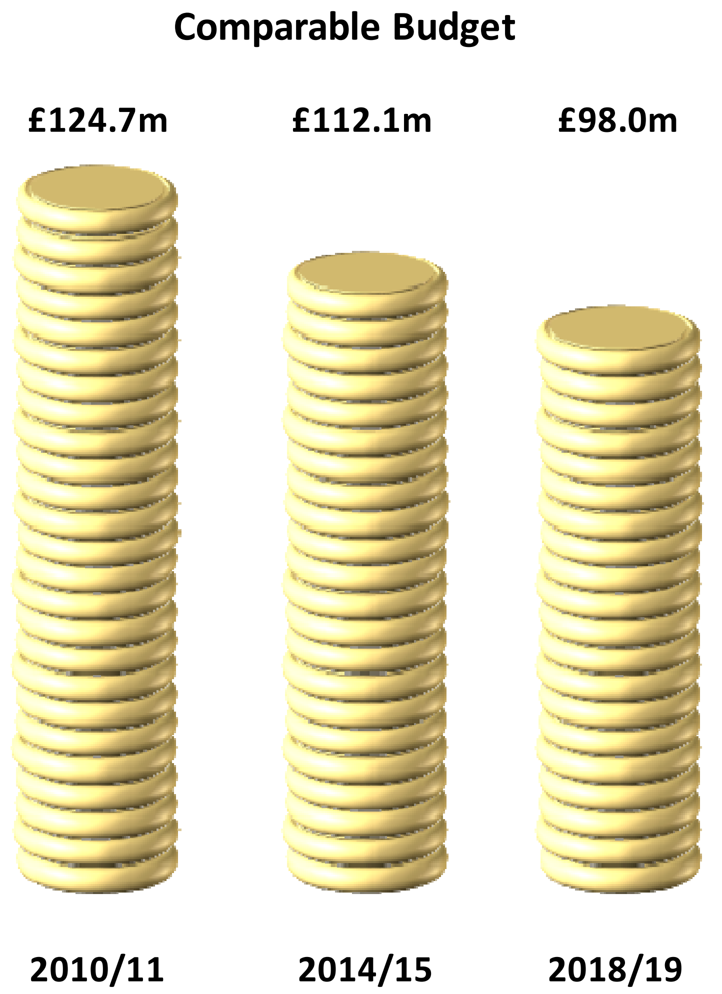
Chart 2.4: Income streams 2015-19



As can be seen from the above the relative importance of Council Tax and retained business rates grows over the period of the MTFS from 63% to almost 80% of the Council's income; the Council will by the end of the MTFS be much less reliant upon Government funding. To reflect this, the Council has made retaining existing businesses and attracting new businesses, as well as ensuring a strong supply of housing two of the key outcomes within the new 5YP.

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

Chart 2.5. Comparable budget: 2010-19[2]

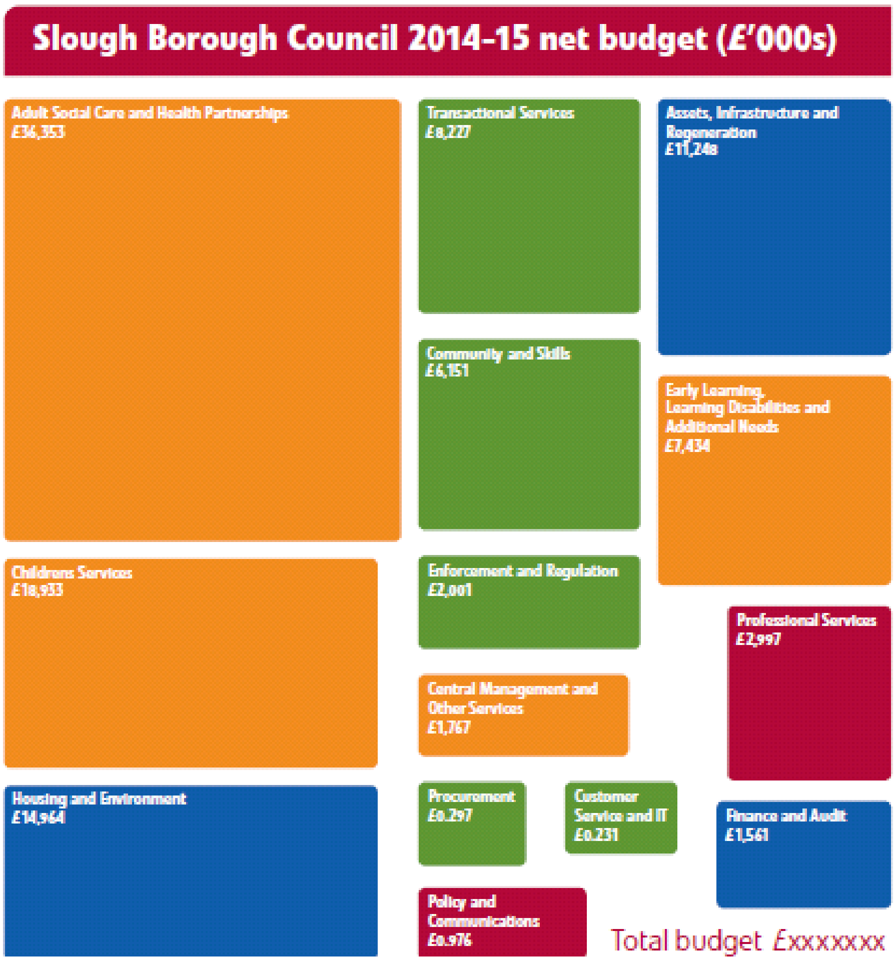


It is also clear from the above chart that the Council will have significantly reduced funds going forward. The chart above highlights the relative decrease in the comparable budgets over time from 2010 through to the end of the MTFS. Over this same period, many of the demands on the Council have not gone away, and responsibilities remain for the plethora of services that the Council delivers to its taxpayers. One of key pressures that the Council faces concerns Children's Social Care (CSC). Following the Department for Education's intention to place Children's Social Care services into a separate organisation, the Council will need to work closely with this new organisation to ensure that the delivery of services remain affordable and deliver improvements. The CSC service makes up approximately 17% of the Council's net budget; any new financial pressures emerging from this service will only place even greater savings onto all other Council services. The Council needs to work with the new organisation for CSC to ensure that whatever model of delivery is pursued that it remains affordable within the Council's overall budget, and anticipates that the CSC organisation will deliver the same percentage level of savings as the rest of the Council.

[2] These are actual cash amounts

On the expenditure side of the Council's finances, the summary position for 2014-15 is below.

Chart 2.6: Net expenditure by service – 2014-15



The three largest spends areas of Adult Social Care, Children's Social Care and Waste Management (the main bulk of the Housing & Environment budget) are all seeing demographically led demand growth to their budget; Slough's population as a whole is growing and this places pressure on its public services. The strategy further in the MTFS details some of the methods that might be utilised over the period of the MTFS, but the Council will need to ensure that these three areas of spend are as well controlled, and are delivered to their maximum efficiency over the period of the MTFS, as possible to ensure that the Council continues to provide all of its other services.

Case study – Adult Social Care Transformation

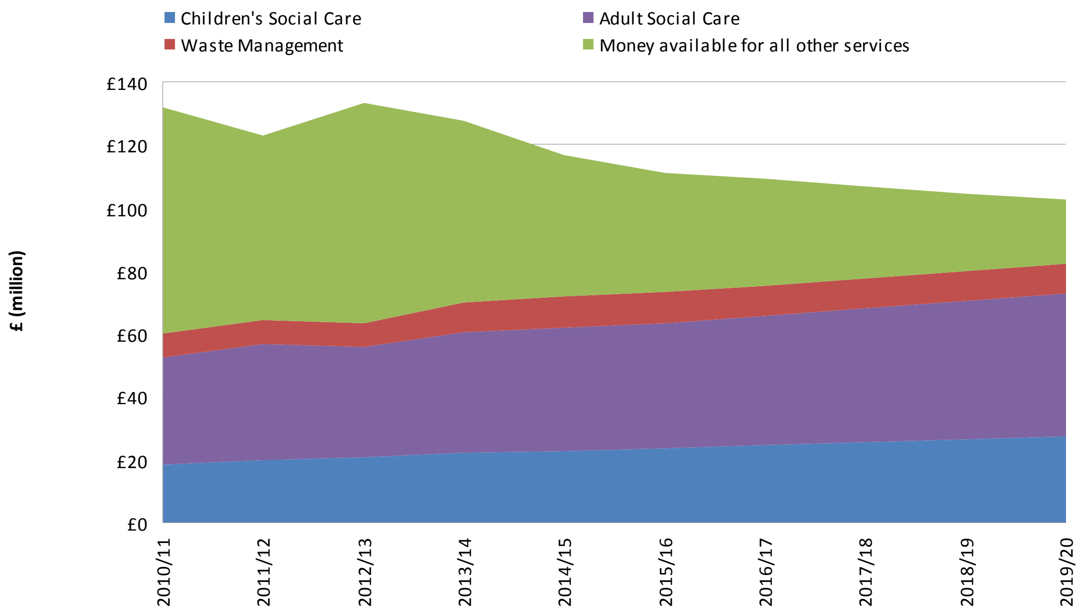
The way in which the council delivers services to adults is changing fundamentally. The two main reasons for this are the Care Act and the Better Care Fund. These will see services delivered in news ways: more people will be encouraged to manage their own care and support via personal budgets, there will be a cap on the amount clients contribute towards their care costs and the council and health care providers will work even closer together to ensure both better value and reduce delays in social care clients leaving hospital. For these reasons plus the fact that the council has less money to spend, Adult Social Care is transforming its services to ensure it meets the new requirements of the Care Act and the Better Care Fund and at the same time ensure those clients meeting our eligibility criteria receive a quality service at the best possible price.

In particular the Learning Disabilities Change Programme will continue to contribute to the overall ASC Transformation agenda. This is being achieved by ensuring all LD clients are place in the right accommodation at the best possible value. So far 15 clients have moved into supported accommodation from traditional residential settings and a further 13 is planned over the coming financial year. Other clients not moving will have their care costs reviewed to ensure these meet industry standard best value pricing tools. This particular initiative will contribute a further **£1m** in 2015/16 on top of the **£1m** already achieved over the past 2 years.

Overall the ASC Transformation Programme will save **£3m** in 2015/16. This is in addition to another **£3m** that has been already been saved in the current financial year.

The graph below highlights that, assuming that the Children's Social Care additional costs are approved and that costs rise by inflation in this service, that Adult Social Care holds its costs flat in cash terms, and that waste management makes savings but that costs rise by inflation, that the following scenario will occur by 2019-20. The Council's strategy through the 5YP is key to ensuring that this does not occur and that the Council shapes its budgets to deliver growth and make its priority services affordable:

Graph 1.3: Comparative budgets 2010-20



The Council's Strategy

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

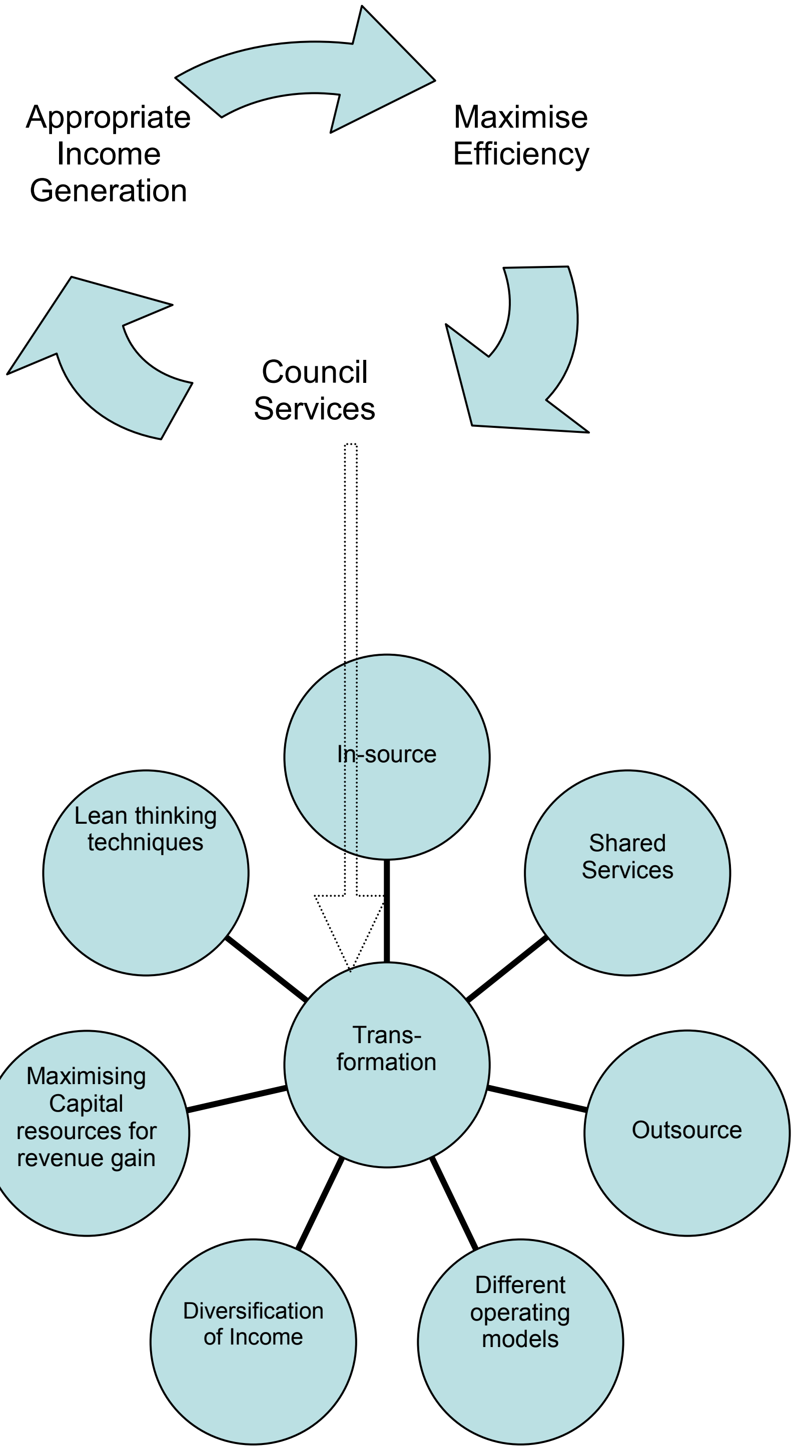
The first step the Council will undertake is to maximise all efficiencies from across its service areas; before any further transformation is completed, it is important that all services' comparative costs are understood and the Council is either content with these, or wishes to drive out further reductions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

Case Study – Council Tax Single Person Discount Review

It is more important in the current financial climate than ever to ensure that the Council maximises its income from Council Tax and that discounts are claimed correctly. The Council worked through its transactional services partner, arvato, to review the Single Person Discounts of 25%. Using a data matching exercise, almost 4,000 cases were reviewed for investigation with nearly 500 discounts now stopped.

Using a Band D property average, removing the 25% SPD will yield approximately £150k per year over the life of the MTFS.

Chart 2.7: Approach to the financial challenges



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

The Council has experience of delivering services using many of the themes identified. Already in the MTFS there are examples of these and case studies are highlighted throughout this document demonstrating some of these.

Case Study – Reducing premises costs

The premises cost review links into the Five Year Plan under the 'Using Resources Wisely' Outcome and includes all operational assets held, occupied, leased, used or contracted to be used on behalf of the council. This includes (but is not limited to) offices, SBC funded schools, leisure centres, parks buildings, waste management centres, crematoriums, libraries and community centres; HRA assets, except for social rented housing, are also included.

Along with understanding the location, usage and strategic fit of existing operational assets, mapping the cost drivers of the premises will help the council to make more efficient and effective use of office accommodation, rationalise usage of other corporate assets, and adopt a consistent approach to the management of corporate premises.

It is planned to realise major savings of up to £2m and a 20 % reduction in the council's corporate footprint within four years. This will be achieved through the disposal of surplus and 'unsustainable' premises, reducing liabilities in terms of lease/hire agreements with third parties, maximising income from investment and operational properties (including renting space to other public bodies), and the implementation of a Corporate Landlord approach to the central management of assets.

The Financial Model

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

Table 3.1: The MTFS financial model

No.	*2014-15*	**Funding**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
1	*43.85*	Council Tax	45.13	46.36	47.52	48.72
2	*27.13*	Retained Business Rates	29.13	29.37	29.66	29.96
3	*32.47*	Revenue Support Grant	23.81	19.60	15.60	12.48
4	*1.96*	Education Services Grant	1.46	1.24	1.05	0.90
5	*2.36*	NHS monies through BCF	2.36	2.36	2.36	2.36
6	*2.01*	New Homes Bonus	2.60	3.20	3.20	3.20
7	*1.03*	Other non-ringfenced grants	1.08	0.80	0.70	0.60
8	*1.30*	Collection Fund	1.90			
9	***112.11***	**Total Budgeted income**	**107.46**	**102.92**	**100.09**	**98.20**
10	*114.25*	Prior year baseline (adj.)	112.34	108.51	102.76	99.81
11	*3.54*	Base budget changes	3.52	2.90	2.90	2.90
12	*8.20*	Directorate Pressures	1.89	2.92	1.86	2.00
13		Revenue impact of Capital investment	0.00	0.60	0.00	0.00
14	*-1.34*	Other adjustments	-0.50	0.16	0.28	0.10
15	*-12.53*	Savings requirement o/s		-5.72	-2.01	-1.01
16		Savings identified	-9.79	-6.45	-5.70	-5.60
16	***112.11***	**Net Expenditure**	**107.46**	**102.92**	**100.09**	**98.20**

n.b. Rounding errors apply. Further detail contained within the 2015-16 figures will be included within the 2015-16 Revenue Budget papers.

(1) Council Tax – assumed that the taxbase (i.e. number of properties in Slough) rises by 1.5% from 2016-17 onwards. Council Tax is due to be frozen in 2015-16 by utilising the Council Tax Freeze Grant.

(2) Retained Business Rates – assumed small growth in Business rates for 2015-16 and that they rise in line with inflation thereafter.

(3) Revenue Support Grant (Government grant) – includes 2015-16 figures announced by Government in December 2014. All future years to see a reduction in line with anticipated reductions to Departmental Expenditure Limits (DEL) from the HM Treasury. These are purely estimations until further clarity is provided in the next spending review.

(4) Education Services Grant (Government grant) – expect to reduce as this grant reduces with every school that converts to academy status.

(5) NHS monies to support Social Care – assumed flat at the £2.4m level for 2015-16 onwards. This amount is now included within a wider Better Care Fund allocation of £8.1m that includes the pooling of NHS and SBC monies together. In future years, this will be shown in a different presentation, but to ensure consistency with the previous year it is per the above.

(6) New Homes Bonus – assumed growth in the taxbase.

(7) Other non-ringfenced grants – similar assumptions through the MTFS as this relates to smaller non ringfenced grants that are announced in the finance settlement e.g. adjustments for NHB allocations retained by Government, or for Council Tax Freeze grant (which is likely to be mainstreamed in future years).

(8) Collection Fund – the balance of surplus / deficit on retained business rates and Council Tax compared to original assumptions

(10) Prior Year baseline – the previous year net budget position.

(11)Base budget adjustments – increases due to non-pay and pay pressures across the Council.

(12) Directorate pressures – the 2015-16 items are detailed in the revenue budget paper. These were far lower than the previous year, and similar levels have been forecast going forward in the MTFS.

(13)Impact of capital investment – the amount of revenue budget required to pay off any additional capital borrowing required in future financial years from the capital strategy. For 2015-16 the costs through using internal balances are expected to met by utilising one off capital receipts and increased Treasury Management Returns.

(14) Other adjustments – in 2015-16 this is the use of the £500k of one-off reserves released following a review of earmarked reserves.

(15) & (16) Savings– the amount of savings required for each financial year.

Long Term Financial Position

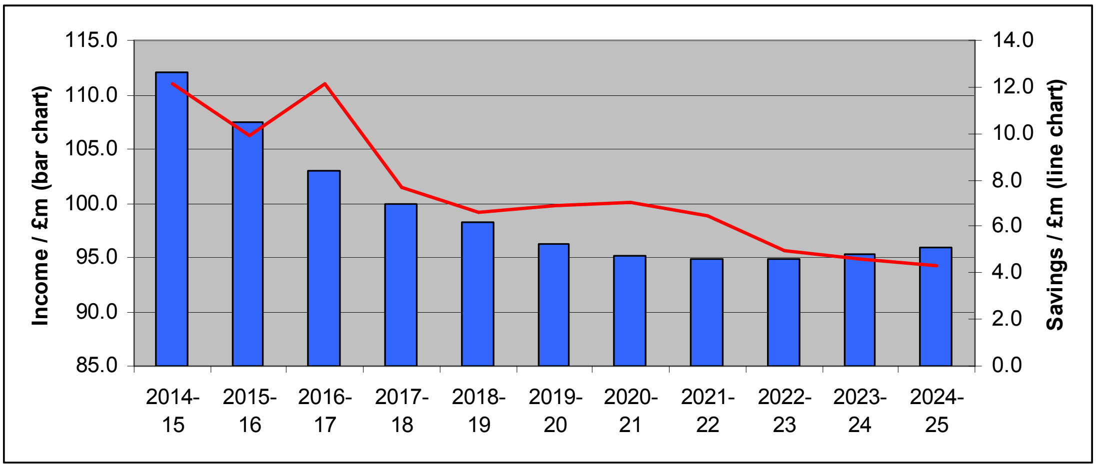
The scale and the timeframe for funding reduction remain an unknown from Government, however, it is important that the Council considers the longer term financial impact of decisions that are being made at the moment.

One unknown at present is the impact of the macro-economic position on the decisions made by whichever UK Government is in place from 2015. Continued instability in European and world financial markets may well change Government fiscal policy and this will then impact on the Council's financial position.

Over the longer term, it is likely that the Council will need to borrow to support its capital programme. Though much of this is dependent on the level of Government grants in the future, it would be reasonable to assume that within 5-10 years the Council will have a borrowing requirement through using its internal balances and through the repayment of loans when they finalise (with £12m finishing within the current MTFS).

The graph below highlights at a very simple level the income and expenditure requirements, with relatively benign inflation levels, that Council Tax base growth slows to 1% and that Business Rates remain static except inflation. It also assumes continued suppressed pay inflation and that Government funding reduction of 25% p.a. remain.

Chart 2.8: Long Term Financial Model



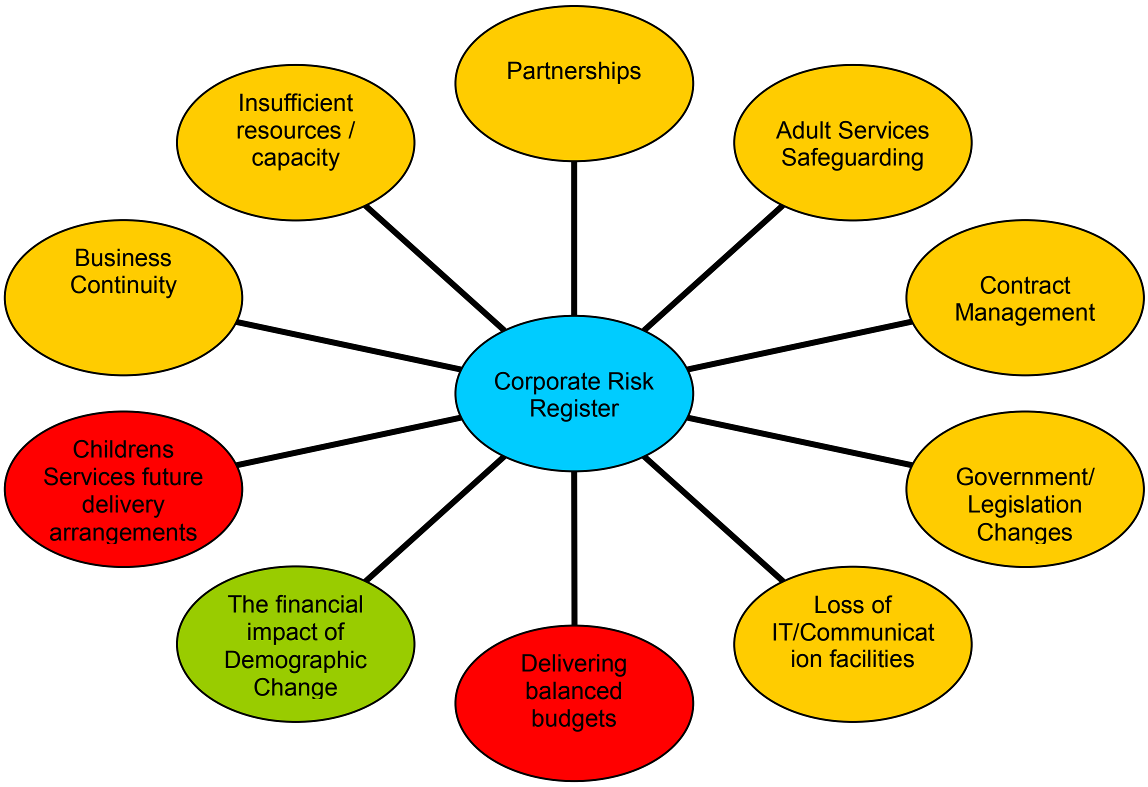
The above highlights that around 2021, the Council's income would start to level off. The reason for this is that by this point the Council would have minimal Government Grant. One of the unknowns is that the Government are due to rebase the business rates system in 2020 and this will have an impact upon the above but it is impossible to quantify.

What this highlights is that the impact of any increased demand on the Council's services will have a significant impact on the rest of the Council's services. The savings requirement throughout the above is still far higher than the pre 2010 levels seen, and so the Council will need to make sure that transformation is not only ongoing, but that it is constantly eroding the cost base.

Managing Risk

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

Table 3.2: Corporate Risk Register



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

Table 3.3: Scenarios and their financial impact

Scenario	Positive impact / £m	Negative impact / £m
Increased cost due to the new CSC organisation	2	-2
CTX Collection rates change by 1%	0.45	-0.45
BR Collection rates change by 1%	0.3	-0.5
Business Rates appeals[3]		-2
Over / under delivery of savings	1	-3
Further Government funding reductions – new budget following the general election		-2
Performance on Council investments	0.5	-0.5
Total	**4.25**	**-10.45**

It is highly likely that all of the above scenarios will occur *to an extent*. There are some positive as well as negative risks. The Council has seen significant in year pressures from Children's Social care in the 2013-14 and 2014-15 financial years. However, as highlighted above and as will be detailed in the revenue budget papers, significant sums are being proposed to go to this service to help deal with the financial pressures.

The two largest risks come from reduced business rates and savings delivery. In the current financial year, Business Rates increased initially, but the collectable amount has fallen by over £1m in four months at the time of writing. Business Rates numbers are volatile as businesses demolish, convert and redevelop sites in the borough. From a savings delivery viewpoint in 2014-15 there are savings still highlighted as amber as not being delivered in year; any unmet savings have been adjusted for in the budget going forward where appropriate. However, 2015-16 will have a very high savings target of circa £10m. By its very size (almost 10% of the Council's budget), this savings plan will be an inherent risk.

[3] The Council holds a Medium term Financial Volatility reserve that would dampen the impact of the appeals for a one off period. It is current at a level broadly halfway between the expected business rates retained and the Government safety net.

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

Table 3.4: Managing risks

Risk	Management Control
Increased cost due to the new CSC organisation	CEX regularly meetings with the commissioner for CSC. Transition Board setup headed by the Strategic Director CCS.
Collection rates change by 1%	Monthly collection rates monitored to CMT Regular meetings with the transactional services provider
Business Rates appeals	Notifications from the Valuation Office Pro-active visits to be undertaken by the transactional services provider
Over / under delivery of savings	Monthly monitoring of savings against a RAG framework, quickly highlighting to CMT where savings might not be achieved and to take action.
Further Government funding reductions	Regular monitoring of DCLG announcements. Informal networks with other Councils
Performance on Council investments	Monthly meetings of the Treasury Management Group to monitor investments and change strategy if required.

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Council	**DATE:**	19th February 2015

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

WARD(S): All

PART I
FOR 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

The Council is requested to resolve that the Treasury Management Strategy for 2015/16, attached as Appendix A, be approved.

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 achieve 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 with 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.

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

8.1 The Treasury Management annual report was considered by the Overview & Scrutiny Committee on 11th November 2014 and this report was considered by the Committee on 5th February 2015. The Committee supported the recommendation to increase the investment in the property fund portfolio from £7m to £10m, and this was endorsed by Cabinet on 9th February 2015.

8.2 The Cabinet considered the Treasury Management Strategy at its meeting on 19th January 2015 and agreed to recommend the strategy to Council.

9 <u>Appendices Attached</u>

'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

APPENDIX A

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.

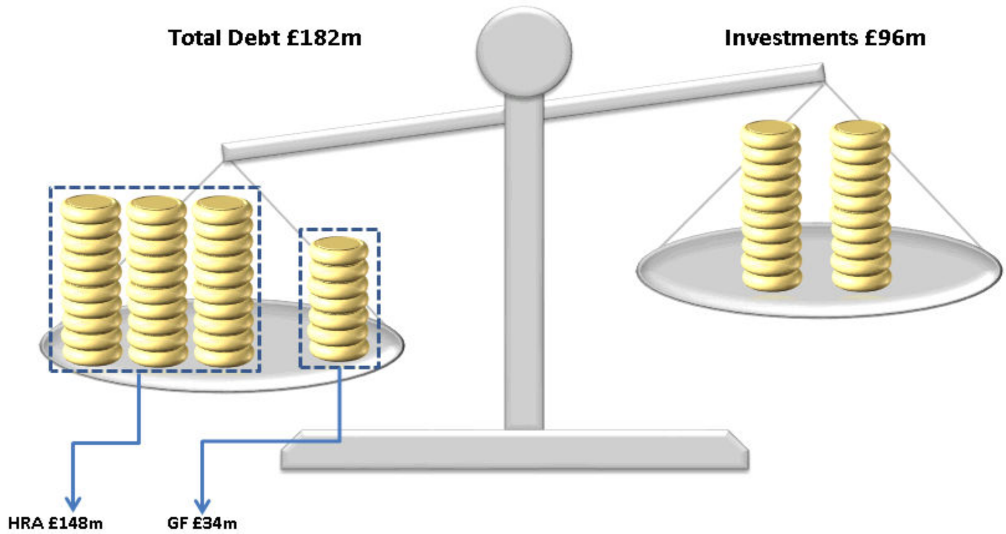


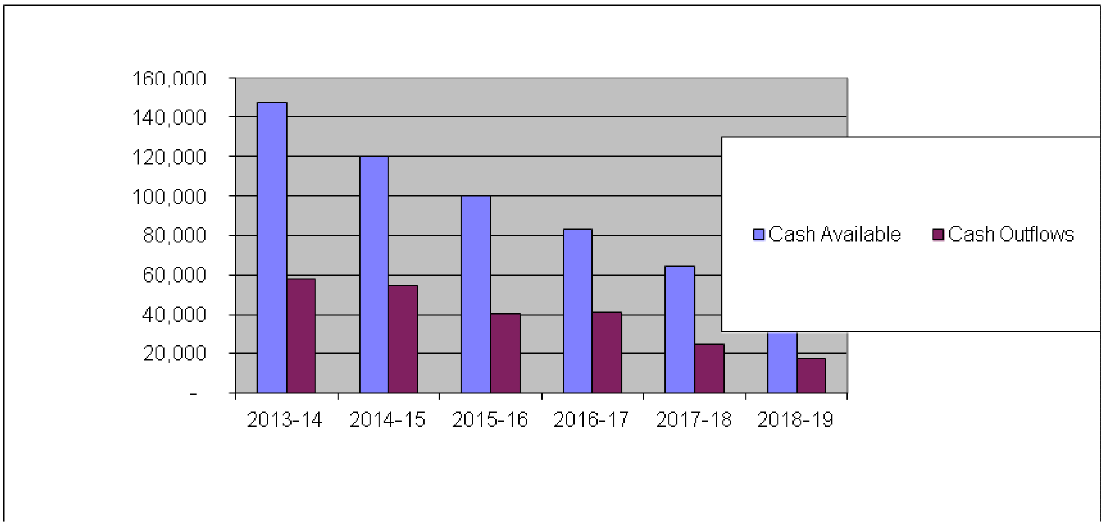
Table 1: Balance Sheet Forecast

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.

7 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

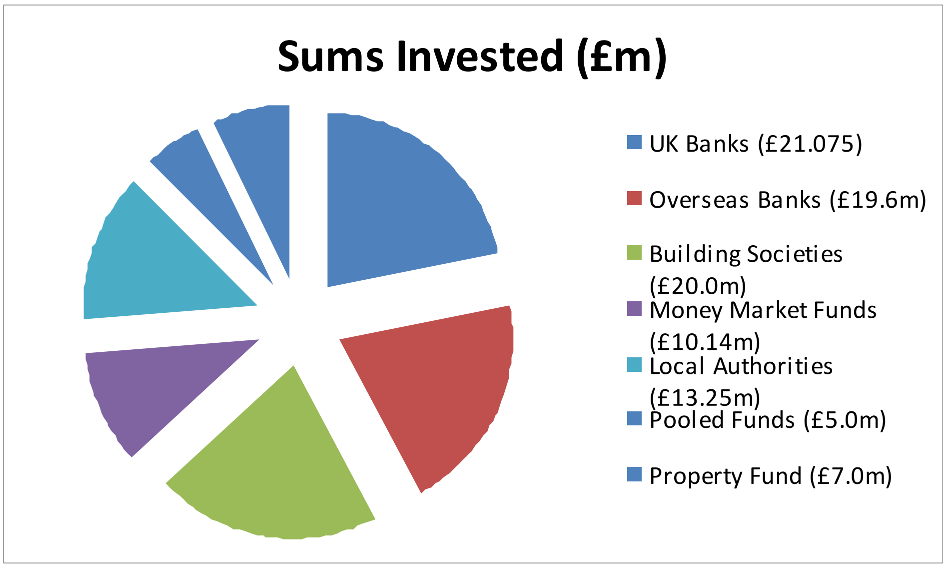
† The time limit is doubled for investments that are secured on the borrower's assets
* But no longer than 2 years in fixed-term deposits and other illiquid instruments
** But no longer than 5 years in fixed-term deposits and other illiquid instruments

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 except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financing requirements for the current and the next two financial years.

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

Table 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

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:	Council	**DATE:**	19th February 2015
CONTACT OFFICER: **(For all enquiries)**	Joseph Holmes; Assistant Director, Finance & Audit (01753) 875358		
WARD(S):	All		

PART I
FOR 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 of Council for the calculation of the Minimum Revenue Provision.

2 Recommendations

The Council is requested to resolve:

(a) That the capital strategy of **£165m** be approved.

(b) That Council 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**
Revenue cost - if borrowed p.a	*-1140*	*-138*	*-89*	*-81*	*-81*	*-1530*
Revenue cost - loss of investments p.a	*-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

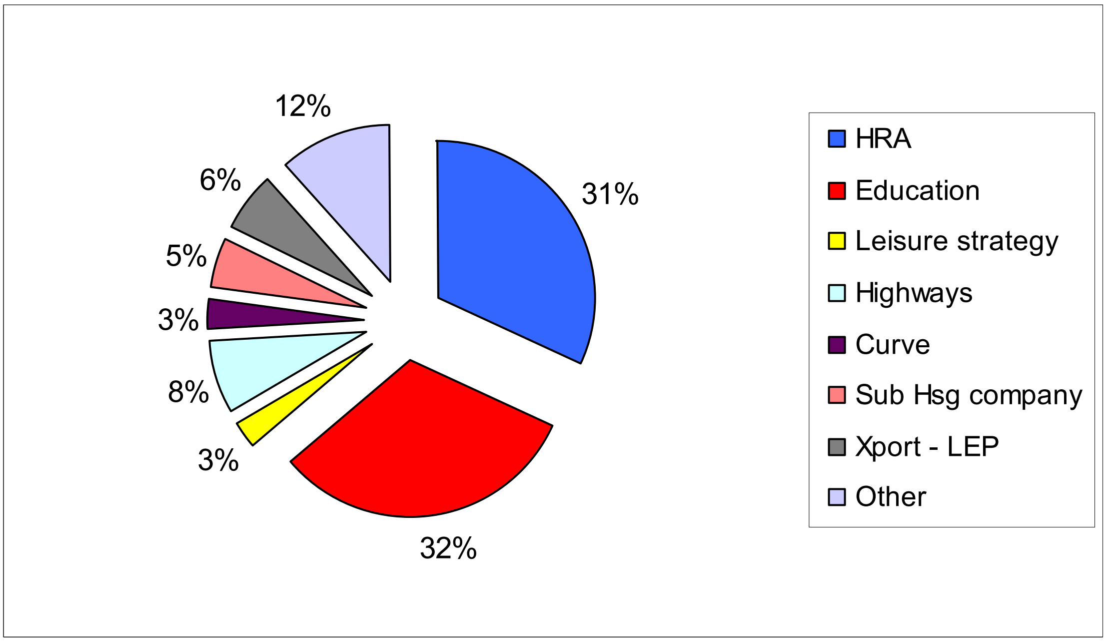
5.3.1 As can be seen from the above, of the capital programme funded via general sources, a third relates to expenditure through the Slough Regeneration Partnership and two thirds on other general fund activity. The key elements of the Slough Regeneration Partnership expenditure relate to the building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

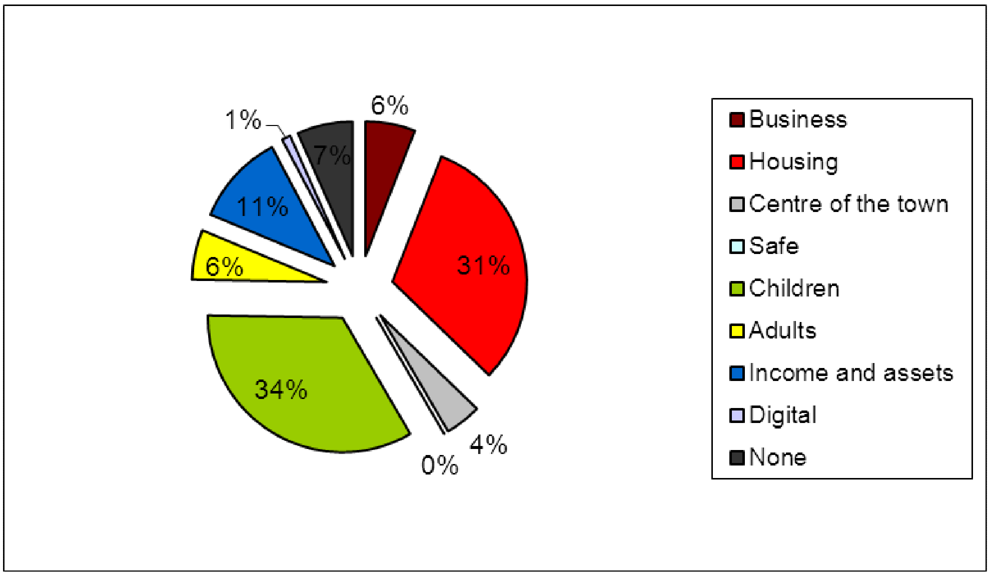
Chart 2.1: Key items included in the Capital Strategy



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

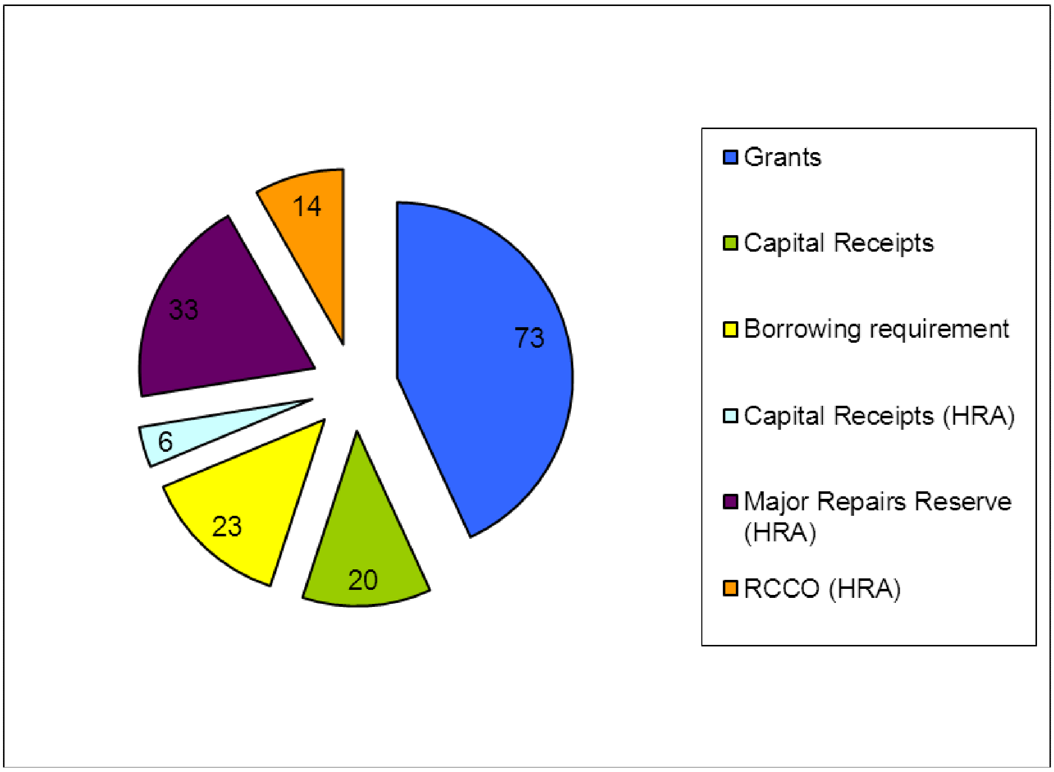


The above chart shows where the Council is due to spend capital sums over the life of the strategy in accordance with the latest draft outcome Plan for future years

5.5 <u>Financing the capital programme & prudential code</u>

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 was considered by the Cabinet on 19th January 2015 and by the Overview & Scrutiny Committee on 5th February 2015.

7 Conclusion

The Council is requested to approve the capital strategy.

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
		£'000						
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 2and 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**
Contingency projects or schemes yet to be approved	**£2,980**	**£10,817**	**£3,350**	**£5,750**	**£7,750**	**£30,647**
Grand Total	**£14,315**	**£17,654**	**£5,214**	**£7,365**	**£7,865**	**£52,413**

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Council	**DATE:** 19th February 2015
CONTACT OFFICER:	Joseph Holmes; Assistant Director Finance & Audit, section 151 officer	
(For all enquiries)	(01753) 875358	
WARD(S):	All	

PART I
FOR DECISION

REVENUE BUDGET 2015/16

1 **Purpose of Report**

To detail the overall Revenue Budget for 2015/16, and the decisions required for the Council to achieve a balanced budget for the year ahead.

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

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

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

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

2 **Recommendations**

The Council is requested to resolve that the Revenue Budget 2015/16, be approved, noting that many of the other organisations have yet to set their Council Tax.

Council Tax Resolution – In relation to the Council Tax for 2015/16

(a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2016 be as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 15 December 2014 Cabinet calculated the following Tax Base amounts for the financial year 2015/16 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 38,462.6 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2015/16; and

(ii) The sums below being the amounts of Council Tax Base for the

Parishes within Slough for 2015/16:

a)	Parish of Britwell	597.0
b)	Parish of Colnbrook with Poyle	1,781.1
c)	Parish of Wexham	1,270.3

(c) That the following amounts be now calculated for the year 2015/16 in accordance with sections 31A to 36 of the Act:

(i) £437,571,351 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);

(ii) £ 392,237,445 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);

(iii) £45,333,906 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);

(iv) £1,178.64 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(v) That for the year 2015/16 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £207,046 representing the total of Parish Precepts for that year.

(vi) £1,173.27 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

Band	**Slough Area** **£**	**Parish of Britwell** **£**	**Parish of Colnbrook with Poyle** **£**	**Parish of Wexham Court** **£**
A	782.18	44.06	31.80	24.48
B	912.54	51.41	37.10	28.56
C	1,042.91	58.75	42.40	32.64
D	1,173.27	66.10	47.70	36.72
E	1,434.00	80.79	58.30	44.89
F	1,694.72	95.47	68.90	53.05
G	1,955.45	110.16	79.50	61.21
H	2,346.54	132.19	95.40	73.45

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

(viii) That it be noted that for the year 2015/16 the Thames Valley Police Authority precept has been provisionally stated in line with previous year increases, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley
	£
A	109.14
B	127.32
C	145.52
D	163.70
E	200.08
F	236.46
G	272.84
H	327.41

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

(ix) That it be noted that for the year 2015/16 the Royal Berkshire Fire Authority has provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority
	£
A	40.44
B	47.18
C	53.92
D	60.66
E	74.14
F	87.62
G	101.10
H	121.32

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

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

Band	**Slough** **£**	**Office of the Police and Crime Commissioner (OPCC) for Thames Valley** **£**	**Royal Berkshire Fire Authority** **£**	**TOTAL** **£**
A	782.18	109.14	40.44	931.76
B	912.54	127.32	47.18	1,087.04
C	1,042.91	145.52	53.92	1,242.35
D	1,173.27	163.70	60.66	1,397.63
E	1,434.00	200.08	74.14	1,708.22
F	1,694.72	236.46	87.62	2,018.80
G	1,955.45	272.84	101.10	2.329.39
H	2,346.54	327.41	121.32	2,795.27

(xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.

(xii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(xiii) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

(xiv) The above figures assume a council tax freeze for the Royal Berkshire Fire Authority. If this is not the case this report requests that the Section 151 or nominated officer be authorised to adjust the council tax charges in line with final figures following consultation with the Leader of the Council and Leaders of the Opposition Groups.

HRA Rents and Service Charges –

(e) That the proposed increase in Housing Revenue Account rents and service charges for 2015/16 be as follows:

(i) Council house dwelling rents for 2015/16 increase by an average of £2.24 per week (2.2% average increase) with effect from Monday 6th April 2015. This is in line with current government guidelines on rent increases, linked to September CPI+1%.

(ii) Garage rents, heating, utility and ancillary charges increase by 2.3% with effect from Monday 6th April 2015. This is based upon the September RPI figure.

(iii) Service charges increase by 2.2% with effect from Monday 6th April 2015. This is based upon the CPI+1% uplift used for rent setting.

(iv) 'Other committee' property rents increase by an average of 2.2% from Monday 6th April 2015 in line with the average increase of all housing properties.

Fees and Charges –

(f) That the proposed increase in Fees and charges outlined in Appendix Fi for 2015/16 be as follows:

(i) Sports Pitch fees and Allotment fees increase by the benchmark plus 4.2%

(ii) The sports pitch fees will be implemented from the 1st April 2015 but the allotments will take effect from the 1st December 2017 as the allotment holders are normally given a year's notice and the fees for 2016 have already been set.

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

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

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

Priorities:

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

3b **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

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	A number of posts will be affected by changes proposed. These will be managed through the council's restructure, redundancy and redeployment policy and procedure. As highlighted in the December Cabinet report these could total over 20.	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	Risk of overspend and making further savings elsewhere	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Councils responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2015/16 does not recommend any savings that will affect the council's ability to carry out its statutory functions. However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions. All the savings proposals included within this report will be closely monitored throughout the financial year.

(d) Equalities Impact Assessment

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

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

(e) Workforce

The proposed savings included within this report will have an impact on staffing levels, with more than 100 staff affected. The Council has a number of measures to minimise compulsory redundancies including;

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

5 Supporting Information

5.1 Summary

5.1.1 2015/16 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible, protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes. This has been achieved whilst delivering a freeze for Council tax for the third time in the past four years.

5.1.2 There remain many difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2015/16 ensures that the Council’s finances are based on solid footings for the future.

5.1.2 This paper sets out the revenue budget for 2015/16 and the associated plans and assumptions contained within it. The Medium Term Financial Strategy, which accompanies this paper for approval, details the longer term financial challenges that the Council faces into the future years, whilst the capital strategy sets out the wider financial implications of decisions made in investing in the borough’s infrastructure. The Treasury Management Strategy details how the Council will undertake transactions concerning investments and borrowings and this is contingent on the capital strategy as well as having an impact on the revenue budget savings proposals for 2015/16.

5.1.3

No.	*2014-15*	**Funding**	**2015-16**
1	*43.85*	Council Tax	45.13
2	*27.13*	Retained Business Rates	29.13
3	*32.47*	Revenue Support Grant	24.01
4	*1.96*	Education Services Grant	1.46
5	*2.36*	NHS monies through BCF	2.36
6	*2.01*	New Homes Bonus	2.60
7	*1.03*	Other non-ring fenced grants	1.08
8	*1.30*	Collection Fund	1.90
9	***112.11***	**Total Budgeted income**	**107.66**
10	*114.25*	Prior year baseline (adj.)	112.34
11	*3.54*	Base budget changes	3.72
12	*8.20*	Directorate Pressures	1.89
13	*-1.34*	Other adjustments	-0.50
14	*-12.53*	Savings identified	-9.79
15	***112.11***	**Net Expenditure**	**107.66**

5.2 Income

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

5.2.2 The amount of retained Business Rates is determined by the Council setting its estimation of Business Rates for the year ahead to central Government. The Government then allows the Council to retain 49% of this income, subject to a further tariff that the Council must pay Central Government. For 2015/16 the tariff has been set at **£18.4m**. The Government sets the tariff based on the historical average of business rates collected set against the level of spend the Government believes the Council should have. If Business Rates growth compared to the estimate, the Council retains 30% of this growth. If Business Rates drop, the Council is liable for 50% of the drop.

5.2.3 The Council also receives Revenue Support Grant (RSG). RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans. For 2015/16, the amount of RSG announced in the provisional Local Government Finance Settlement is **£24.0m**. The finalised settlement is unlikely to be announced until just before the Cabinet meeting in early February

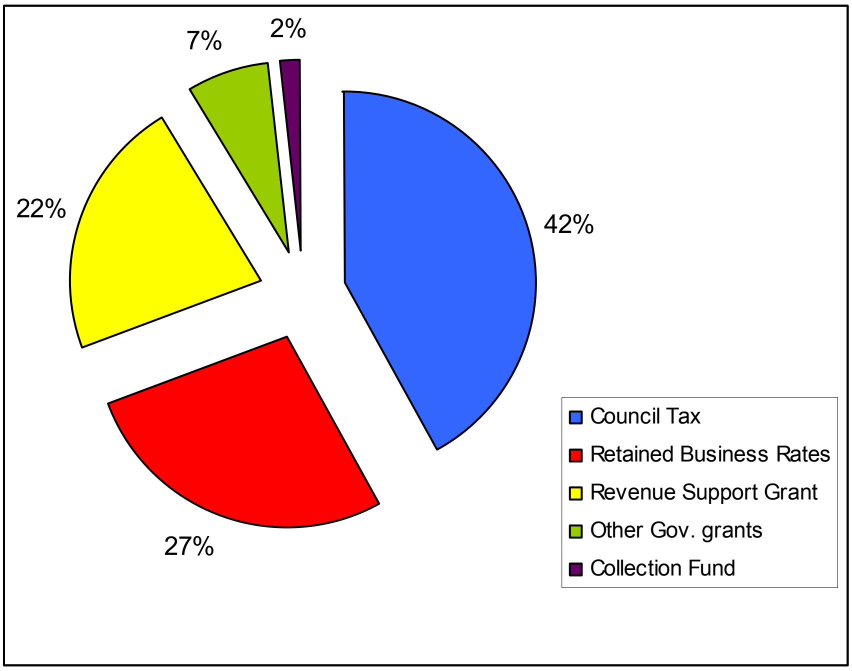
5.2.4 The final main sources of Council income is Council Tax. This is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2013 multiplied by the average band D Council Tax amount. For 2015/16 the Council Tax levels across the borough will be frozen for the Slough Borough Council element at £1,173.27 for a band D equivalent. This leads to an assumed Council Tax income of **£45.1m** for the Council in 2015/16.

5.2.5 The other sources of Government grant income are clarified as per the Local Government Finance Settlement. Any variation from these in the finalised settlement will be reported to the Cabinet and Council. The total amount of non-ring-fenced Government Grants anticipated for 2015/16 is **£7.4m**. The main items included are the New Homes Bonus (£2.6m), NHS Monies to support Social Care (£2.3m), and Education Services Grant (estimated at £1.4m).

5.2.6 The final source of income is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to the estimates made in January 2013 for the 2013-14 budget. At present this is anticipated to produce a surplus of **£1.9m**.

5.2.7 The total income available to the Council for the 2015/16 for its net budget is therefore **£107.7m**.

Chart 1.1: Council income sources



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

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

5.3 Expenditure

5.3.1 The Council's base budget for 2013-14 stood at £112.1m and it is against this figure that all adjustments are completed. The adjustments included:

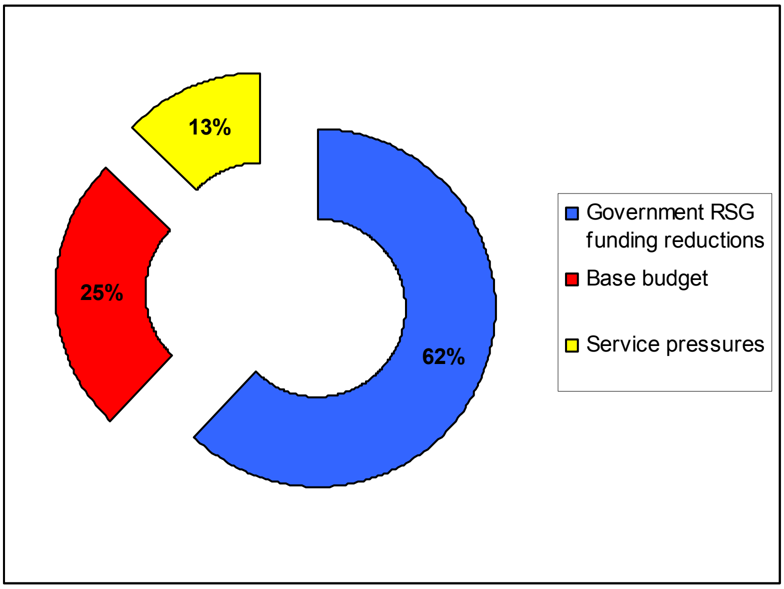
(1) Base budget **£3.7m** – these are movement due to inflationary pressures, pay award (assumed at 1% for 2015/16), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.

(2) Directorate Pressures **£1.8m** – these are the totals of increased pressures on the council for 2015/16. Appendix C provides details of these.

(3) Savings of **£9.8m**. The items above combined with the reduced overall income to the Council leave a savings target that needs to be closed. Appendix A details the proposals behind the savings

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

Chart 1.2: Council wide pressures



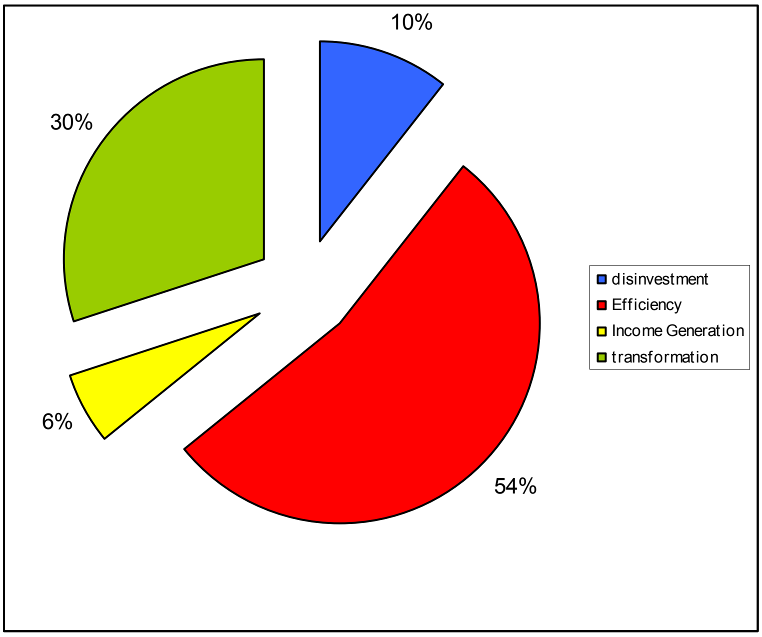
5.3.3 As can be seen from the above, the main driver for savings is the Government funding reduction to Revenue Support Grant. Though additional income from Council Tax and Business Rates partial offsets this, the scale of funding reduction is such that this is by far the primary driver for savings.

5.4 Strategy

5.4.1 The council has been regularly monitoring the levels of savings required for the year ahead, and reports have been presented to Cabinet in July and November detailing the levels of savings required and providing an early sight of the savings proposals themselves. In November, the Cabinet approved for £7.6m of savings to be included in the 2015/16 Revenue Budget with a further £0.7m at the December Cabinet, and these are contained within appendix A to this report.

5.4.2 The Council has approached the budget round for 2015/16 utilising four main areas of challenge to deliver a balanced budget. Firstly, to ensure that any pressures are included within the budget setting process, but that these are supported by a strong evidence base. The second approach has been to ensure that business efficiency has been paramount throughout the savings approach; though this element of savings proposals will dwindle over the scale of the Medium Term Financial strategy, it is vital that the council continues to ensure that efficiencies are driven out of the organisation at every opportunity. The third element is delivering transformation programmes and changing how the Council operates and delivers services to its populations. Finally, and though these have been mitigated wherever possible, is a reduction in the service availability either internally to the Council or to our residents.

Chart 1.3: Council Savings by type - 2015/16



5.5 Reserves

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

5.5.2 As per this report, the minimum level of recommended General Fund reserve has been set at 5% of the Council's net revenue budget plus 10% of the net Children's services budget. This is because it is in children's services that the greatest level of risk is coming from at present. This would mean a minimum level of **£7.3m** at the proposed budget figures. The current level of general reserves as at 31.3.2014 is £8.1m.

5.6 Risk Management

5.6.1 Given the level of savings for 2015/16, it is vital to ensuring the long term stability of the Council that these are delivered to enable a balanced budget, but also that the savings package as a whole is considered across the Council and that the sum of the savings do not create difficulties for other parts of the Council when delivering services for its residents.

5.6.2 During the 2015/16 financial year, as has been the case in 2014-15, there will be monthly monitoring of the savings proposals to identify which are green, i.e. on track to be delivered, amber or red (not expected to be delivered in year). This will enable the Council to adjust it's future budget position for any unmet savings as well as ensure that it can take appropriate in year steps to rectify any growing overspends that arise.

5.7 Impact on service budgets

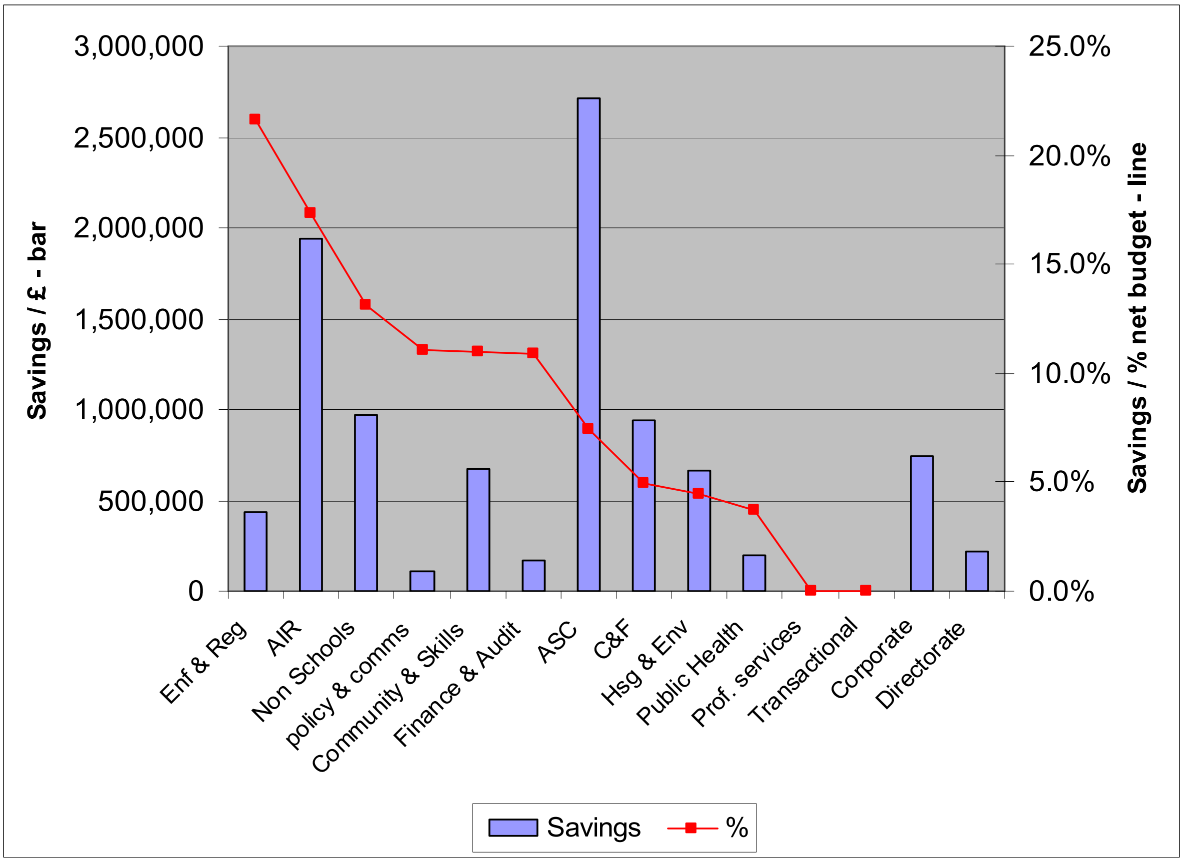
5.7.1 The table below highlights the changes to service budgets as a result of all of changes detailed in the budget and associated papers.

Table 2.1: Impact on service budgets

	2014-15 / £m	2015/16 / £m	Variance / £m	% variance
Wellbeing	63.7	61.8	1.9	-3.0
Customer and Community Services	17.4	16.9	0.5	-2.9
Regeneration, Housing and Resources	27.8	26.0	1.8	-6.5
Chief Executive	4.3	4.2	0.1	-2.3

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

Chart 1.5: Total savings proposed by service area



6 Comments of Other Committees

6.1 The high level budget was consulted on with the Slough Business Community Partnership on the 18th December 2014. The partnership noted the changes to the Council's funding position, and the growing importance of retained business rates, and the role that growing and retaining local businesses had for the Council's overall financial position.

6.2 There was an endorsement that a council wide focus on the economy is a positive one but that SBC's current capacity does not match that of other neighbouring LA's and that to effectively support local businesses and the economy the capacity of the Council will need to grow.

6.3 It was noted that both small and micro businesses require suitable and cost effective office space in the town centre. Some businesses may be finding it difficult to find suitable spaces and noted that a neighbouring LA had more supply and was cheaper.

6.4 This report was considered by the Overview & Scrutiny Committee on 5th February 2015 and by the Cabinet on 9th February 2015. Following a recommendation from the Committee, the Cabinet resolved "That Officers be authorised to implement differential fee rates for Residents and Non Residents, on a range of services, including sport pitch hire."

7 Conclusion

7.1. This report underlines a 0% Council Tax rise for the local taxpayer for 2015/16, and the delivery of this is based on a variety of savings measures that are geared towards minimising the impact on service users. These savings measures need to be considered in light of the risks that they represent and in line with any impact assessments that are required.

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

8 Appendices Attached

'A' - Savings proposals

'B' - Base budget assumptions

'C' - Service pressures

'D' - Reserves position

'E' - Collection Fund

'F' - Fees & Charges

'G' - Council Tax Resolution

'H' - Section 151 officer statement

'I' - Specific Grants

‘J’ - HRA Rents and Service Charges

‘K’ - Equality Impact Assessment

9 **Background Papers**

‘1’ - Local Government Finance Settlement 2015/16

‘2’ - Council Taxbase Report (December 2014 Cabinet)

‘3’ - Medium Term Finance Strategy update paper to Cabinet (November 2014 and December 2014)

Appendix A – Savings Proposals

No	Directo rate	Service	Service Lead	Commi ssioner	**SAVINGS**	Item	Delivery	Risk	Staffing impact	Consultation	EIA required
	RHR	Asset Management	SG	Swi	50,000	Restructure asset support to Age Concern	AC occupies premises at Trelawney Avenue, Langley Pavilion, the Village, Manor Park and Maria Cowling Hall. The occupancy is a combination of formal lease agreements and hire agreements. The Council is committed to paying £280,000 per annum to the landlord of AC until 2019. The saving will be achieved through a combination of re-negotiation with Age concern to reduce their overall office space, reducing service contract expenditure and making better use of existing assets.	The Council is tied into the lease of the Village until 2019 whether AC occupies the building or not. The risk to SBC would be to re-locate AC and not backfill the space. In reality the risk of doing so is very low. The Council's DAAT service is an obvious example of a service that needs a town centre location and requires new premises.	*None*	Consultation has already started with AC. They are already aware of the Council's desire to reduce it's overall liabilities and/or make better use of space within the Village	
2	RHR	Asset Management	SG	Swi	62,500	Capital disposals income	Target level to be agreed	Low	None	No	No
3	RHR	Housing	NA	Swi	150,000	Restructure proposals merging Emergency Planning with Neighbourhood to create a service and corporate wide resilience team. Primarily HRA funded	Delivery by end of Q3 14-15 subject to corporate finance signoff of proposals and HRA growth bid.	Flexing HRA ring fence	*1-2*	aimed for 15th September	Incorporated into the September 2014 Staff Consultation Document.
4	CCS	Building Control & Planning	SD	Swi	30,000	Restructure	In Progress	Low	*1-2*	Yes	No

5	CCS	Building Control & Planning	SD	Swi	55,000	Further Restructure	1 FTE to be deleted	Low	*1-2*	No	No
6	Wellbe ing	Non-schools	JP	Sha	500,000	Contract savings as part of the PFI - Local Partnerships engaged with SBC being used as a pilot for the DfE	Service Redesign	Medium	None	No Public Consultation	Not Required
7	CCS	Parks	Ast	Par	50,000	Underspend/Contract efficiencies and increased pitch charges (increase by up to 30%)	Apr-15	Medium	none	No	No
8	CCS	Community & Skills	ASt	Par	10,000	Parks	Charges (Increase around 30% and still below competitor/neighbour rates)	Medium	None	Yes	Yes
9	RHR	Commissioni ng	SR / NH	Par	514,000	Contract savings in respect of Amey	£200k on street cleaning, £176k on grounds maintenance and £180k on collections	Medium	None		No
10	RHR	Directorate	SR	n/a	171,000	Efficiency target		Medium			
11	RHR	Transport	SDC	Mun	20,700	Car Parking lighting efficiency scheme	Scheme approved at CSB on 28/01/2014 and £185k included in 2014/15 capital programme to deliver scheme.	Low	*None*	No	No
12	RHR	Transport	SDC	Mun	180,000	Pay On Foot Barrier system for Herschel and Hatfield Multi Storey Car parks	Scheme approved at CSB on 28/01/2014 and £200k included in 2014/15 capital programme to deliver scheme. Change in Vinci contract.	Medium	*None*	Yes	No
13	RHR	Transport	SDC	Mun	25,000	Reduce Traffic Management/Environm ental Schemes	01/04/2015	Medium	1-2	None	None

14	RHR	Transport	SDC	Mun	12,500	Increase Traffic management income/recharges	01/04/2015	Low	1-2	None	None
15	RHR	Transport	SDC	Mun	12,500	Parking Development Cost recovery	01/04/2015	High	1-2	None	None
16	RHR	Transport	SDC	Mun	50,000	Permit Scheme - to be introduced by March 2015	Utility companies etc. would require a permit from the council before works could commence on the local road network. This would be administered using existing staff and a fee charged for the permit.	Low	6-10	Yes	No
17	CCS	Community & Skills	ASt	Mun	30,000	Cemetery & Crem	Abatement, Charges	Medium	None	No	No
18	Wellbeing	Non Schools	JW	Man	450,000	Services to Schools Review Saving resulting from the new contract	Outsourcing	Low to Medium	20+ (CE not SBC)	Not Required	Required (after 15/16), not before
19	CCS	Primary Authority	GdH	Hus	50,000	Additional income	Maintenance of partnership delivery on 34 contracts and continue to develop new contracts to generate income target	Low	none	None required	None required
20	CCS	CP&BC reshape	GdH	Hus	40,000	Restructuring	Amalgamation of posts. Risk that statutory role will be undermined	Medium	1-2	Yes	No
21	CCS	Berks East TS	GdH	Hus	50,000	Shared service or service reduction	Delivery of TS service across Berkshire East or stop proactive services and delete one post	Medium	1-2	Yes	No
22	CCS	Shared Management RBWM	GdH	Hus	25,000	Shared Service or service reduction	Shared management of F&S service or delete 0.5 post	Medium	1-2	Yes	No
23	CCS	Reduction in Business support service	GdH	Hus	12,000	Restructuring	0.4FTE	Low	*1-2*	Yes	No

24	Wellbeing	ASC	ASi	Hus	1,000,000	Transformational Strategy LD Change Programme	Service Redesign	Medium to High	None	Required after 15/16	Not Required
25	Wellbeing	ASC	ASi	Hus	100,000	Mental Health Services Review of Day Services, High Cost Packages & Supported Living	Service Redesign	Medium to High	None	Not Required	Not Required
26	Wellbeing	ASC	ASi	Hus	350,000	Service Reform Extra Care; Internal Day & Residential Services	Outsourcing	Medium to High	20+	Required	Required
27	Wellbeing	ASC	ASi	Hus	275,000	Prevention & Early intervention Community & Vol Sector Commissioning & Telecare	Service Redesign	Medium	20+ (but not SBC staff)	Required	Required
28	Wellbeing	C&F	KF	Hus	200,000	Children's service commissioning efficiencies Savings resulting from better commissioning and cheaper types of LAC provision	Better Commissioning, Contracting & Reviewing	Medium	None	Not Required	Not Required
29	Wellbeing	Non Schools	RC	Hus	25,000	Raising Participation Partnership Service to cease, SBC surplus contribution	In Sourcing	Low	None	Required (but completed)	Required (but Completed)
30	CCS	Young People's Service	ASt	Car	155,000	Restructure	Consultation proposals issued June 2014	Medium	10+	Yes	Yes
31	CCS	Libraries Review	ASt	Car	185,000	Restructure	Completed	Low	6-10	Efficiency	Contractor duty
32	CCS	Community & Skills	ASt	Car	126,000	Divisional Restructure	Apr-15	Medium	3-5	Efficiency	Appendix 4 of the Staff Consultation report dated 14th January 2015

33	CCS	Arts Post	ASt	Car	5,000	Service reduction	Delete arts post (i.e. stop any support for arts). Post fixed term to 2015. First year impact final quarter after Curve opened. Used to develop Curve programme up to Dec 2015	Low	none	No	No
34	CCS	CLASS Management	ASt	Car	30,000	Restructure	Apr-15	Medium	1-2	Yes	Appendix 4 of the Staff Consultation report dated 14th January 2015
35	CCS	Library Stock Fund	ASt	Car	25,000	Service reduction	Reduced level of service for Curve and other sites. Impact on issues (falling)	Low	None	No	No
36	CCS	Community & Skills	ASt	Car	6,000	Archive charge	Reduce Berkshire Charge subject to 6 LA agreement	Low	None	No	No
37	RHR	Corporate Property	SG / SR	Swi	50,000	Corporate Properties	Premise Reduction Costs through more efficient usage of corporate buildings	Low	None		
38	RHR	Asset Management	SG	And	25,000	Increase AM income/recharges to capital	Staff timesheets and closer mapping of work to capital projects	Low	*None*		
39	RHR	Property Client	AT	and	30,000	Further capitalisation of corporate repairs	Would require capital investment for the next two years.	Low	None	No	No
40	RHR	Finance & Audit	JH	And	6,000	Reduced External Audit fees	Ensure compliance with closedown procedure and reduced grant audit costs	Medium - SBC hasn't had both the accounts signed by the CFO and external auditors on time since 2009-10	*None*	No	No
41	RHR	Finance & Audit	JH	And	25,000	Counter fraud income	Ensuring appropriate recovery of administration penalties and other recovery costs	Medium	*None*	No	No
42	RHR	Finance & Audit	JH	And	50,000	Counter fraud income	Recovered income through increased trading activity	Medium - recent successful cases indicate this as achievable	*None*	Yes	no

43	RHR	Finance & Audit	JH	And	13,740	Remove management support	Restructure	Low	*0.5*	Yes	No
44	RHR	Finance & Audit	JH	And	5,000	Removal of change in budgeted posts	Restructure	Low	*2*	Yes	No
45	RHR	Finance & Audit	JH	And	5,000	Supplies & services	Efficiency review	low	*None*	no	No
46	RHR	Asset Management	SG	And	100,000	Full cost recovery	Increase AM income/recharges to capital etc.	Low	None	No	No
47	Corporate	Finance & Audit	JH	And	93,000	Repayment of debt	There is a loan due to finish in 2015-16 and this will not be re-financed	None	none	none	no
48	RHR	Finance	JH	And	14,000	Transfer of staff to SFIS - delete remaining budget	Restructure due to the DWP moving counter-fraud staff from the LA to the DWP	Reduced counter-fraud capacity, though this is an enforced change	2.6	Disinvestment	
49	Wellbeing	ASC	ASi	Hus	300,000	Reform of Social Care 1 - Front Door, Assessment, Brokerage and Reviewing	Restructure	Medium to High	20+	Required	Required
50	Wellbeing	ASC	ASi	Hus	500,000	Reform of Social Care 2 – Promoting Independence	System re-design, transformation	Medium to High	20+	Required	Required
51	Chief Executive	Media and Communications	TL	Sha	7,700	Efficiency savings through the service	System re-design, transformation	Low	0		
52	Chief Executive	Community Cohesion	TL	Sha	25,000	Remove budget	System re-design, transformation	Medium to High	0	Efficiency	
53	RHR	Highways	AD	Swi	265,000	**One off reduction in annual routine highways maintenance.**	Rescheduling/delay of highways maintenance e.g. patching, pothole filling on roads and surfaces.	Low if short term	*None*	No	No

54	RHR	Highways	AD	Swi	265,000	**Additional one off reduction in annual routine highways maintenance.**	This would allow a limited/constrained level of routine highway maintenance for 15/16. The budget would allow safety matters to be addressed keeping the network predominately safe for its users. The visual decline of the asset would be noticeable, although lesser in early years.	A 20% £530K savings would result in a 40% reduction in routine highways maintenance activities including a significant reduction in patching and pothole filling on the roads and footpaths. The reduction would result in some less urgent maintenance defects remaining unaddressed which in time would worsen; this would start the deterioration of the £500M highway asset which would result in greater expenditure in future years. Longer term decline would also increase the safety risk to its users and this is likely to result in an increase of 3rd party accident claims/compensation payouts. With this reduced budget it would be challenging for the service to keep its customers satisfied and likely to lead to an increase of complaints from dissatisfied residents, business and Cllr's.	*None*	No	No
55	Wellbe ing	Public Health	Asn	Hus	200,000	Mainstreaming	Efficiency	Medium to High	None	Not Required	Not Required
57	Chief Execut ive	policy & comms	TL	Sha	75,000	Efficiency savings through re-procured printing devices					
58	Wellbe ing	Children's	KF	Man	738,000	Efficiencies through improved commissioning arrangements for placements and stabilising LAC numbers	Efficiency	Medium to High	None	Required	Required

59	RHR	Transport	SDC	mun	297,000	Transportation review	£150k - change the start time on concessionary fares to 9 a.m. or 9.30a.m., £107k - withdrawal of services with high cost for low user benefit, £40k saving on youth bus pass as service is not well used and better alternatives are being considered.	High	None	Yes	Yes
60	Corporate	All	JH	And	450,000	Increased Managed Vacancy Factor to 3% across all staffing budgets	Reduce staffing budgets	Medium - Lower turnover will mean that staff have to keep posts vacant for longer to deliver this saving and there could be consequential impact on reduced service levels	None	no	no
61	Wellbeing	ASC	ASi	Hus	189,000	Increase fees and charges to threshold					
63	Chief Executive	Directorate	RB	tbc	50,000						
64	RHR	Finance & Audit	JH		26,000	Removal of vacant post	Delete vacant post	Low	1-2	No	No
65	RHR	Finance & Audit	JH		25,000	Further counter-fraud income	Utilisation of POCA income to support counter-0fraud activity. Further selling of investigative services to other Councils	Medium	None	No	No
66	RHR	Corporate Property	Sarah Richards/ Stephen Gibson		200,000	Corporate Properties	More efficient usage of premises (This is in addition to the £50k submitted to Cabinet on 17 November 2014)	Low	None	no	no
67	RHR	Transport	Savio DeCruz		300,000	Subsidised Bus routes	Additional review of subsidised bus routes. (This is in addition to the £297k already submitted).	High	None	Yes	Yes
68	Corporate	All	CMT		£200,000	Change of HR policies	Change to HR policy	High	Potentially - not on numbers	Yes	Potential

69	CCS	Building Control and Planning	Sanjay Dhuna		22,000	Deletion of two vacant posts (0.5 FTE Planning Enforcement Officer & 0.5 FTE Environment Management Officer)	No recruitment to these posts and delete from establishment				
70	CCS	CP&BC further reshape	Ginny de Haan		85,000	Deletion of 3 post (2.1 FTE)	Restructure early in 2015		3-5		
71	CCS	Primary Authority	Ginny de Haan		0,000	Further PA income	In progress				
72	CCS	Building Control & Planning	Sanjay Dhuna		45,000	Additional Planning Income			None		
73	CCS	Environmental Quality	Sanjay Dhuna		8,000	Reduction in supplies and service spend		Low	None		
74	CCS	Community & Skills	Andrew Stevens		40,000	Additional savings over £126k already submitted for 2015/16 to Cabinet on 17th November 2014 (Item 32, Appendix A)	Apr-15	Medium	6-10	Yes	Appendix 4 of the Staff Consultation report dated 14th January 2015
75	CCS	Libraries Review	Andrew Stevens		15,000	Additional savings over £185k already submitted for 2015/16 to Cabinet on 17th November 2014 (Item 31, Appendix A)	Completed	Low	6-10		Contractor duty

Appendix B - Base Budget Adjustments

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

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

	Wellbeing	CCS	RHR	CEX	Non-Service	Total
Pay Inflation	582	426	263	63	11	1,345
Contractual Inflation	753	161	352			1,266
Reversal of one-off items from 2014/15	0	(350)	200	0	1,057	907
IT Software Costs			150			150
Shortfall in Organic Verification Income		20				20
Shortfall in CRC Income		230				230
Use of Reserves					(469)	(469)
	1,335	488	965	63	599	3,449

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

Use of Reserves includes £150k from the future budget requirement allocated at the 2013-14 year end. £69k of surplus earmarked reserves from a review of all earmarked reserves. £250k is being used to support the capital programme from previously accrued revenue contributions to capital.

No	Directorate	Service	Service Lead	Year	Growth bid	Amount £'000	Service Benefits	Impact of not Approving	Additional Staffing impact
1	Wellbeing	Corporate	KF	2015-16	Additional permanent staffing	843	To increase the numbers of social workers and reduce the number of cases per social workers. To decrease the Council's reliance upon agency staff and to 'grow' the Council's own staff	Higher levels of cases per social workers; increased agency costs	
2	Wellbeing	Corporate	KF	2015-16	Mother & Baby placement pressure	[1]450			
3	Wellbeing	ASC	Asi	2015-16	Implications of the New Care Act	100			
4	Wellbeing	ASC	Asi	2015-16	Transitions from CSC to ASC	300	To meet the cost of demographic / transitions for adult social care clients	Significant Budget Pressure as most of these clients are already known to the Council and receiving care as children.	
5	CCS	Community & Skills	Astevens	2015-16	Curve property revenue cost	45	Enables savings exceeding the additional cost in other council budgets. Improved customer services. Manifesto commitment	Cannot afford to operate the new facility	*None*
6	CCS	Community & Skills	Astevens	2015-16	Leisure and library rates	93	The contract costs operated on the model of discretionary relief being awarded to the contractor which has led to ongoing reductions in costs since the commencement of the contracts. However, the recent change in the granting of discretionary relief has altered this model. This growth bid recognises this change and restores the operating model with the contractors.	Reduced leisure and library services	*None*

[1] Both items 1 and 2 will be allocated to a specific reserve and released when the growth rationale has emerged as a financial pressure.

No	Directorate	Service	Service Lead	Year	Growth bid	Amount £'000	Service Benefits	Impact of not Approving	Additional Staffing impact
7	CCS	Community & Skills	Astevens	2015-16	Community leisure programme	50	Increase in active participation in physical activity, delivering leisure strategy	Leisure strategy objective to have more people more active not delivered	*1-2*
8	CCS	CCTV/Careline	P Webster	2015-16	Business Rates	7	The service is being charged business rates for rooms occupied in the former Town Hall but no budget currently exists to fund this cost.	Continuing financial pressure on the service	*None*
						1,888			

2015/16 Council Reserves

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

During the year, a review of all earmarked reserves has been undertaken to ensure that these are fit for purpose and where any excess reserve has deemed to be held this has been re-provided into other reserves or released to support the 2015-16 budget position.

General Fund

The Council's General Fund reserve is the amount set aside for the year ahead that is uncommitted and for any purpose. The s151 officer's commentary in the later appendix details the level of reserve that the Council's Chief Finance Officer believes should be set aside as a minimum. For 2015-16, the minimum level has been set at £7.3m

General Fund	Amount / £m
As at 31.3.2014	8.1
Forecast Q3 (2013-14) position (under / over (-) spend	-0.7
In year movements to / from the General Fund – s31[2]	0.6
Forecast 31.3.2015 position	8.0

Children's Social Care Risk fund

This reserve has been set aside as part of the Children's social care budget pressure for 2014-15. Funding for pressures in this area has been highlighted and will be held outside of the CSC budget at the beginning of the year.

It is anticipated underlying level of this reserve is expected to be at a minimal level for 2015-16.

Medium Term Financial Volatility Reserve

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

[2] Depending on the scale of section 31 monies returned to the Council following completion of the NNDR3 return, these monies may be transferred to the Medium Term Financial Volatility Reserve at year end

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

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

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

MTFVR	Amount / £m
As at 31.3.2014	1.5
Payment in respect of Business Rates levy due to increase Business Rates collected	-0.5
Year end forecast movements to / from the Reserve	-0.5
Increase in reserve following a review of all earmarked reserves held	0.7
Forecast 31.3.2015 position	1.2

Future Debt repayment reserve

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

The present value of this reserve is £1.0m

Collection Fund

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

Economic Risk fund

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

The forecast year end value of this reserve is circa £2m less any calls on this for 2014-15. An additional sum of £1.55m has been allocated to this fund following the review of reserves during the year.

Organisational change / Transformational reserve

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

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

The Council does hold a number of smaller reserves which are earmarked for specific purposes following the review undertaken during the year.

Unusable reserves

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

Appendix E

2015/16 Collection Fund

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

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

The Council must estimate its Collection Fund position for the year ahead before setting its budget. Any surplus or deficit on the collection fund position must be taken into accounts in the following year; i.e. if the Council had a surplus of £10k in the collection fund for 2014-15, it would need to show this in the 2015-16 budget paper.

The anticipated Collection Fund position as at January 2015 is as follows:

- Council Tax £0.8m Surplus
- Retained Business Rates £1.1m Surplus

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

Appendix F

2015/16 Fees and Charges

Local councils are able to charge users for the provision of a wide variety of services. It is important to ascertain the legal position prior to introducing or varying charges as Councils are obliged to provide some services by law (known as mandatory services). For example, currently legislation prevents a local council from making a charge for its domestic refuse collection service and for borrowing a library book, but does allow a charge to be made for a special collection of bulk domestic refuse and for borrowing a DVD from a library.

Where there is no specific legislation relating to the service, the Local Government Act 2003 provides all councils with a power to charge for all discretionary services, where users have a choice whether to use the service or not. Also the 2003 Act states that income generated by individual services, or groups of similar services, must not exceed the cost of providing the service, taking one year with another. Finally, the 2003 Act enables councils to create charging structures to provide different levels of charge to different groups of users, including offering the service free to certain individuals or groups.

The usual definition of a discretionary service is one where the council has the power to provide the service, possibly under the powers of well being provided in the Local Government Act 2000, but where the service is not specifically required to be provided by law. It should be noted, however, that for the purposes of charging, the 2003 Act also enables charges to be made if a council provides a mandatory service above the level of quality required by legislation, as the additional service is defined as discretionary within the provisions of the Act. For example, legislation requires local planning authorities to consider planning applications (an example of a mandatory service where legislation requires a charge to be made), but does not require such authorities to provide pre-planning advice to householders and developers. Where a council does provide such advice, it may charge for the advice under the 2003 Act as it falls within the definition of a discretionary service.

The Council raises approximately £20m of its total income from general fees and charges. Therefore these charges are a crucial funding source for the provision of services and in maintaining the council tax at a reasonable level.

The Council is currently undertaking a detailed review of all fees and charges to ensure that as a Council we understand where full cost recovery is in place for the fees and charges for services we provide. Any significant proposed changes to the charging structure from this review will be reported and seek Cabinet approval.

Under Delegated powers for 2014/15 Strategic Directors can, in consultation with the S151 Officer and the appropriate Commissioner, set rent, fee charges and other income levels provided the change does not:

- Exceed inflation by more than 3% and/or
- Involve a change in policy, or
- Potentially have significant political implications.

Any exceptions to this general policy will require specific Cabinet approval. These are highlighted in the following appendix (Fi).

Appendix Fi

This appendix highlights proposed increases in fees that need to go to Cabinet for approval as they exceed inflation plus 3%. The sports pitch fees will be implemented from the 1st April 2015 but the allotments will take effect from the 1st December 2017 as the allotment holders are normally given a year's notice and the fees for 2016 have already been set; allotment fees are set by the calendar year. Parks have a 2015/16 savings target of £50k to be met from efficiencies and these increased fees for sports pitches

Proposed Sports pitch Fees and Charges Increases 2015/2016

Activity	2014 Fees	Benchmark 2014	Proposed Increase 2015 (Benchmark + 4.2%)	% Increase on 2014	Additional revenue 2015
Adult Football	£43.70	£65.09[3]	£67.82	55%	£8,000[4]
Child Football	£33.80	£37.84[5]	£39.42	17%	£43
Adult Cricket	£36.10	£73.62[6]	£76.70	112%	£ 900[7]
Minibus hire	£67.50	£118[8]	£70.50[9]	4.4%	£3,500

[3] Benchmarked as price per single game across 12 other neighbouring local authorities
[4] Based on an assumption of a 50% decline in usage
[5] Benchmarked as price per single game across 12 other neighbouring local authorities
[6] Benchmarked as price per single game across 12 other neighbouring local authorities
[7] Based on the number of games played/revenue in 2014 and an assumed decline on level of paid for games
[8] Benchmarked as price for 17 seat minibus 100 mile trip hire across 5 other neighbouring local authorities/community transport groups and commercial organisations.
[9] The fee increases for community transport are based upon the recommendations of Peopletoo (an external consultancy)

Allotment Proposed Fees and Charges Increases for 2017

Activity	2015 Fees	Benchmark 2014	2016 Fees[10]	Proposed Increase 2017 (Benchmark plus the annual inflation increase)	% Increase on 2016	Additional revenue 2016	Additional revenue 2017[11]
Allotments [12]	£5.50[13]	£6.22[14]	£5.26	£7.05	35%	£2461.50	£9791.30

[10] 2016 fees set by devolved authority i.e. inflation + 3%
[11] The figure is based on the assumption of 946 plots. Work on M4 SMART project and continued plot halving will affect this figure over the next 5 – 10 years
12 By law, Allotment fees are set 1 year in advance. The allotment fee for 2015 has been set at £5.08. Thus the benchmark fee increase figure only shows in 2016.
[13] An average fee per pole across 12 sites with a total of 5470 poles
[14] Benchmarked as price per pole (5 Sq m) across 10 other neighbouring local authorities#

Assistive Technologies (AT)/Telecare: on-going weekly service charge

In line with Procedure ASC/FC1 for chargeable community services (signed on 1st April 2011), a plan was drawn to instigate charging AT/Telecare service users subject to Fairer Access to Care Services eligibility criteria. This was done to enable the authority to make the benefits of assistive technology available to self-payers without putting cost pressure on the AT budget. An impact assessment and a benchmarking exercise were carried out to identify the impacts of the plan on service users and to establish an appropriate pricing model. The fees charged by other authorities across the UK for a similar service and costs of various elements of the service to the council were also reviewed and considered in setting up the pricing models. In October 2014, two pricing models were proposed to the current service users and their carer's in the form of a consultation.
In line with the results of the consultation we are planning to charge a weekly fee of up to £4.50 per person for the service subject to Fairer Access to Care Services eligibility criteria/national eligibility criteria. The set fee will cover the supply, installation, and maintenance of linked devices plus 24/7 monitoring and response services. We will continue providing standalone devices (non-linked) free of charge.

Note: Assistive Technology (AT): AT is an umbrella term that includes a range of linked and standalone devices and systems that can help people with disabilities to live safely and independently. For the purpose of this policy Telecare is considered as part of AT. Telecare is support and assistance provided at a distance using information and communication technology. It is the continuous, automatic and remote monitoring of users by means of sensors to enable them to continue living more independently, while minimising risks such as a fall, gas and flood detection and relate to other real time emergencies and lifestyle changes over time.

Proposed Development Management Pre-Application Fees: 2015/16

(increases over 4.2% highlighted in yellow)

	SBC (now)	SBC (proposed)	% Increase
Householder extensions			
Desktop study, resulting in checklist response.	£45	£45	**0%**
Site visit, Meeting & Written reply	£140	£140	**0%**

Residential Development			
1 dwelling	£180 (£100 includes up to 2 additional meetings)	£180 per dwelling (£55 per dwelling for follow up meeting or written response)	**0%**
2 - 5 dwellings	£400 (£200 includes up to 2 meetings)	£180 per dwelling (£55 per dwelling for follow up meeting or written response)	**0% to 125%**
6 - 9 dwellings	£750 (£300 includes up to 2 additional meetings)	£180 per dwelling (£55 per dwelling for follow up meeting or written response)	**44% to 116%**
10 - 29 dwellings	£1,100 (£500 includes up to 2 additional meetings)	£1,800 (£500 per additional meeting or response)	**64%**
30 - 49 dwellings	£1,800 (£900 includes up to 3 additional meetings)	£2,200 (£660 per additional meeting or written response)	**22%**
50 - 149	£3,250 (£2,500 includes up to 4 additional meetings)	£3,250 (£980 per additional meeting or written response)	**0%**
150+		£4,200 (£1260 per additional meeting or written response)	New
Outline (change of use to residential - no details)	£350 (£175 includes up to 2 meeting)		Included in category below.
Change of Use from C3 (dwelling house) to C1 (Hotel and hostel), C2 (Residential Institutions, Houses in Multi-occupation and Flat Conversions.	£240 (£150 includes up 2 meetings)		Included in category below.

Non-residential uses (area in terms of gross floor space created or total site area for change of use)			
Up to 249m²	£130 (£130)	£130	0%
250m² - 499m²	£200 (£150 Includes 2 additional meetings)	£200 (£60 per additional meeting or written response)	0%
500m² - 999m²	£650 (£400 Includes up to 2 additional meetings)	£600 (£180 per additional meeting or written response)	0%
1,000m² - 9,999m²	£1,300 (£1,000 Includes up to 3 additional meetings)	£1,400 (£420 per additional meeting or written response)	8%
10,000m² +	£3,250 (£2,400 Includes up to 4 additional meetings)	£3,250 (£980 per additional meeting or written response)	0%
Pre-application relating to other services			
Trees and landscaping	£100	£100	0%
Works to TPO trees or Conservation area		£100	New
Advertisements		£100	New
Non-material amendments		£100	New
Approval of Details / Clearance of Planning Conditions		£100	New
Variation of Conditions		£100	New
Extension or alterations to listed buildings		£100	New
Certificate of Lawfulness, Prior Approval		£100	New
Local Community Groups	£100	£100	0%
Telecoms	£180	£180	0%

Appendix G

Statutory Determination of Council Tax

Council Tax Resolution

In relation to the Council Tax for 2015/16 Cabinet is requested to resolve:

(a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2016 be as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 15 December 2014 Cabinet calculated the following Tax Base amounts for the financial year 2015/16 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 38,462.6 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2015/16; and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2015/16:

a)	Parish of Britwell	597.0
b)	Parish of Colnbrook with Poyle	1,781.1
c)	Parish of Wexham	1,270.3

(c) That the following amounts be now calculated for the year 2015/16 in accordance with sections 31A to 36 of the Act:

(i) £437,571,351 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2)(a) to (f) of the Act. (Gross Expenditure);

(ii) £ 392,237,445 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) (a) to (d) of the Act. (Gross Income);

(iii) £45,333,906 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);

(iv) £1,178.65 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(v) That for the year 2015/16 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £207,046, representing the total of Parish Precepts for that year.

(vi) £1,173.27 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

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

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

(viii) That it be noted that for the year 2015/16 the Thames Valley Police Authority precept has been provisionally stated in line with previous year increases, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

BAND	**Office of the Police and Crime Commissioner (OPCC) for Thames Valley**
	£
A	109.14
B	127.32
C	145.52
D	163.70
E	200.08
F	236.46
G	272.84
H	327.41

(ix) That it be noted that for the year 2015/16 the Royal Berkshire Fire Authority has provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

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

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

Band	Slough	Office of the Police and Crime Commissioner (OPCC) for Thames Valley	Royal Berkshire Fire Authority	TOTAL
	£	£	£	£
A	782.18	109.14	40.44	931.76
B	912.54	127.32	47.18	1,087.04
C	1,042.91	145.52	53.92	1,242.35
D	1,173.27	163.70	60.66	1,397.63
E	1,434.00	200.08	74.14	1,708.22
F	1,694.72	236.46	87.62	2,018.80
G	1,955.45	272.84	101.1	2,329.39
H	2,346.54	327.41	121.32	2,795.27

(xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.

(xii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(xiii) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

(xiv) The above figures assume a council tax freeze for the Royal Berkshire Fire Authority. If this is not the case this report requests that the Section 151 or nominated officer be authorised to adjust the council tax charges accordingly in line with final figures, following consultation with the leader and group leaders.

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

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Assistant Director, Finance and Audit) to formally report to Council as part of the tax setting report his view on the minimum level of reserves available to the general fund and on the robustness of estimates used on the budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 19th February 2015.

Adequacy of Reserves

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

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

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

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

In light of the above, the proposed minimum level of reserve for the Council should be 5% of the net budget (as defined by Council Tax, retained business rates and non-ring fenced revenue Government grants); plus 10% of the Children's social care budget as this is the most high risk area to overspend. This total **£7.3m**[15].

Robustness of Estimates

<u>The treatment of inflation and interest rates</u>

[15] Circa 5% of £107m and 10% of circa £19m

The 2015/16 pay award for staff has been included at an average of 2.2% in line with the Government's pay announcements. Non pay related budgets have been inflated at the contractually committed rate of inflation or where services can demonstrate a requirement to do so to maintain service delivery levels.

Efficiency saving and productivity gains

The budget contains proposals to deliver approximately £10m of savings. The medium term financial strategy includes a four year savings programme to ensure that future revenue budgets remain in financial balance to ensure the council has adequate resources to deliver its Council Strategy outcomes. The savings programme will also help to ensure that Council Tax increases are kept to as low a level as possible and deliver efficient local services. The proposals set a far greater level of required savings than in past years and there are inherent risks to the delivery of a balanced budget at the end of the 2015/16 financial year.

Budget and Financial management

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

- 2009/10 - £253k underspend – 0.2% of budget
- 2010/11 - £995k underspend – 0.9% of budget
- 2011/12 – £1,736k underspend – 1.7% of budget
- 2012/13 - £23k underspend – 0.0% of budget
- 2013/14 - £150k underspend – 0.1% of budget
- 2014/15 - £xx Overspend forecast

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

The Council has a number of demand led budgets and has historically been able to manage changes to demand to ensure a sound financial standing at the end of the financial year. The revenue budget includes £0.4m for adult social care cost pressures and £1.3m for Children's social care.

Adequacy of insurance and risk management

Strategic risk management is being embedded throughout the Council to ensure that all risks are identified and managed appropriately. The Council's insurance arrangements are a balance of external insurance premiums and internal funds to self insure some areas. As well as an internal risk manager the Council also make use of an external consultant to advise on the level of funds required to underpin those risks not externally insured.

Overall financial standing of the authority

Slough Borough Council borrows money to support the Council's capital programme. It has calculated its capacity for borrowing within the provisions of the prudential framework and budgeted accordingly. The assumed Council Tax collection rate is 98.2% and this is an achievable if demanding target. Each 1% uncollected amounts to approximately £0.43m and any surplus or deficit on the collection fund is apportioned between the Council and its major precepting bodies the Royal Berkshire Fire and Rescue Authority, and the Office of the Police and Crime Commissioner (OPCC) for Thames Valley.

<u>Maintaining balances</u>

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

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

Appendix I

Specific grants

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

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

Grant	Amount / £m
Public Health	5.49
Community Right to Bid	0.01
Community Right to Challenge	0.01
Local Reform and Community Voice (Dept. of Health)	0.06
Local Council Tax Support and Housing Benefit administration subsidy	0.9
Better Care Fund (through existing NHS and Social Care budgets)	8.1

Appendix J

HRA Rents and Service Charges 2015/16

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

- Council house dwelling rents for 2015/16 increase by an **average of £2.24 per week** (2.2% average increase) with effect from Monday 6th April 2015. This is in line with current government guidelines on rent increases, linked to September CPI+1%.

- Garage rents, heating, utility and ancillary charges **increase by 2.3%** with effect from Monday 6th April 2015. This is based upon the September RPI figure.

- Service charges **increase by 2.2%** with effect from Monday 6th April 2015. This is based upon the CPI+1% uplift used for rent setting.

- 'Other committee' property rents increase by an average of 2.2% from Monday 6th April 2015 in line with the average increase of all housing properties.

HRA 30 Year Business Plan

Introduced as part of the Housing restructure in Autumn 2014, the HRA will have five temporary fixed term posts over the next two years at estimated costs of £207k in 2015/16 falling to £123k in 2016/17. These temporary posts will provide additional support in the Neighbourhood and estates services, as well as supporting new projects, namely the re procurement of the Interserve repairs & maintenance contract.

A number of permanent posts have also been added to the HRA establishment at an estimated annual cost of up to £350k to enhance and support the provision of neighbourhood and estate services to tenants.

Re procurement of the Interserve repairs & maintenance contract will also necessitate an estimated £200k investment in IT systems and £600k in legal and consultancy costs over the next 18 to 24 months. It is proposed to meet these one-off costs from within the existing repairs and maintenance budgets and HRA general reserves as required.

APPENDIX K

Equality Impact Assessments

YPS Structure

TOTAL NUMBER OF STAFF – Number of staff in the Service = 48 Number of staff impacted on = 46					
		Minor Impact	Significant Impact	Neutral Impact	Reason
Gender	Women	1	28	3	Staff are significantly affected as their posts have been deleted, and have not been matched to posts. It is proposed to mitigate the risk of compulsory redundancy by allowing staff to apply for vacant posts and we will also be seeking suitable redeployment opportunities throughout the process.
	Men		18		
Race	African				
	Black British		3		
	Black African		2		
	Caribbean		6		
	English		2		
	Indian		3	1	
	Other Asian Background				
	Other Mixed Background				
	Sikh		2		
	British Asian				
	Irish				
	Not Stated				
	Mixed White				
	Left Form Blank				

	Chinese				
	East African Asian				
Disability	Yes				
	No				
	Not Stated				

Equality Impact Assessment

Directorate: Customer and Community Services	
Service: Culture and Sport	
Name of Officer/s completing assessment: Alison Hibbert	
Date of Assessment: 6th December 2014	
Name of service/function or policy being assessed: parks efficiencies and charges	
1.	What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing? This impact assessment will address the proposed savings that will be presented to Cabinet for approval in 2014. It is intended to increase some parks charges by up to 30% to bring them into line with neighbouring benchmark authorities.
2.	Who implements or delivers the policy, service or function? State if this is undertaken by more than one team, service, and department including any external partners. The proposed savings will be agreed by Cabinet and the head of community services will be responsible for the delivery of the savings.
3.	Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc. Please consider all of the Protected Characteristics listed (more information is available in the background information). Bear in mind that people affected by the proposals may well have more than one protected characteristic. **Age:** Predominantly older people (allotments) and younger people (pitch charges) **Disability:** **Gender Reassignment:** **Marriage and Civil Partnership:** **Pregnancy and maternity:** **Race:** **Religion and Belief:** **Sex:** **Sexual orientation:** **Other:**

4.	What are any likely positive impacts for the group/s identified in (3) above? You may wish to refer to the Equalities Duties detailed in the background information. Charges are very low and haven't been adjusted to reflect charges in other neighbouring areas for many years. The amount of increase in each case is very small, though the percentage increase is substantial.
5.	What are the likely negative impacts for the group/s identified in (3) above? If so then are any particular groups affected more than others and why? Particularly for clubs there may be an impact on demand (at present demand for pitches in Slough exceeds supply)
6.	Have the impacts indentified in (4) and (5) above been assessed using up to date and reliable evidence and data? Please state evidence sources and conclusions drawn (e.g. survey results, customer complaints, monitoring data etc). Children's football restricted to 60 increase per match Adult football £43 to £67 Cricket from £36 to £76 Changes reflect what other authorities charge. Increases for children minimised to protect sports development and participation. See also Appendix 1
7.	Have you engaged or consulted with any identified groups or individuals if necessary and what were the results, e.g. have the staff forums/unions/ community groups been involved? Consultation will be undertaken. Charges take effect Dec 2015 for allotments
8.	Have you considered the impact the policy might have on local community relations? Yes. See protection of children's sports bookings
9.	What plans do you have in place, or are developing, that will mitigate any likely identified negative impacts? For example what plans, if any, will be put in place to reduce the impact? Improved pitches availability – new pitches at Eltham, Chalvey in particular available 2014/15
10.	What plans do you have in place to monitor the impact of the proposals once they have been implemented? (The full impact of the decision may only be known after the proposals have been implemented). Please see action plan below. Monitor feedback from the community.

What course of action does this EIA suggest you take? More than one of the following may apply	✓
Outcome 1: No major change required. The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken	
Outcome 2: Adjust the policy to remove barriers identified by the EIA or better promote equality. Are you satisfied that the proposed adjustments will remove the barriers identified? (Complete action plan).	

Action Plan and Timetable for Implementation

At this stage a timetabled Action Plan should be developed to address any concerns/issues related to equality in the existing or proposed policy/service or function. This plan will need to be integrated into the appropriate Service/Business Plan.

Action	**Target Groups**	**Lead Responsibility**	**Outcomes/Success Criteria**	**Monitoring & Evaluation**	**Target Date**	**Progress to Date**
Improve pitches availability	Football	Ollie Kelly	New pitches available.	Ongoing	March 2015	

Name:
Signed: ………………………………………………………(Person completing the EIA)

Name: …Andrew Stevens…………………………………………………
Signed: ………………………………………………………(Policy Lead if not same as above)

Appendix 1

SBC Sports Facilities Fees and Charges Benchmarking - Oct 2014

Background

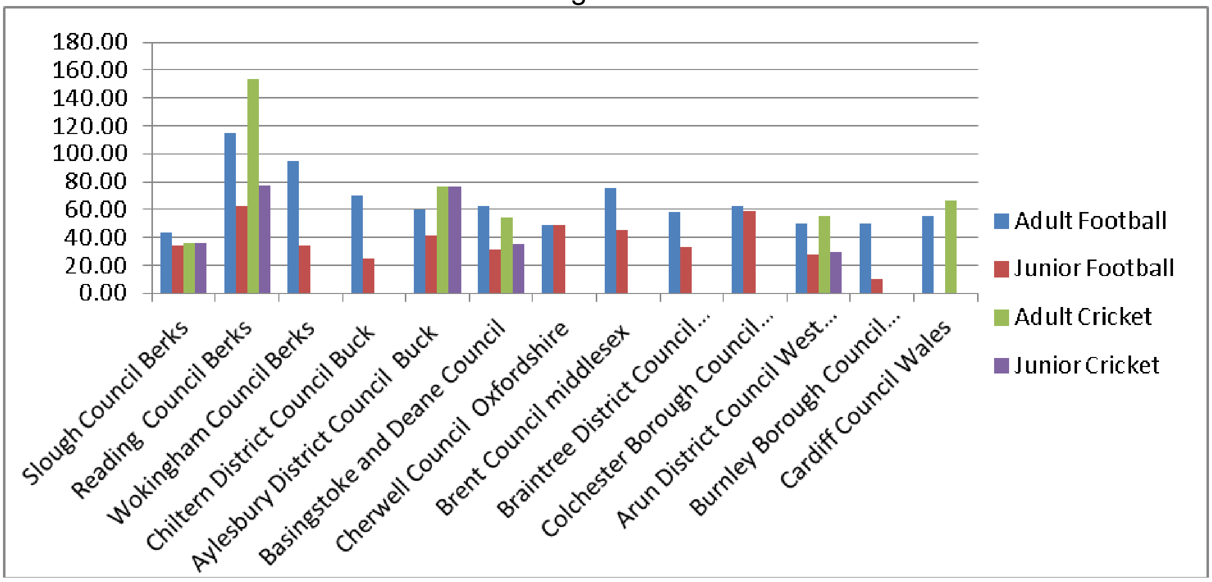
SBC wish to reassess the fees and charges structure in relation to cricket and football pitches. A benchmarking exercise was carried out by the Parks Department specifically to look at fees and charges in a local and regional context though some local authorities from further afield have been included in the comparison table below.

It is not easy to draw simple direct comparisons due to a lack of common denominators. For historical reasons too, at Slough, the charging structure is unclear. Any review of charges needs to address this situation.

To explain, VAT normally applies to the hire of pitches and sports facilities. An exemption applies to block bookings in excess of ten games. However, this is not simple as VAT exemption is conditional and an area requiring specialist guidance as to its application in any particular situation[16]. A review of charges needs to include a single hire charge, VAT and exemption information.

Most local authorities charge on a seasonal, annual or per game basis. In slough, teams in local football leagues generally book on a block booking basis (15 or 30 games). The fees and charges in Slough include changing facilities whilst other local authorities have various way of charging for sports pitches i.e. member, non-member and concession basis.

The graph below shows charges for football and cricket pitches including adult and junior games where a changing facility is included in the cost. As with all benchmarking exercises, different local authorities have different offers and charge accordingly. The table below compares 13 local authorities of which 10 are either local or regional.



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[16] VAT is payable on all pitch hire charges. However, block bookings are exempted from VAT subject to the following conditions;

(a) The hirer is a school, club, association or an organisation representing affiliated clubs or constituent associations, such as a local league.

(b) There is at least 1 day and no more than 14 days between each game or session.

(c) Payment for booking is made in full

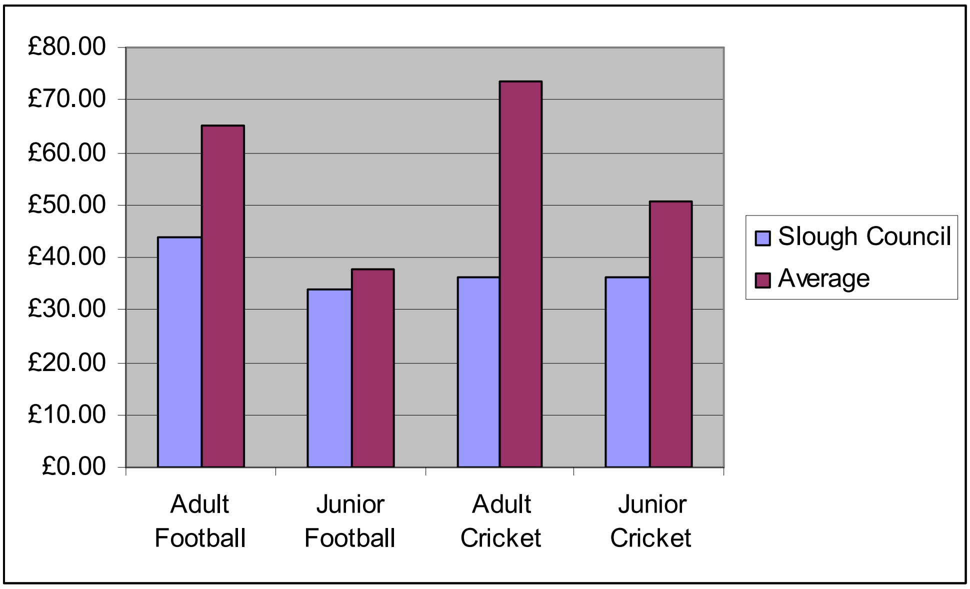
(d) The pitch is used by the organisation that made the booking (it cannot be sublet or the hire transferred).

(e) All games/sessions are at the same venue.

(f) Each session is for the same sport or activity

In the event that any of the above is not met, the Council must charge VAT. In the event that any of the above are breached during the period of the block booking a charge for VAT payable must be raised retrospectively.

The average cost of hire of Slough pitches against the average of all thirteen authorities surveyed is as follows.



Local Authority	**Adult Football**	**Junior Football**	**Adult Cricket**	**Junior Cricket**
Slough Council Berkshire	£43.70	£33.80	£36.10	£36.10
Average	£65.09	£37.83	£73.60	£50.83
Difference	£21.39 (33% less)	£4.03 (10.65% less)	£37.50 (51% less)	£14.73 (29% less)

As is apparent from the table, SBC charge significantly less for everything but junior football so, there would seem to be some scope to increase the charges however, it should also be noted that the majority of football pitch bookings are for leagues of whatever format and they are subject to other charges which are invisible to SBC i.e. referee, linesmen etc. Pitch bookings and fee payments are managed by the Parks/Community Services Team.

Equality Impact Assessment

Directorate: Chief Executive's
Service: Policy and Communications
Name of Officer/s completing assessment: Tracy Luck, Head of Strategic Policy and Communications
Date of Assessment: December 2014
Name of service/function or policy being assessed: Equalities budget and Community Cohesion budget

11.	What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing? Two budgets within Policy & Communications B416 (Equalities) and B419 (Community Cohesion) are proposed to be reduced as part of the 2015/16 budget savings. The savings are Equalities £3,500 and Cohesion £25,000. The former will remove the Equalities conference budget completely. The latter remove the community cohesion budget completely.
12.	Who implements or delivers the policy, service or function? State if this is undertaken by more than one team, service, and department including any external partners. These are corporate budgets administered by Policy and Communications. They are used for a variety of purposes including working with partners. The cohesion budget has been allocated using an agreed application process by the Community Cohesion PDG, a group which sat beneath the Slough Wellbeing Board and which was chaired by the Local Police Area commander. This PDG was wound up by the Wellbeing Board in November 2014. The equalities conference budget was used to hold an annual diversity conference. This conference was last held in 2012, but it has been agreed that this is no longer the best way to communicate with partners and communities on equalities issues.
13.	Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc. Please consider all of the Protected Characteristics listed (more information is available in the background information). Bear in mind that people affected by the proposals may well have more than one protected characteristic. Most of the below are potentially affected. The budgets could have been used for a range of projects or events. It is less likely that marriage and civil partnership and pregnancy and maternity would be affected. **Age:** **Disability:** **Gender Reassignment:** **Marriage and Civil Partnership:** **Pregnancy and maternity:** **Race:**

	Religion and Belief: **Sex:** **Sexual orientation:** **Other:**
14.	What are any likely positive impacts for the group/s identified in (3) above? You may wish to refer to the Equalities Duties detailed in the background information. None identified.
15.	What are the likely negative impacts for the group/s identified in (3) above? If so then are any particular groups affected more than others and why? Reduced budget to fund projects, research, events etc. However, there was no identified use of the equalities budget in 2014/15 and there has been limited call on the cohesion budget (£10k of which has been offered as an in year saving) and the responsible PDG has been wound up. Furthermore there is a community cohesion reserve which could be called upon should any pressing need arise.
16.	Have the impacts indentified in (4) and (5) above been assessed using up to date and reliable evidence and data? Please state evidence sources and conclusions drawn (e.g. survey results, customer complaints, monitoring data etc). Not applicable.
17.	Have you engaged or consulted with any identified groups or individuals if necessary and what were the results, e.g. have the staff forums/unions/ community groups been involved? There has not been any specific consultation . The Community Cohesion PDG were aware of the need to make savings before they were wound up.
18.	Have you considered the impact the policy might have on local community relations? There remains a community cohesion reserve of £75,000 which can used if an event or incident requires. There is budget to employ a part-time Equality & Diversity Manager and small budget for project work so activity will still continue.
19.	What plans do you have in place, or are developing, that will mitigate any likely identified negative impacts? For example what plans, if any, will be put in place to reduce the impact?

	As there has been limited call on these budgets mitigation is not considered necessary. Answer to question 8 indicates the resource that remains so not all support has been removed.
20.	What plans do you have in place to monitor the impact of the proposals once they have been implemented? (The full impact of the decision may only be known after the proposals have been implemented). Please see action plan below. They will be monitored by the Policy Team.

What course of action does this EIA suggest you take? More than one of the following may apply	✓
Outcome 1: No major change required. The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken	
Outcome 2: Adjust the policy to remove barriers identified by the EIA or better promote equality. Are you satisfied that the proposed adjustments will remove the barriers identified? (Complete action plan).	
Outcome 3: Continue the policy despite potential for adverse impact or missed opportunities to promote equality identified. You will need to ensure that the EIA clearly sets out the justifications for continuing with it. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact (see questions below). (Complete action plan).	✓
Outcome 4: Stop and rethink the policy when the EIA shows actual or potential unlawful discrimination. (Complete action plan).	

Action Plan and Timetable for Implementation

At this stage a timetabled Action Plan should be developed to address any concerns/issues related to equality in the existing or proposed policy/service or function. This plan will need to be integrated into the appropriate Service/Business Plan.

Action	**Target Groups**	**Lead Responsibility**	**Outcomes/Success Criteria**	**Monitoring & Evaluation**	**Target Date**	**Progress to Date**
Review impact on community cohesion	As per answer 3	Policy Team	Aim for no concerns raised by community groups, any community tension issues successfully responded to, requests for funding still met by remaining budget	Via CMT	March 2015	N/A

Name:
Signed: Tracy Luck……………………………………….(Person completing the EIA)

Name: ……………………………………………………
Signed: ……………………………………………………(Policy Lead if not same as above)

Date: 03/12/14

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Council	**DATE:** 19 February 2015
CONTACT OFFICER:	Catherine Meek Head of Democratic Services	
(For all Enquiries)	(01753) 875011	
WARDS:	All	

PART I
FOR DECISION

REPORT AND RECOMMENDATIONS - INDEPENDENT REMUNERATION PANEL

1. **Purpose of Report**

1.1 To present the Report and Recommendations of the Independent Remuneration Panel's (IRP) in respect of the Council's Members' Allowances Scheme.

2. **Recommendations:**

2.1 The Council is asked to consider the Independent Remuneration Panel's Report (**Appendix A**) and its recommendations, a summary of which is set out in paragraph 5.5 of this report, and Resolve what action should be taken in respect of these recommendations

3. **Community Strategy Priorities**

3.1 The Members' Allowances Scheme can help ensure that as many people from as wide a range of backgrounds, experience and skills as possible can serve as Councillors and that they are not barred from standing because they cannot afford to do so. Further the Scheme ensures that they are not financially disadvantaged by serving as Members. By attracting and enabling people of the right calibre to stand for election the Council will be able to further its key priorities more effectively.

4. **Implications**

Legal

4.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) require local authorities to make a Scheme of Allowances for their Members and to establish and maintain an Independent Panel to make recommendations to the Council about the Scheme in respect of which it must have regard before amending the Scheme.

Financial

4.2 The proposals set out in the report with regard to the Members' Allowances Scheme, if agreed, result in a modest saving overall. The savings identified within this report will go some way to mitigating the pressure on this budget (circa £10k) resulting from the recent 2.2% indexation uplift (from 1st January 2015) which was unfunded and is being absorbed within the Democratic Services cost centre.

Staffing and Human Rights

4.3 There are no human rights implications and there are no significant staffing implications other than amending the Members' Allowances Scheme and implementing any resultant changes to allowance payments made to members.

5 Supporting Information

Background

5.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council convened its Independent Remuneration Panel (IRP) in 2010 to conduct a comprehensive review of the Members' Allowances Scheme and the Scheme was agreed by the Council at its meeting on 27th July 2010.

5.2 The Panel met again in 2012 and made recommendations to the Council on a number of matters that needed review arising from the revised Standards regime, the newly constituted Audit and Risk Committee, co-optees allowances and the remuneration of the Council's Independent Person.

5.3 The Panel has now been reconvened under the 2003 Regulations which state that

Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of **four** years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.

5.4 It is under the requirement of the '4 year rule' that the IRP has undertaken this (eighth) review of Members' allowances for Slough Borough Council. A full copy of the IRP report is attached at **Appendix A.**

Summary of Recommendations

5.5 The recommendations contained within the IRP's report are set out below for ease of reference:

1. No change to the (2015/16) Basic Allowance (£7,329) payable in Slough Borough Council.

2. No change to the 2015/16 SRA (£19,055) for the Leader of Slough Borough Council.

3. No change to the 2015/16 SRA (£13,338) for the Deputy Leader of Slough Borough Council.

4. No change to the 2015/16 SRA (£10,480) for the other Cabinet Members (Commissioners.

5. No change to the 2015/16 SRA (£6,671) for the Chair of the Overview & Scrutiny Committee.

6. Ratio utilised in arriving at the SRA for the Vice Chair of Overview and Scrutiny reduced from 1/3 to 20% of the Overview & Scrutiny Chair's SRA. SRA for the Vice Chair of the Overview & Scrutiny Committee should be £1,334 (2015/16).

7. No change to the 2015/16 SRA (£2,858) payable to the Chairs of the 3 Scrutiny Panels.

8. No change to the 2015/16 SRA (£4,764) for the Chair of the Planning Committee.

9. No change to the 2015/16 SRA (£1,587) for the Vice Chair of the Planning Committee

10. Ratio utilised in arriving at the SRA for the Chair of Licensing reduced from 20% to 15% of the Leader's SRA. SRA paid to the Chair of the Licensing Committee should be £2,858 (2015/16).

11. Ratio (1/3 of Chair's SRA) utilised in arriving at the SRA for the Vice Chair of Planning retained for the Vice Chair of the Licensing Committee. SRA for the Vice Chair of the Licensing Committee should be £952 (2015/16).

12. No SRAs to be paid to the Chairs or Members of the Licensing Sub Committee.

13. No change to the 2015/16 SRA (£1,905) for the Chair of the Employment & Appeals Committee.

14. No change to the 2015/16 SRA (£1,905) for the Chair of the Audit & Risk Committee.

15. Ratio utilized in arriving at the SRA for the Chair of Standards Advisory Committee reduced from 10% of Leader's SRA to 5%. SRA for the Chair of the Standards Advisory Committee should be £953 (2015/16).

16. No change to the 2015/16 SRA (£5,716) for the Leader of the Opposition.

17. The Members allowances scheme be clarified so that as long as a Minority Group reaches the qualifying criteria then that group's Leader should be paid a Minority Group Leaders' SRA.

18. That for the SRA for Leader[s] of the Minority Group[s] to be payable the group must have at least 4 members. Subject the Group meeting the qualifying criteria the 2015/16 SRA for Leader[s] of the Minority Group[s] should be is £3,811

19. No change to the 2015/16 Co-optees' Allowance. £516 per annum (2015/16).

20. No change to the 2015/16 remuneration for the Independent Person. £1,239 per annum (2015/16).

21. That the current rates payable for the Travel and Subsistence Allowances and the terms and conditions by which they may be claimed be maintained.

22. That the Members' Allowances scheme is clarified to point out that where a Member is appointed to an outside body that has its own allowances schemes (e.g. the Local Government Association and Royal Berkshire Fire & Rescue Authority) or provision to pay travel and subsistence (e.g. the Thames Valley Police & Crime Panel) that they should claim travel and subsistence allowances directly from those bodies.

23. That the current rates payable for the Dependants' Carers' Allowance and the terms and conditions by which it may be claimed are maintained.

24. That Section 11 of the published Members' Allowances scheme is removed.

25. That the Basic Allowance, Special Responsibility Allowances, Co-optees' Allowances, the annual cap on the DCA and the remuneration of the Independent Person be Indexed to the annual percentage salary increase for local government staff (at spinal column 49) to be adopted from 1 April 2015 and to run for 4 years.

26. That Travel Allowances (Outwith Borough Only): be indexed as follows:

    a. Mileage: indexed to the HMRC rates
    b. Other Travel: actual costs subject to most cost effective provisions

27. That Subsistence and Overnight Allowances (Outwith Borough Only) be Indexed to the maximum rates payable under the South East Employers Subsistence scheme.

28. The Panel further recommends that its recommendations are implemented as follows:

    - Indices: from 1 April 2015.
    - Other recommendations: from 19 May 2015, date of annual meeting of the council.

6. Conclusion

6.1 The Council is asked to consider the recommendations made by the Independent Remuneration Panel set out in the attached Report (**Appendix A**) and agree what action should be taken in respect of them.

7. Appendix

7.1 Appendix A – Report of the Independent Remuneration Panel.

8. Background Papers

None.

APPENDIX A

A Review

Of

Members' Allowances

For

Slough Borough Council

The Eighth Report

By the

Independent Remuneration Panel

Fred Ashmore
Pat Davis
Dr Declan Hall (Chair)

February 2015

EXECUTIVE SUMMARY

IRP Recommendations 2015/16 including 2.2% indexation W E F 1 Jan 2015					
Post	**No Payable**	**BA**	**SRA per Post**	**Total per Member**	**SRA Sub Totals**
Basic Allowance	42	£7,329			
SRAs					
Leader	1	£7,329	£19,055	£26,384	£19,055
Deputy Leader	1	£7,329	£13,338	£20,667	£13,338
Other Cabinet Members (Commissioner)	6	£7,329	£10,480	£17,809	£62,880
Chair Overview & Scrutiny	1	£7,329	£6,671	£14,000	£6,671
Vice Chair Overview & Scrutiny	1	£7,329	£1,334	£8,663	£1,334
Chairs Scrutiny Panels	3	£7,329	£2,858	£10,187	£8,574
Chair Planning Committee	1	£7,329	£4,767	£12,096	£4,767
Vice Chair Planning Committee	1	£7,329	£1,587	£8,916	£1,587
Chair Licensing Committee	1	£7,329	£2,858	£10,187	£2,858
Vice Chair Licensing Committee	1	£7,329	£952	£8,281	£952
Chair Audit & Risk	1	£7,329	£1,905	£9,234	£1,905
Chair Employment & Appeals	1	£7,329	£1,905	£9,234	£1,905
Chair Standards Advisory	1	£7,329	£953	£8,282	£953
Opposition SRAs					
Leader Majority Opposition Group	1	£7,329	£5,716	£13,045	£5,716
Leader Minority Opposition Group[s][1]	1	£7,329	£3,811	£11,140	£3,811
Sub Totals					
SRAs	**22**				**£136,306**
Basic Allowance	**42**	£7,329			**£307,818**
TOTAL					**£444,124**

The Panel also recommends that:

<u>Setting a qualification criteria for Leader of a Minority Group[s]</u>
For the SRA for Leader[s] of the Minority Group[s] to be payable the group has to have at least 4 members.

The allowances scheme is clarified so that if a Minority Group reaches the qualifying criteria then that group's Leader should be paid a Minority Group Leaders' SRA.

[1] Subject to meeting qualification criteria of having 4 Group Members

Co-optees' Allowances
The 2015/16 Co-optees' Allowance remains at £516 per annum.

The Independent Person
The 2015/16 remuneration for the Independent Person remains at £1,239.

Travel and Subsistence Allowances
The current rates payable for the Travel and Subsistence Allowances and the terms and conditions by which they may be claimed are maintained.

Travel and Subsistence Allowances - Approved Duties
The Members' Allowances scheme is clarified to point out that where a Member is appointed to an outside body with its own allowances schemes or provision to pay travel and subsistence they should claim travel and subsistence allowances directly from that body.

The Dependants' Carers' Allowance (DCA)
The current rates payable for the Dependants' Carers' Allowance and the terms and conditions by which it may be claimed are maintained.

Section 11 of allowances scheme - Suspension/Partial Suspension
Section 11 of the published Members' Allowances scheme is removed.

Indexation

- **Basic Allowance, Special Responsibility Allowances, Co-optees' Allowances, the annual cap on the DCA and the remuneration of the Independent Person:**
  - Indexed to the annual percentage salary increase for local government staff (at spinal column 49) to be adopted from 1 April 2015 and to run for 4 years.

- **Travel Allowances (Outwith Borough Only):**
  - **Mileage:** indexed to the HMRC rates
  - **Other Travel:** actual costs subject to most cost effective provisions

- **Subsistence and Overnight Allowances (Outwith Borough Only):**
  - Indexed to the maximum rates payable under the South East Employers Subsistence scheme

Implementation
The recommendations contained in this report are implemented as follows:

- **Indices**: from 1 April 2015.
- **Other recommendations**: from 19 May 2015, date of annual meeting of the council

Slough Borough Council

Independent Remuneration Panel

A Review of Members' Allowances

The Eighth Report
February 2015

The Regulatory Context and Terms of Reference

1. This report is a synopsis of the proceedings and recommendations made by the statutory Independent Remuneration Panel (the Panel) appointed by Slough Borough Council to advise the Council on its current Members' Allowances scheme.

2. The Panel was convened under *The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021)* (the '2003 Regulations'). These regulations require all local authorities to establish and maintain an allowances Panel that must be convened to provide advice on Members' allowances before a Council changes or amends its allowances scheme. All councils are required to 'pay regard' to their Panels' recommendations before setting a new or amended Members' Allowances scheme.

3. In this particular instance, the Panel has been reconvened under the 2003 Regulations [paragraph 10. (5)] which states:

> Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.[2]

4. This provision, known as the '4-year rule', is utilised to oblige all Councils to reconvene their independent remuneration panels at least every four years so that, in a context where councils retain final responsibility for determining their own allowances, they are subject to periodic scrutiny and accountability. Under the 4-year rule the Council is required to reconvene and seeks the Panel's advice by 31 March 2015. It is under the requirement of the 4-year rule that the Panel has undertaken this (eighth) review of Members' Allowances for Slough Borough Council.

[2] This requirement is also repeated in the 2003 Regulations paragraph 21 (1) e.

Terms of Reference

5. The Panel was presented with a general terms of reference, namely to undertake a full review of the Council Members' Allowances scheme that takes into account any recent changes in governance and to make any necessary amendments necessary in relation to the following:

a) As to the amount of basic allowance that should be payable to its elected Members

b) About the responsibilities or duties which should lead to the payment of a Special Responsibility Allowance and as to the amount of such an allowance

c) The duties for which travelling allowances can be paid and as to the amounts of this allowance

d) The duties for which subsistence allowances can be paid and as to the amounts of this allowance

e) As to the suitability and amount of a co-optees' allowance

f) As to whether the Authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined

g) As to whether annual adjustments of allowance levels may be made by reference to an index, and if so, for how long such a measure should run

The Panel may make further recommendations with respect to Member allowances as it sees fit

In arriving at its recommendations the Panel is expected to take into account:

- The views, both written and oral, of Members
- The scope and level of allowances paid in similar councils
- The current budgetary situation of the Council

The Panel

6. Slough Borough Council reconvened its Independent Remuneration Panel, constituting of the following appointees:

- <u>Fred Ashmore</u>
  - Retired senior police officer (Thames Valley), former independent (co-opted) Chair of Slough Borough Council Standards Committee and

former Slough Borough Council Independent Person appointed under Localism Act 2011

- Pat Davis:
  - A solicitor and local businesswomen

- Declan Hall PhD (Chair)
  - A former academic at the Institute of Local Government, the University of Birmingham and now independent consultant specialising in members' allowances and who was appointed by the Council as Chair of the Panel

7. The Panel was supported by Catherine Meek, Head of Democratic Services, who acted as the 'Panellists' Friend' and whose role was to support the Panel, and take the organisational lead in facilitating the whole process. The Panel would like to record its gratitude to the Members and Officers of Slough Borough Council for making themselves available to meet with the Panel and ensuring the work of the Panel was carried out in an efficient and effective manner.

Process and Methodology

8. The Panel met at the Civic Centre St Martins' Place Slough on 27 January 2015. The Panel meetings were held in private session to enable the Panel to talk with Members and Officers and to conduct its deliberations in confidence. In arriving at its recommendations, the Panel took into account *inter alia* the following range of evidence:

- Relevant information on Slough Borough Council including previous Panel reports, a schedule of meetings (2014/15) for the Council, committees and sub committees, their terms of reference and who chairs them, Member role profiles, summary of survey on average hours worked as a Councillor as reported by the Councillor Consensus 2013, etc.

- The views of Members, both oral and written

- Officer briefings on the developments in Council structures and to answer factual questions from the Panel

- The range and level of allowances payable in the comparator group of authorities utilised for benchmarking purposes, namely
  - The Unitary Councils that replied to the annual allowances survey by the South East Employers (SEE) for 2014/15
  - The 5 other Berkshire Unitary Councils

- Other relevant supporting material such the 2003 Members Allowances Regulations, 2006 Statutory Guidance on Members Allowances, and a presentation made by Panel Chairman on issues and options to consider when reviewing allowances.

9. For full details of interviewees and full range of information reviewed see:

- Appendix 1 for Members and Officers who met with the Panel
- Appendix 2 for a list of the full range of evidence considered by the Panel
- Appendix 3 for more details on the other allowances schemes and comparative data referred to by the Panel for benchmarking purposes

Key Messages and Observations

The Slough Borough Council Members' Allowances Model

10. Although it was by no means universal the general view expressed to the Panel was there not a strong need to revisit the current allowances payable across the board. Since the last full review the impact of local government legislation on governance structures and Member roles while not imperceptible have not been so significant for the Panel to fundamentally revisit the building blocks of the current scheme. The view was that the scheme remains broadly fit for purpose.

11. Benchmarking on the whole backs up this perception, although it is more applicable on a county-wide basis than a regional basis. The mean Basic Allowances payable are as follows:

- Other Berkshire Unitary Councils (14/15) £7,560
- SEE Allowances Survey (14/15) £8,539
- Slough BC (31/12/14) £7,171
- Slough BC (1/1/15) £7,329

12. The different Basic Allowance listed for Slough is due to the fact that from the beginning of 2015 until 31 March 2016, the Council has applied the 2.2% index. However for benchmarking purposes the Panel has used the figures payable in Slough up to the end of 2014 as the allowances schemes in the 2 benchmarking groups have not been updated for any indexation that those councils may decide to apply. Nonetheless, with some exceptions (see below) allowances paid in Slough are either on a par or marginally below peers, they can be no means be described as overgenerous. The allowances payable are even less generous when it is considered that the number of SRAs payable in Slough is comparatively fewer than in the benchmarking groups.

Recognising the current economic context

13. Ideally, the prime role of the Panel is to assess what it judges the roles and posts under review are worth based on the evaluation of the evidence. Yet, the Panel cannot but be aware of the current era of public sector austerity and where Slough Borough Council is seeking further savings. This was a

message that was underlined in the representation received even by those who felt there may be a case to increase some or most allowances. Although the Panel has not been driven by the need to find savings, it was a message the Panel took on board and as such the recommendations will result in annual savings in the order of at least £2,800, based on the allowances payable from 1/1/15.

The role of Panel - addressing anomalies arising

14. Consequently the main role of the Panel for this review has been to address anomalies arising out of implementation of relevant legislation and changes in governance structures rather than carry out a fundamental review.

The Basic Allowance

15. If the Basic Allowance was recalibrated i.e., updated to take into account the 2014 rate of remuneration, £106.17 per day, it would be £7,326, compared to the 2015 Basic Allowance of £7,329. This has reinforced what benchmarking suggests, namely there is not a strong case to recommend any change to the current level payable.

16. **The Panel recommends no change to the current (2015/16) Basic Allowance (£7,329) payable in Slough Borough Council**.

The Leader

17. Benchmarking (2014) shows that the SRA (£18,645 - 2014) paid to the Leader of Slough Borough Council is in line with the average (£18,229) paid in other Berkshire councils although somewhat below that paid (£20,544) across unitary councils in the south east. Yet this alone presented no strong case to revisit the Leader's SRA. The role has changed, in particular becoming more outward focused in response to legislation that requires all Leaders to engage more with partners and stakeholders but again it is not an argument to revisit the Leader's SRA.

18. **The Panel recommends no change to the 2015/16 SRA (£19,055) for the Leader of Slough Borough Council.**

The Deputy Leader

19. Benchmarking shows that the Deputy Leaders' SRA (£13,051) is one of the few that is higher than the average in both the Berkshire (£11,456) and south east (£11,919) benchmarking groups. However, the Deputy Leader in Slough Borough Council continues to have a distinctive role to undertake, particularly in having to stand in for the Leader with the latter taking on a more external focus. The Panel saw no reason to alter the Deputy Leader's SRA.

20. **The Panel recommends no change to the 2015/16 SRA (£13,338) for the Deputy Leader of Slough Borough Council.**

Other Cabinet Members (Commissioners)

21. Representation was received that in light of government intervention for Children's Services that there should be a differential or even performance related SRA for the Commissioner for Education and Children's Services. The Panel at this stage has rejected this; apart from the difficulties of assigning responsibility between relevant Officers and Commissioners and between the Commissioners it is early days for the intervention process. There was an alternate view that it meant more work for the relevant Commissioner as they had to work with others to implement relevant decisions while the Commissioner for Education and Children's Services still bore a degree of responsibility for outcomes. The Panel will return to this issue during its next review to explore in greater depth when the full impacts of intervention are known.

22. Otherwise the Panel received no evidence to suggest that the 2015 SRA (10,480) for the other Cabinet Members (Commissioners) needed revising. Benchmarking shows that the mean SRA paid in the Berkshire and south east comparator groups are £9,655 and £9,912 respectively.

23. **The Panel recommends no change to the 2015/16 SRA (£10,480) for the other Cabinet Members (Commissioners)**.

Chair of the Overview & Scrutiny Committee

24. No evidence was received suggesting the SRA (2014 - £6,527) for the Chair of the Overview & Scrutiny Committee needed revising. Benchmarking shows that the mean SRA paid in the Berkshire comparator group to equivalent posts is £5,788.

25. **The Panel recommends no change to the 2015/16 SRA (£6,671) for the Chair of the Overview & Scrutiny Committee**.

Vice Chair of the Overview & Scrutiny Committee

26. The SRA for the Vice Chair of the Overview & Scrutiny Committee is higher than that presently paid to Chairs of the Employment & Appeals and Standards Advisory Committees. This struck the Panel as an anomaly. Moreover, when compared to the Vice Chairs of the regulatory committees the Vice Chair of Overview and Scrutiny has limited specific responsibilities in that the latter does not face potential exposure and responsibility to defend decisions in court. Interestingly benchmarking shows that of all the Berkshire

councils Slough is the only one to remunerate such a post. The Panel has decided to reduce the ratio utilised in arriving at this SRA from 1/3 to 20% of the Overview & Scrutiny Chair's SRA.

27. **The Panel recommends that the SRA for the Vice Chair of the Overview & Scrutiny Committee should be £1,334 (2015/16)**.

Chairs of the Scrutiny Panels

28. The Panel reviewed the SRAs for the Chairs of reorganized Scrutiny Panels in its Supplementary Review (March 2012). At the time the Panel flagged up that it would revisit its recommendations in light of experience. No evidence was received to suggest that the SRA (£2,797 - 2014) for the Chairs of the Scrutiny Panels needed revising or that the Panel had erroneously evaluated these posts. Although benchmarking shows that the mean SRA paid in the Berkshire comparator group to equivalent posts is £3,784 it includes councils that either do not have Overview & Scrutiny Committee or have fewer scrutiny panels than Slough.
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29. **The Panel recommends no change to the 2015/16 SRA (£2,858) payable to the Chairs of the 3 Scrutiny Panels**.

The Chair of the Planning Committee

30. Benchmarking (2014) shows that the SRA (£4,661) for the Chair of the Planning Committee is in line with the mean (£4,637) paid in other Berkshire councils although somewhat below that paid (£6,002) in south east unitary councils. There was some evidence that this post had become more important recently. The Planning Committee remains high profile and continues to meet more frequently than other committees but since March 2012 a National Planning Policy Framework (NPPF) has been in place which makes planning more fluid and has put more responsibility on the Chair.

31. The SRA for the Chair of Planning is currently set at 25% of the Leaders' SRA. The Panel decided this ratio should be maintained for the moment as it is too early yet to assess the impact of the NPPF on the Chair's role - the implications have yet to work through the system.

32. **The Panel recommends no change to the 2015/16 SRA (£4,767) for the Chair of the Planning Committee**.

The Vice Chair of the Planning Committee

33. The Panel considered whether there was a case, as with the Vice Chair of Overview and Scrutiny, to reduce the ratio utilised in arriving at the Vice Chair's SRA from 1/3 to 20%. However, the Panel decided against this as the

potential exposure and obligations of the post holder can be onerous, it is inherent to being a Vice Chair of a regulatory or 'quasi judicial' committee.

34. **The Panel recommends no change to the 2015/16 SRA (£1,587) for the Vice Chair of the Planning Committee**

The Chair of the Licensing Committee

35. The SRA (£3,729 - 2014) for the Chair of the Licensing Committee in Slough Borough Council was set at 20% of the Leaders' SRA. This was done on the basis that the transfer of licensing functions to local authorities under the Licensing Act 2003 and Gambling Act 2005 would entail a much greater workload and responsibility on the part of the Licensing Committee Chair. The evidence shows that the workload of this committee has settled down into an established pattern, mostly dealing with licensing policy. Much of the liquor licensing and school appeals matters are dealt with by the Licensing Sub Committees where the Chair can also play a role and even then the number of meetings of the Licensing Sub Committees has settled down.

36. Moreover, there is a consistent pattern of 3 out of 7 scheduled meetings being cancelled over each of the past 3 years as the Licensing Committee has not had enough business. The Panel decided that the current SRA was difficult to defend in light of the consistent cancellation of meetings of the full Licensing Committee. Benchmarking was of limited value in this case as the Panel had no way to know how Licensing Committees operate in other councils in terms of both their remit and the role their Chairs play in sub committees. Consequently, the Panel 'played safe' and decided to marginally reduce the ratio in arriving at the Chair's SRA from 20% to 15% of the Leader's SRA.

37. **The Panel recommends that the 2015/16 SRA paid to the Chair of the Licensing Committee should be £2,858**.

The Vice Chair of the Licensing Committee

38. For the same reasons the Panel retained the ratio (1/3 of Chair's SRA) utilised in arriving at the SRA for the Vice Chair of Planning the Panel decided it should be retained for the Vice Chair of the Licensing Committee.

39. **The Panel recommends that the 2015/16 SRA paid to the Vice Chair of the Licensing Committee should be £952**.

The Chairs and Members of the Licensing Sub Committee

40. The Panel received representation to consider remuneration for the Chairs (and to a lesser extent Members) of the Licensing Sub Committee on the basis that much of the "operational" work of Licensing is carried out at this

level. The Panel was not convinced partly because Licensing Sub Committee Chairs are appointed on the day (and to some degree they are appointed on a rotating basis drawn from Licensing Committee Members), partly because the number of licensing appeals hearings over the past few years and the number of meetings a Chair of Licensing Sub Committee has had to preside over has not reached a critical enough mass to warrant a SRA. It is noted that in the other Berkshire councils only Windsor & Maidenhead remunerate their Chairs of Licensing Panels at £1,879 as well as pay the members of the same panels £25.26 per meeting, but this is in a context where the Vice Chair of Licensing in Windsor & Maidenhead does not receive a SRA. As regards to the Members of the Licensing Sub Committee the Panel takes the view that it is part of the regulatory role that all Members are expected to undertake.

41. **The Panel does not recommend SRAs to be paid to the Chairs or Members of the Licensing Sub Committee**.

Chair of the Employment & Appeals Committee

42. No evidence was received to suggest that the SRA (£1,864 - 2014) for the Chair of the Employment & Appeals Committee needed revising. Benchmarking shows that the mean SRA paid in the Berkshire comparator group to equivalent posts is £1,866.

43. **The Panel recommends no change to the 2015/16 SRA (£1,905) for the Chair of the Employment & Appeals Committee**.

Chair of the Audit & Risk Committee

44. No evidence was received to suggest that, as things stand, the SRA (£1,864 - 2014) for the Chair of the Audit & Risk Committee needed revising. Benchmarking shows that the mean SRA paid in the Berkshire comparator group to equivalent posts is £2,652 and across the south east the mean SRA is £3,906. However, in other councils the Audit Committee is often assigned other functions, such as performance review in Windsor & Maidenhead, and governance in Bracknell Forest and Reading. If the remit of the Audit & Risk Committee was to alter the Panel will reconsider the SRA for this post.

45. **The Panel recommends no change to the 2015/16 SRA (£1,905) for the Chair of the Audit & Risk Committee**.

Chair of Standards Advisory Committee

46. The SRA (£1,864 - 2014) for the Chair of the Standards Advisory Committee was set by after a Supplementary Review (August 2013) in response to changes arising out the Localism Act 2011 concerning standards - it was no longer a statutory committee nor had decision making powers. At the time of

the Supplementary Review the Panel noted that it would revisit this role in light of experience (paragraph 18).

47. What experience does show is that the workload and responsibility of this committee and chair has proved to be much reduced since 2012; not only has it lost decision making powers and sanctions available to it but half of its scheduled meetings are regularly cancelled. Consequently, the Panel has reduced the ratio utilized in arriving at the current SRA from 10% of Leader's SRA to 5% which equals £953 (2015/16).

48. **The Panel recommends that the 2015/16 SRA paid to the Chair of the Standards Advisory Committee should be £953**.

The Leader of the Opposition

49. No evidence was received to suggest that the SRA (£5,593 - 2014) for the Leader of the Opposition needed revising. Benchmarking shows that the mean SRA paid in the Berkshire comparator group to equivalent posts is £6,209 while across the south east it is £5,665.

50. **The Panel recommends no change to the 2015/16 SRA (£5,716) for the Leader of the Opposition**.

Setting a qualification criteria for Leader of a Minority Group[s]

51. Currently, the Leader of the second largest Minority Group qualifies for an SRA if their group has the statutory minimum of 2 Members. In line with other councils the Panel has decided that 2 members is not sufficient critical mass nor concomitant 'significant responsibility' to merit a SRA and that for the SRA for a Leader of a Minority Group to receive an SRA that there should be a qualifying criteria of having a group that contains at least 4 Members.

52. In an era which is seeing shifts in traditional political allegiances there is a possibility that in the future there may be more than one Minority Group Leader that qualifies for the Minority Group SRA.

53. **The Panel clarifies that as long as a Minority Group reaches the qualifying criteria then that group's Leader should be paid an Minority Group Leaders' SRA**.

54. **The Panel also recommends that for the SRA for Leader[s] of the Minority Group[s] to be payable the group should have at least 4 members**.

Leader of the Minority Opposition Group[s]

55. The SRA (£3,729 - 2014) of the Leader of the second largest Minority Group is markedly above the average (£1,404) paid to similar posts in the other Berkshire councils. However, the Panel has always taken the view that the Opposition of all hues should be adequately resourced and the ratio utilised to arrive at the SRA for this post, 20% of the Leader's SRA, should be maintained - subject the Group meeting the qualifying criteria.

56. **The Panel recommends that the 2015/16 SRA for Leader[s] of the Minority Group[s] is £3,811 – subject to qualification criteria.**

Co-optees' Allowances

57. Currently the Members' Allowance scheme makes provision for the payment of a Co-optees' Allowances (£505 in 2014) to co-opted (independent) Members appointed to the Audit & Risk and Standards Advisory Committees. No evidence was received to revisit this allowance

58. **The Panel recommends that the 2015/16 Co-optees' Allowance is not altered and should remain at £516 per annum**.

The Independent Person

59. Although the Panel was not specifically asked to look at the remuneration of the statutory Independent Person, appointed under the Localism Act 2011, the Panel did provide advice on the remuneration (£1,200) for this post in the Supplementary Review August 2012. At the time the Panel had no experience of what the role entailed so the Panel has taken this opportunity to revisit its previous advice and no evidence was received to alter the view the Panel took in August 2012.

60. **The Panel recommends that the 2015/16 remuneration for the Independent Person remains at £1,239**.

Travel and Subsistence Allowances

61. No evidence was received to indicate the Travel and Subsistence Allowances required amending. **The Panel recommends that the current rates payable for the Travel and Subsistence Allowances and the terms and conditions by which they may be claimed are maintained**.

Travel and Subsistence Allowances - Approved Duties

62. Queries were raised with the Panel regarding when a Member can claim travel and subsistence for attending an outside body to which they are appointed, with the inference being that they were not sure and therefore losing out on potential travel and subsistence claims. This issue has become somewhat more pressing with recent legislative changes that impacts on the regional and national roles Members are required to undertake.

63. **The Panel recommends that the Members' Allowances scheme is clarified to point out that where a Member is appointed to an outside body that has its own allowances schemes (e.g. the Local Government Association and Royal Berkshire Fire & Rescue Authority) or provision to pay travel and subsistence (e.g. the Thames Valley Police & Crime Panel) that they should claim travel and subsistence allowances directly from those bodies**.

The Dependants' Carers' Allowance (DCA)

64. No evidence was received to indicate the Dependants' Carers' Allowance required amending. **The Panel recommends that the current rates payable for the Dependants' Carers' Allowance and the terms and conditions by which it may be claimed are maintained**.

Section 11 of allowances scheme - Suspension/Partial Suspension

65. Since the implementation of the relevant provisions of the Localism Act 2011 there are no longer any powers to suspend or partially suspend a Member from Council making Section 11 of the Allowances scheme, relating to suspension of allowances, redundant.

66. **The Panel recommends that Section 11 of the published Members' Allowances scheme is removed**.

Indexation

67. The representation received by the Panel was generally supportive of the principle of indexation. Most Members' Allowances schemes have indexation provisions. The Panel supports the continuation of indices for allowances payable under the Members' Allowances scheme and recommends:

    - **Basic Allowance, Special Responsibility Allowances, Co-optees' Allowances, the annual cap on the DCA and the remuneration of the Independent Person:**
        - Indexed to the annual percentage salary increase for local government

staff (at spinal column 49) to be adopted from 1 April 2015 and to run for 4 years.

- **Travel Allowances (Outwith Borough Only):**
  - **Mileage:** indexed to the HMRC rates
  - **Other Travel:** actual costs subject to most cost effective provisions

- **Subsistence and Overnight Allowances (Outwith Borough Only):**
  - Indexed to the maximum rates payable under the South East Employers Subsistence scheme

68. It is pointed out that if the Council adopts all or any of the indices recommended it is under no obligation to implement a particular index each year. If adopted, the Council has a choice and retains the right not to implement an index or if it decides to implement an index then it can implement an alternative index. However, if the principle of indexation is not adopted by the Council then it cannot index its allowances and if any, even minor, uplifts for inflation are sought by the Council it must come back to the Panel for its advice. Having the principle of indexation in place removes the requirement to seek advice from the Panel for a maximum period of 4 years, unless the Council seeks a review sooner.

Implementation

69. **The Panel further recommends that its recommendations contained in this report are implemented as follows:**

- **Indices:** **from 1 April 2015**.
- **Other recommendations:** **from 19 May 2015, date of annual meeting of the council**

Appendix 1: Representations and Briefings Received by the Panel

Members:

Cllr R. Anderson	Leader of Council & Labour Group
Cllr D. Coad	Leader of Conservative Opposition Group
Cllr A. Mellor	UKIP Member

Written Submissions:

Cllr P. Booker	Chair of Employment & Appeals Committee (Labour)
Cllr A. Wright	Conservative Member

Officers who provided a briefing to the Panel:

Ruth Bagley	Chief Executive
Catherine Meek	Head of Democratic Services

Appendix 2: Information Received & Reviewed by the Panel

1. Panel Terms of Reference

2. Slough Borough Council Members' Allowances Scheme including rates payable 2014 and 2015/16, including schedules and information on Members support/facilities

3. Copy of statutory annual publication (2013/14) of Councillors' Allowances and expenses received

4. Council's Calendar of Meetings for 2014/2015

5. Further relevant information on Slough Borough Council including governance structures, committees and their terms of reference that also highlights were applicable significant changes in governance & Members' roles & responsibilities

6. Member Role Profiles

7. Break down of number of meetings for each Licensing Panel (2012/13 & 2013/14 & so far this year) including who chaired and served on them

8. Record of Members' attendance at meetings and training sessions 2008/2009

9. Previous Slough BC IRP Allowances Reports namely
   - 7th Report July 2010
   - Supplementary Report August 2010

10. SE Employers Allowances Survey 2014/15 - spreadsheet summarizing and comparing allowances paid across SE unitary councils

11. D Hall spreadsheets BM1 - 4 summarising and comparing allowances paid in other Berkshire unitary councils 2014/15

12. Councillors Census 2013 - summary of average hours worked by authority and non/post holder

13. National Joint Council for Local Government Services 2014-16 Payscales & Allowances including up rating figures, 14 November 2014

14. Statutory Guidance on Consolidated Regulations for Local Authority Allowances May 2006

15. The 2003 Regulations Statutory Instrument § 2003 No. 1021 – The Local Authorities (Members' Allowances) (England) Regulations 2003

16. Hard copies of other Berkshire councils' Members Allowances schemes 2014/15

17. Annual Survey of Hours and Earnings (ASHE) on local and national (gross) earnings (mean and median) provisional November 2014 including for all full time employees jobs for residents, Table 8.7a

18. D Hall, a presentation on allowances reviews: understanding the Slough Members' Allowances scheme, issues and options

Appendix 3: Benchmarking - Allowances paid across the Comparator Authorities

BM1 Slough BM Group - Other Berks Councils + SE Employers Allowances Survey: BA + Exec + Scrutiny SRAs (2014/15)											
Comparator Council	BA	Leader	Leader Total Package	Deputy Leader	Exec Members	Deputy Exec or Champion	Chair Main O&S	Main O&S V/Chair	Chairs or Leads Scrutiny	V/Chairs Scrutiny	Chairs Scrutiny or Other Panels/WGs
Bracknell Forest	8,687	28,954	37,641	17,372	15,926	2,201	7,239		5,791		
Reading	8,220	7,004	15,224	5,722	3,816				2,147	1,074	
RBW&M	7,255	18,790	26,045	11,274	10,335	1,879			4,698		1,879
West Berks	6,149	16,396	22,545		8,198		5,124				
Wokingham	7,487	20,000	27,487		10,000	2,000	5,000		2,500		
Mean	**7,560**	**18,229**	**25,788**	**11,456**	**9,655**	**2,027**	**5,788**		**3,784**		
Median	**7,487**	**18,790**	**26,045**	**11,274**	**10,000**	**2,000**	**5,124**		**3,599**		
Slough (2014)	***7,171***	***18,645***	***25,816***	***13,051***	***10,255***		***6,527***	***2,176***	***2,797***		
Highest	**8,687**	**28,954**	**37,641**	**17,372**	**15,926**	**2,201**	**7,239**		**5,791**		
Lowest	**6,149**	**7,004**	**15,224**	**5,722**	**3,816**	**1,879**	**5,000**		**2,147**		
Mean Ratios	**2.41**	**100%**		**62.8%**	**53.0%**	**11.1%**	**31.8%**		**20.8%**		
SEE Survey Mean	**£8,539**	**£20,544**	**29,083**	**£11,919**	**£9,912**	NA	NA	NA	**£6,181**	Only 3 payable	

BM2 Slough BM Group: Other Berkshire Councils + SE Employers Allowances Survey: Planning & Licensing/Regulatory SRAs (2014/15)								
Comparator Council	**Chair Planning**	**V/Chair Planning**	**Planning Members**	**Chair Licensing &/or Regulatory**	**V/Chair Licensing**	**Chairs Licensing Panels or Subs**	**Licensing Members**	**Comments**
Bracknell Forest	7,239	723		5,626	553			
Reading	2,147	1,074		2,147	1,074			
RBW&M	4,698			4,698		1,879	£25.26 p/meeting	*3 Chairs Area DCC SRAs payable for total of £14,094*
West Berks	4,099			2,562				*2 Chairs Area DCC SRAs payable for total of £8,198*
Wokingham	5,000		1,250	2,500				
Mean	**4,637**	**899**		**3,507**	**814**			
Median	**4,698**	**899**		**2,562**	**814**			
Slough(2014)	***4,661***	***1,553***		***3,729***	***1,243***			
Highest	**7,239**	**1,074**		**5,626**	**1,074**			
Lowest	**2,147**	**723**		**2,147**	**553**			
Mean Ratios	**25.4%**			**19.2%**				
SEE Survey Mean	**6,002**	**1,918**		**4,787**	**2,228**			

BM3 Slough: Other Berkshire Councils + SE Employers Survey: Other Regulatory & Miscellaneous SRAs (2014/15)									
Comparat or Council	**Chair Standards**	**V/Chair Standards**	**Chair Audit**	**V/Chair Audit**	**Chair Personnel or Employment**	**V/Chair Personnel or Employment**	**Chairs Local Forums**	**Other Committees**	**Other SRAs or Comments**
Bracknell Forest	638		2,201		2,201				*Standards Chair is Co-optee Education Appeals Mbrs: £30/£59 p/meeting up to/over 4 hrs*
Reading	2,147	1,074	2,147	1,074	2,147	1,074		2,147	*Standards Chair is Co-optee*
RBWM			3,758				1,879	1,879	*Deputy Chair of Cabinet £11,274*
West Berks	1,000								*Standards Chair is Co-optee*
Wokingham	1,250		2,500		1,250				*Below Exec level Members can get >1 SRA*
Mean	**1,259**		**2,652**		**1,866**				
Median	**1,125**		**2,351**		**2,147**				
Slough	***1,864***		***1,864***		***1,864***				
Highest	**2,147**		**3,758**		**2,201**				
Lowest	**638**		**2,147**		**1,250**				
Mean Ratio	**6.9%**		**14.5%**		**10.2%**				
SEE Survey Mean	**NA**		**3,906**		**NA**				

BM4 Slough BM Group: Other Berks Councils & SE Employers Survey: Group SRAs & Co-optees (2014/15)						
Comparator Council	**Main Opposition Group Leader**	**D/Leader Main Opposition Group**	**Opposition Spokespersons**	**Minor Opposition Group Leader**	**Co-optees Standards**	**Co-optees Other**
Bracknell Forest	9,651	965			291	291
Reading	3,816			2,147		
RBWM	1,879			940	359	32/64 p/meeting up/over 4 hrs
West Berks	8,198		4,099	1,125	1,000	
Wokingham	7,500				NA	NA
Mean	**6,209**			**1,404**	**550**	
Median	**7,500**			**1,125**	**359**	
Slough (2014)	***5,593***			***3,729***	***505***	***505***
Highest	**9,651**			**2,147**	**1,000**	
Lowest	**1,879**			**940**	**291**	
Mean Ratio	**34.1%**			**7.7%**		
SEE Survey Mean	**5655**	**Only 3 returns**	**only 3 returns**	**NA**	**NA**	**NA**

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SLOUGH BOROUGH COUNCIL

REPORT TO: Council **DATE:** 19th February 2015

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

WARD(S): All

PART I
FOR DECISION

REVIEW OF COMMITTEE PLACES AND APPOINTMENTS

1 **Purpose of Report**

To review the allocation of seats on Committees and make appointments to the revised allocation.

2. **Recommendations**

The Council is requested to resolve:

(a) That the political balance of the Council as set out in Paragraph 5.3 be noted.

(b) That the revised allocation of seats on Committees be agreed [Appendix 2]

(c) That appointments be made to the revised allocation of seats in accordance with Group wishes.

3. **Community Strategy Priorities**

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

4. **Other Implications**

4.1 The recommendations within this report meet legal requirements. The relevant law in respect of this matter is set out in Sections 15-17 (inclusive) of the Local Government and Housing Act 1989 (the Act) and the Local Government (Committees and Political Groups) Regulations 1990 (as amended). The Act requires that the review should be held at the Annual Meeting or as soon as practicable after that meeting or when the membership of the Council changes. The Monitoring Officer has a statutory responsibility for ensuring the council implements proportionality correctly.

4.2 The basic principles for allocating places on committees between political groups are:-

(a) That not all of the seats on the committee are allocated to the same political group,

(b) That the majority party on the Council must have a majority over all the other groups on the committee.

(c) That subject to (a) and (b), the proportion of seats allocated to each political group of the total of all committees should be the same as the proportion of Members who belong to that group.

(d) That subject (a)-(c), the proportion of seats allocated to each political group on each committee should be the same as the proportion of Members who belong to that group.

4.3 The principles outlined above rank in priority. Principles (a) and (b) (no one party committees and the largest political group having a majority) must always be satisfied. Subject to those first principles the proportionality rule in (d) is applied and this distributes places proportionally among the political groups according to their respective size. For ordinary committees, however, there is a further political requirement – principle (c) applies. This means that the distribution of places on the individual committees must be adjusted so that proportionality is observed across all the ordinary committees taken as a whole (subject to principles (a) and (b)) even though this will often mean departing from proportionality within a particular committee. The effect is that a second and any subsequent opposition party will generally be entitled to some committee places even though their size does not entitle them to places on all committees. The Regulations also provide for a member who is not a member of a political group under the requirements of the Act to be allocated seats to which the political groups are not entitled. As with the minority political groups it is the Council which decides which committees are allocated to Independent members.

4.4 The proposals have no workforce implications and any financial implications have been reflected within the approved budget. There are no Human Rights Act implications.

4.5 As an alternative to applying the political proportionality rules the Council is entitled under Section 17 of the Act to adopt different arrangements provided all of the members vote for/abstain from a proposal (ie: no member votes against).

5. Supporting Information

Allocation of Seats on Committees

Background

5.1 The Council on 5th June 2014 agreed the allocation of seats on the Council's Committees to political groups under the proportionality rules and appointed to those seats. The current allocation of seats is set out at Appendix 1.

Group Membership

5.2 On the 30th January 2015 Councillor Coad formally advised of the establishment of a UKIP Group on the Council consisting of herself as Leader of the Group and Councillor Mellor. The Conservative Group have advised that Councillor Chahal is Group Leader with effect from 2nd February 2015. The Council will therefore need to consider the allocation of Committee seats based on revised group size.

Revised Proportionality

Committee Places

5.3 The Labour Group comprises 33 Members and remains entitled to 78.57 % of the committee seats of the whole council. The Conservative Group now comprises seven members and is entitled to 16.67% of the seats and the newly formed UKIP Group consists of two members and is entitled to 4.76% of the seats. The seats allocated to each Group must reflect this entitlement, as far as reasonably practicable, having taken into account principles (a), (b) and (c) above. There are 50 seats available for allocation.

5.4 The Labour Group is entitled to 39 seats, the Conservative Group to 8 seats and UKIP Group to 3 seats.

5.5 The revised proportionality results in the following actions being necessary:

- the Conservative Group losing **one seat on two** of the nine member committees - Overview and Scrutiny, Employment and Appeals or Planning

- UKIP gaining **one seat on two** of the nine member committees - Overview and Scrutiny, Employment and Appeals or Planning

5.6 The Conservative Group will also need to appoint a member to replace Councillor Coad on the Licensing Committee, Employment and Appeals Committee (depending on the Council decision on allocation of seats) and Neighbourhoods and Community Services Scrutiny Panel.

6. **Appendices**

Appendix 1 – Allocation of seats on Committees – June 2014.
Appendix 2 – Proposed allocation of seats on Committees- February 2015

7. **Background Papers**
UKIP Group Memorial
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Appendix 1

ALLOCATION OF SEATS – COUNCIL JUNE 2014

	Total No. of Seats on Body	**Labour (33) (78.57%)**	**Conservative (8) (19.05%)**	**A Mellor (1) (2.38%)**
Cabinet (Executive)	8	8		
Standards Advisory	6	5	1	
Audit and Risk	6	5	1	
Overview & Scrutiny	9	7	2	
Planning	9	7	2	
Licensing	11	8	2	1
Employment & Appeals	9	7	2	
TOTAL SEATS ALLOCATED	**50**	39	10	1
GROUP SEAT ENTITLEMENT (Basket)		**39 (39.28)**	**10 (9.53)**	**1 (1.19)**

Appendix 2

ALLOCATION OF SEATS – COUNCIL JANUARY 2015

	Total No. of Seats on Body	Labour (33) (78.57%)	Conservative (7) (16.67%)	UKIP (2) (4.76%)
Cabinet (Executive)	8	8		
Standards Advisory	6	5	1	
Audit and Risk	6	5	1	
Overview & Scrutiny	**9**	**7**	**2***(-1?)	*(+1?)
Planning	**9**	**7**	**2***(-1?)	(+1?)*
Licensing	11	8	2	1
Employment & Appeals	**9**	**7**	**2***(-1?)	*(+1?)
TOTAL SEATS ALLOCATED	**50**	39	8*	3*
GROUP SEAT ENTITLEMENT (Basket)		**39 (39.28)**	**8 (8.34)**	**3 (2.38)**

- *the Conservative Group lose **one seat on two** of the nine member committees - Overview and Scrutiny, Employment and Appeals or Planning
- *UKIP gain **one seat on two** of the nine member committees - Overview and Scrutiny, Employment and Appeals or Planning.

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