Slough Borough Council
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Taking pride in our communities and town

Date of despatch: Wednesday, 17 February 2016

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, 25th February, 2016 at 7.00 pm,** when the business in the Agenda below is proposed to be transacted.

Yours faithfully

RUTH BAGLEY
Chief Executive

AGENDA

Apologies for Absence

PAGE

1. Declarations of Interest

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

sustainable forest

Under Section 33 of the Localism Act 2011 the Monitoring Officer has granted a general dispensation to all members of the Council (who do not otherwise have a Disclosable Pecuniary Interest) to take part and vote on items on the Council agenda for 25th February 2016 in relation to setting the Council Tax or a precept under the Local Government Finance Act 1992 and that this dispensation is applicable to officers of the Council who are Borough Council tax payers who may be advising the Council at the meeting

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

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

Recommendations of Cabinet
[Notification of Amendments required by 10 a.m. on Wednesday 24th February, 2016]

SLOUGH BOROUGH COUNCIL

REPORT TO:	Council	**DATE:** 25th February 2016
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 2016-20

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(s)/Proposed Action**

The Council is requested to resolve that the Medium Term Financial Strategy 2016-20, 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 outcomes of the Five Year Plan. 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

This strategy directly impacts upon the entire 5YP (5 Year Plan). The MTFS sets out the high level plans and financial planning assumptions that underpin the 5YP and enable financial resources to be attributed to the respective outcomes.

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 4th February 2016 and by the Cabinet on 8th February 2016.

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

APPENDIX A

Medium Term Financial Strategy: 2016-20

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.

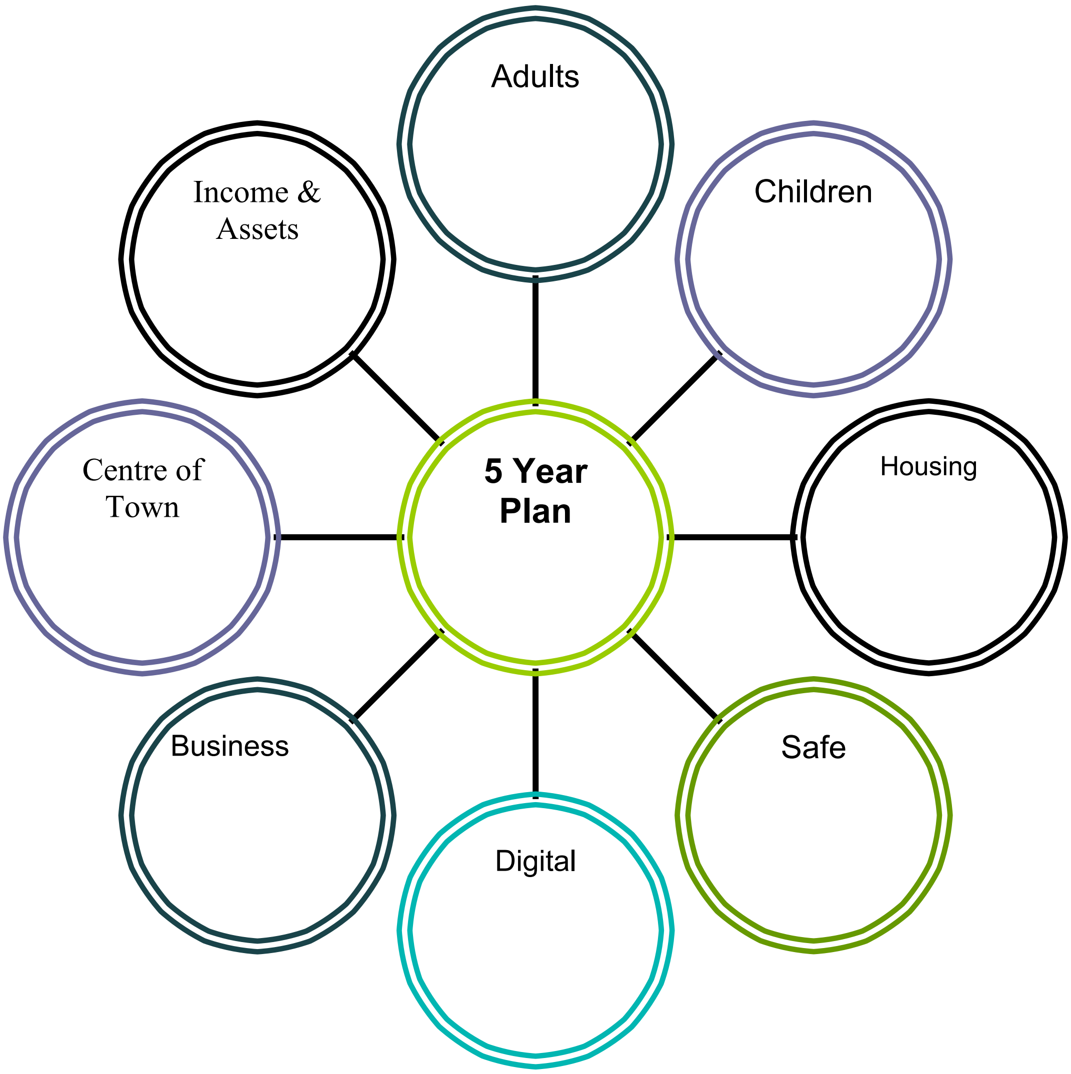
Given the scale of the ongoing reductions in Central Government spend, the Council has, and will increasingly need to, deliver public services in a more joined up, effective and efficient manner. Maintaining the current levels and delivery of existing services is unlikely to be an option to the Council 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 2016-17, Capital Strategy 2016-22 and the Treasury Management Strategy 2016-17 provide the detail behind this and are due to full Council meeting in February 2016.

The Council has a 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 updated themes (to be considered by Cabinet in January 2016) are highlighted in the below:

Graph 1.1: The 5 Year Plan – summarised outcomes focus



The Five Year Plan is key in defining our ambition, the challenges and opportunities we face, the role of the council in meeting these and the priority outcomes against which resources will be allocated.

Aligning the MTFS and the key messages in our financial planning with those in the Five Year Plan is essential. We need to be constantly vigilant to ensure that we are spending resources in the most effective way to achieve our outcomes. The Five Year Plan was launched in 2015 and as part of the refresh this year it has been proposed that the date changes to 2016-20 and rolls forward each year in line with the budget and MTFS. This will ensure that our strategic and financial planning are aligned and that we are working to the latest information available to plan our services.

The introduction of outcome based budgeting is an early example of how we are moving away from the traditional departmental based council model where budgets are salami sliced towards an approach that is designed to ensure greater resilience for the Council in the future. The cross cutting nature of the outcomes in the Five Year Plan supports this way of working. We are increasingly working in a more integrated way, not just internally but with our partners and communities too, to achieve the best outcomes for Slough.

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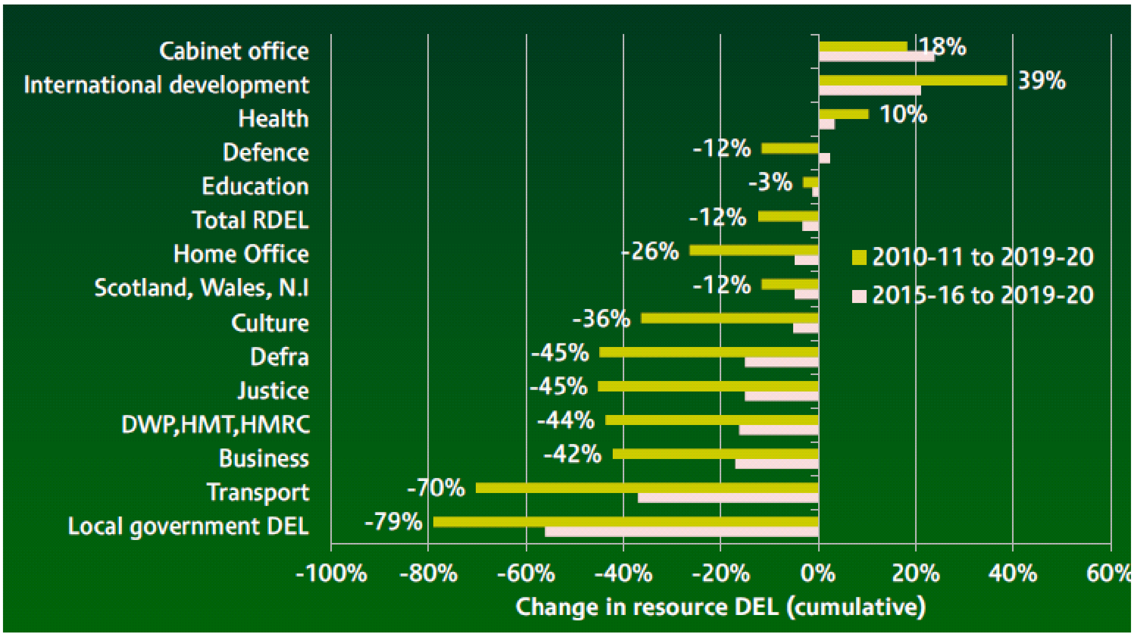
Included throughout the MTFS are some case studies outlining where the council has, or is proposing to over the MTFS, make savings to provide services and protect the public purse.

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.

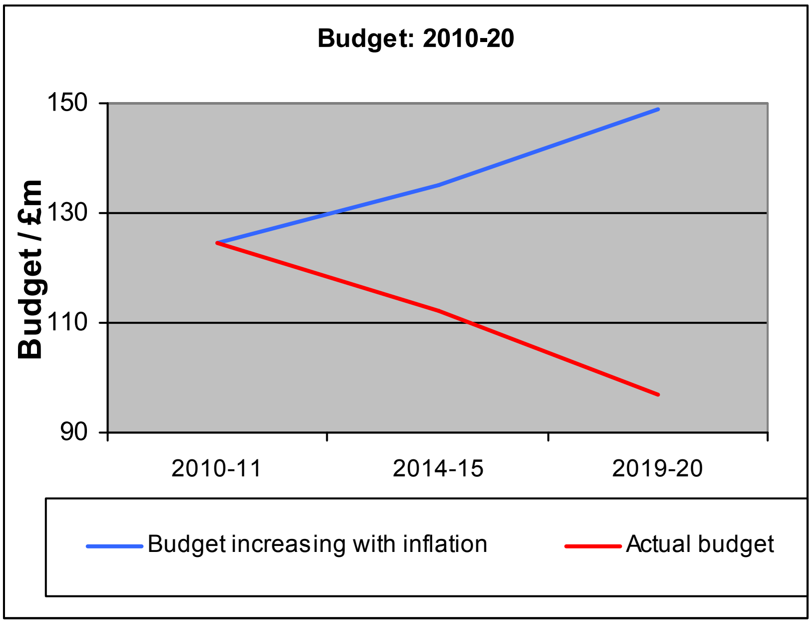
Figures from the Institute of Fiscal Studies highlight that Central Government expenditure on Local Government is expected to reduce by 79% over the decade 2010-20.

Chart 2.1: Reductions in Local Government revenue spending: 2010-20



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

Chart 2.2: Net budget vs Inflation



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

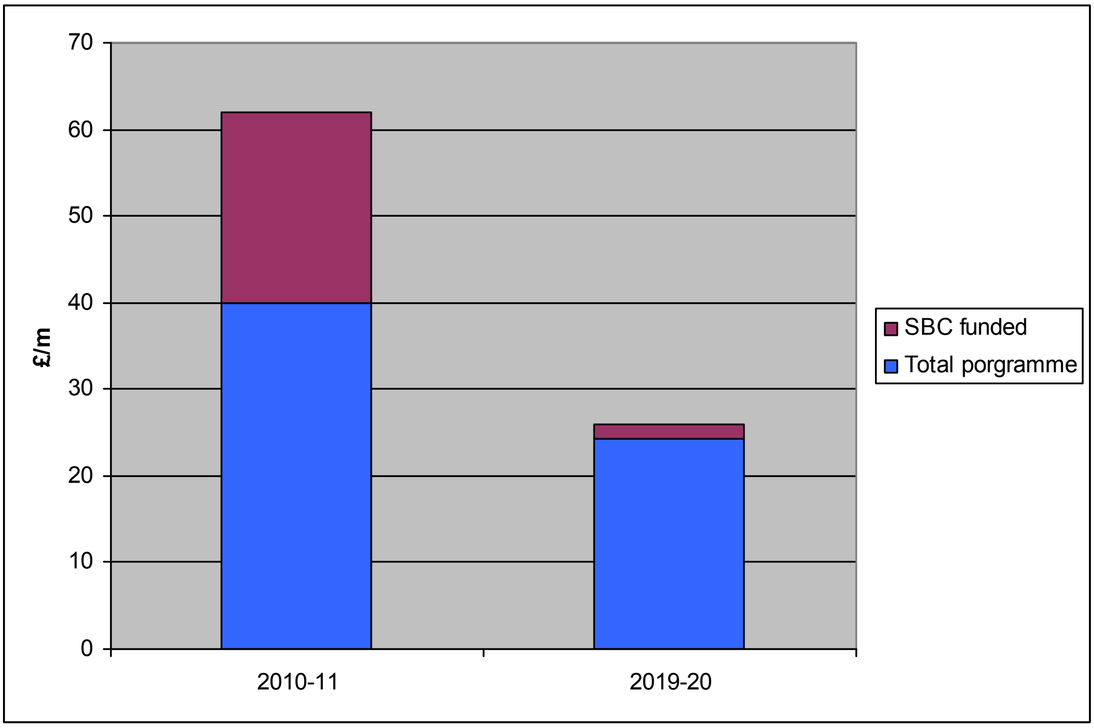
The Council's financial future is further complicated by the provision of Children's services by the Slough Children's Services Trust (SCST). With an initial net budget over £24.2m, it is the second largest spend area within the Council and ensuring that this service is delivered more effective and efficiently is crucial to the longer term financial health of both the Council and the SCST.

The Spending Review announced by Government in November 2015 also highlighted the shrinking role of Local Councils in respect of the provision of education. Though further detail is awaited on this, it is clear that the Government wishes to cease any schools being provided by Councils in the future and that the Education Services Grant (Which the Council currently receives £1.5m of non ring-fenced money for) will be removed in the medium term.

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 Urban Renewal (SUR) the Council will seek to deliver its most significant infrastructure projects outside of the Housing Revenue Account and Education schemes. The Capital Strategy 2016-22 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 much lower once the significant works on the Curve, Leisure Strategy and transportation schemes are completed.

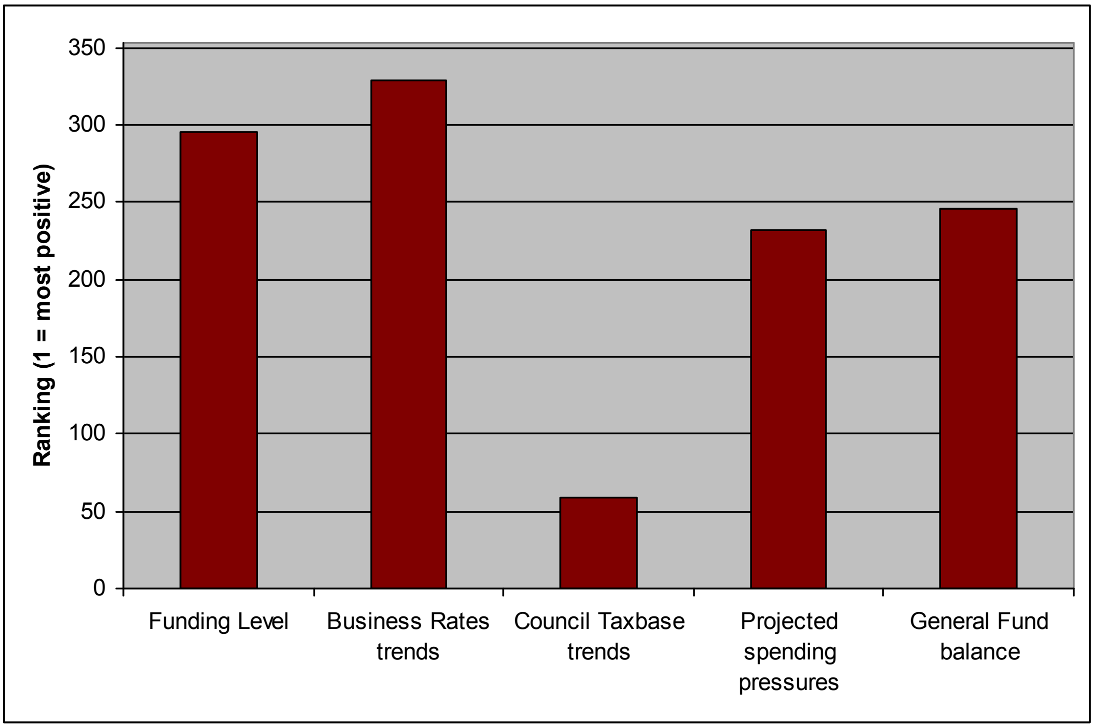
Chart 2.3: Capital expenditure & future plans



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]

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



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 other Councils in its delivery of 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 2016-17 with a year on year Council taxbase growth of almost 4%.

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 2016-17.

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.

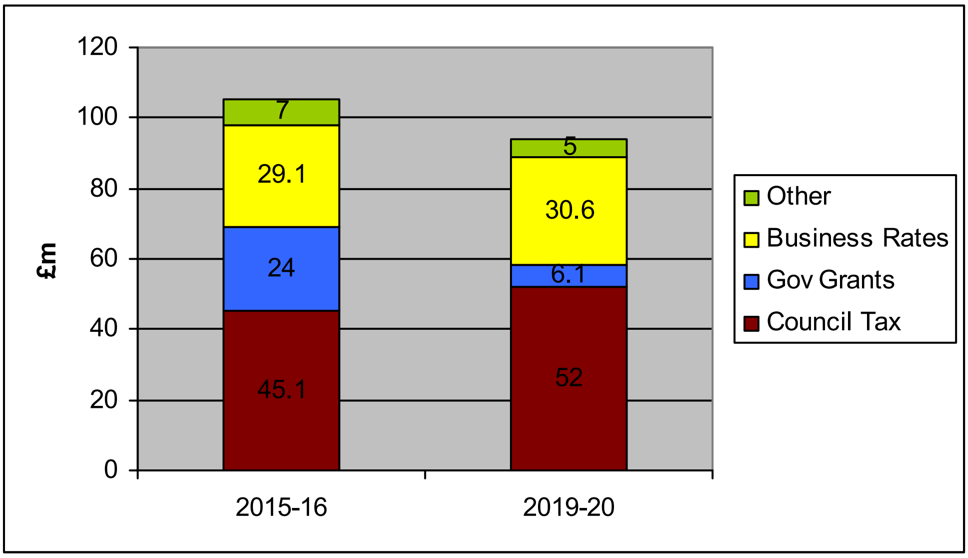
Case Study – Street-Lighting LED scheme

The LED street lighting project is to be delivered across the borough from April 2016 over 2 years. The contract has been awarded to Volker Highways Limited and is being delivered with our Berkshire neighbours Reading and Wokingham. The aim of the project is to provide uniform LED "white" lighting across the borough leading to: improved lighting levels generally; improvements in road safety; improvements in CCTV surveillance; benefits towards reducing anti-social behaviours and fear of crime; improvements in general wellbeing with potential increased use of outdoor evening activities in parks and around the highway network and potential enhancement of town's night time economy. Once fully installed LED street lighting will deliver in the region of 70% savings of both street lighting energy and carbon consumption and significant reduction in cyclic street lighting maintenance costs.

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 2015-20



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 75% to almost 100% 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 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]

[2] These are actual cash amounts

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 decision 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 25% of the Council's net budget. 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.

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

Chart 2.6: Net expenditure by service – 2015-16

n.b. professional services has now been split with £2.6m to Human Resources and policy & communications and £0.4m of legal services to the Customer & Community Services directorate.

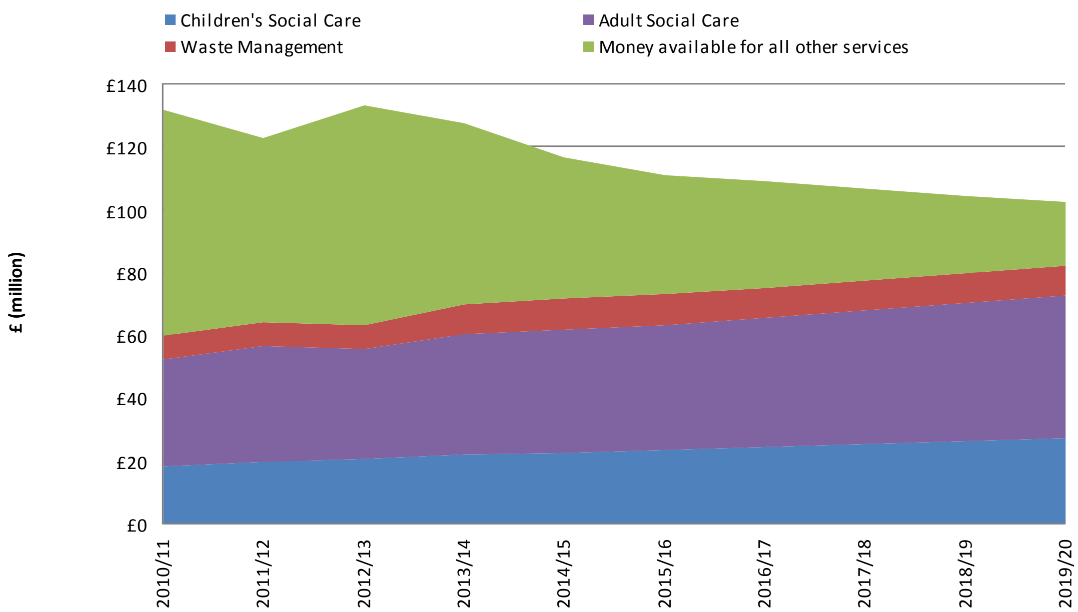
The three largest spends areas of Adult Social Care, Children's Social Care and Waste Management (the main bulk of the Housing & Environment budget) are all seeing demographically led demand growth to their budget; Slough's population as a whole is growing and this places pressure on its public services. 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 – Strategic Asset Purchase scheme

During 2015-16 the Council set aside £25m of capital funds for a Strategic Asset Purchase (SAP) scheme. The aim of the scheme is to utilise capital funds more effectively to deliver new income streams and also for the Council to purchase land and properties that will have regenerative benefit to the Council and local taxpayers. To date, the Council has purchased three commercial properties that are expected to yield a gross return in excess of £500k of new income. For 2016-17, we have set an ambitious target of £1.25m of gross income from the scheme. The purchases must be within the Slough area and so benefits local regeneration as well reducing the levels of savings required across other Council services

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

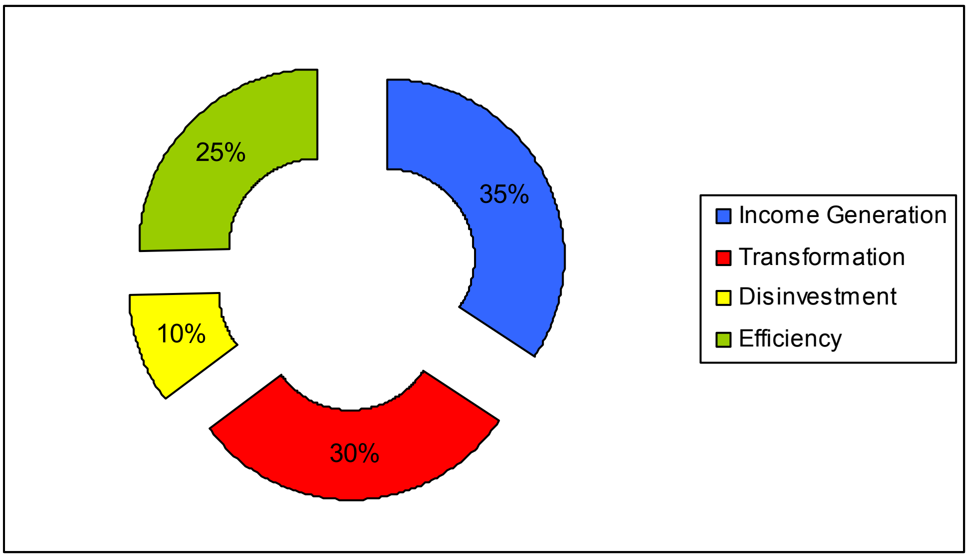
The period of the MTFS is likely to see a significant contraction in the Council's overall spend; whilst at the same time seeing a growing population base that the Council must provide services to. To ensure that these two challenges are delivered, the Council will need to undergo a period of concentrated 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.

Case Study – Highways & Transport Transformation

The implementation of the Transport & Highways Transformation project has started to create a far stronger, more resilient and effective service by creating groupings that align with the Council's 5 Year Plan, the Vision for a "Connected Slough" and at the same time deliver important financial savings. The merger of the service not only gives a significant financial saving, but will also provide the opportunity to focus the strategic direction of the service, bring a commercial attitude and provide leadership to challenge and change the way we do things. To help focus our delivery of improvements, major schemes and new development the existing Highways Development Team will be enhanced; Transport Strategy will be widened and enhanced with the inclusion of Road Safety and Integrated Transport; and we will create a single inspection regime. These changes combined with changes to some existing working practices have the potential to offer full year savings of £1m in 16/17; with a target of delivering a further £1.5m of savings under the continuing programme for 17/18. However, the amount of change required to achieve this level of saving is not to be underestimated.

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 Cabinet has already received future year's proposals and these include significant additional income generation as well a variety of transformation programmes, some of which are highlighted in the case studies included in this strategy.

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 – Slough Urban Renewal

Slough Urban Renewal (SUR), a joint venture between the Council and Morgan Sindall Investments Limited, is currently on site with the 73 unit development (23 for rent) at Ledgers Road, which is the first of several residential-led projects that will be developed in Slough. The construction programme is currently one month ahead of schedule, which will see the first affordable houses completed by May 2016. Based on the existing programme, a total of 44 homes for sale will be completed in 2016/17, however due to the combination of a buoyant market and the current pace of development, the potential exists to complete the 50 homes for sale in 2016/17, which would accelerate the repayment of the £3.2m Council loan note (representing the land value) together with the accrued interest and the 50:50 split in profit share. If this performance is achieved it would result in a profit distribution to the Council from this first development of around £1.9m (i.e. £4.9m less £1.1m x 50% and excluding repayment of the land value and interest) compared to the base case assumption at financial close of £840k. In addition to Ledgers Road, SUR is developing a pipeline of residential projects including Wexham Nursery, Montem, Slough Basin and Upton Road that could generate capital receipts totalling £17m and profit share of £10m within 5 years.

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

2015-16 adj	**Funding**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
45.13	Council Tax	48.69	49.92	51.17	52.46
29.13	Retained Business Rates	29.87	30.17	30.47	30.77
24.01	Revenue Support Grant	18.48	13.18	9.68	6.12
1.46	Education Services Grant	1.37	0.82	0.49	0.30
	NHS monies through BCF			1.40	2.60
2.6	New Homes Bonus	3.64	3.64	2.30	2.20
1.08	Other non-ringfenced grants	0.84	0.60	0.40	0.20
1.9	Collection Fund	0.84			
105.31	**Total Budgeted income**	**103.73**	**98.33**	**95.91**	**94.65**
109.98	Prior year baseline (adj.)	106.58	104.83	98.35	95.93
3.72	Base budget changes	2.30	2.90	2.90	2.90
1.89	Directorate Pressures	5.75	2.00	2.00	2.00
	Revenue impact of Capital investment	0.33	0.25	0.25	0.25
-0.5	Other adjustments	-1.10			
	Savings requirement o/s (-) / contribution to or from reserves		-4.62	0.42	0.18
-9.79	*Savings identified*	-10.13	-7.01	-7.99	-6.59
105.3	**Net Expenditure**	**103.73**	**98.35**	**95.93**	**94.67**

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 almost 4% from 2016-17 and then 1.5% for future years. Council Tax to increase by 3.75% in 2016-17 and then modelled at 1% in future years

(2) Retained Business Rates – assumed small growth in Business rates for 2016-17 and that they rise in line with inflation thereafter.

(3) Revenue Support Grant (Government grant) – includes 2016-20 figures announced by Government in December 2015.

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

(5) NHS monies through the BCF (Better Care Fund) – allocation per the Government’s finance settlement. However, it is unclear as to where this is new investment or expected to go directly to the NHS

(6) New Homes Bonus – assumed growth in the taxbase and then reduces per the Government’s consultation on New Homes Bonus incentives.

(7) Other non-ringfenced grants – similar assumptions through the MTFS as this relates to smaller non ringfenced grants that are announced from time to time

(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 2016-17 items are detailed in the revenue budget paper.

(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 2016-17 onwards this is the additional MRP (Minimum Revenue Provision) required increases to set aside revenue to fund capital

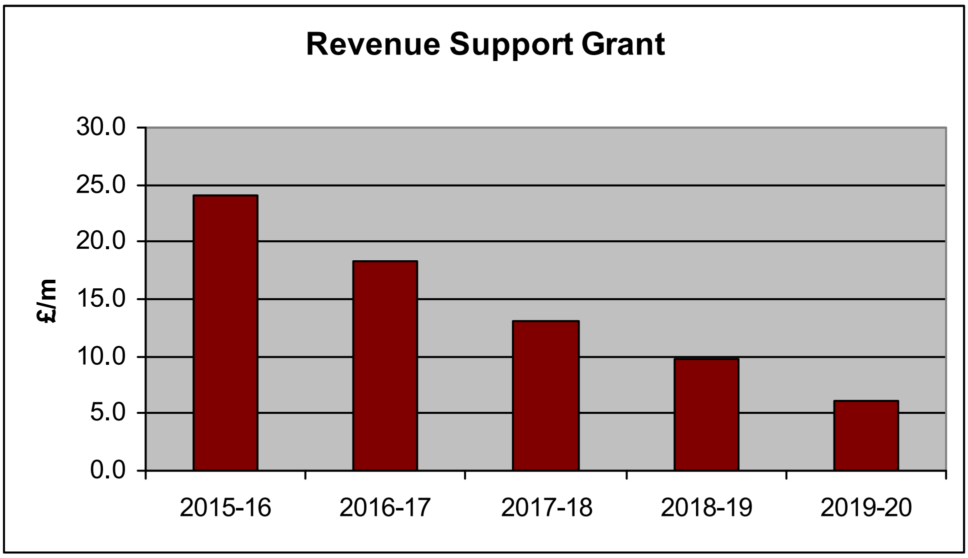
(14) Other adjustments – the use of or contribution to specific reserves, or one-off saving items that do not go into the baseline of savings.

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

Long Term Financial Position

The scale and the timeframe for Government funding reductions have been clarified as part of the draft Local Government Finance Settlement. The summary of Revenue Support Grant profile (the main Government Grant to the Council) is set out below. This shows a major reduction in the Government's funding to the Council of almost 80% from the 2015-16 baseline.

Chart 2.8: RSG summary 2015-20

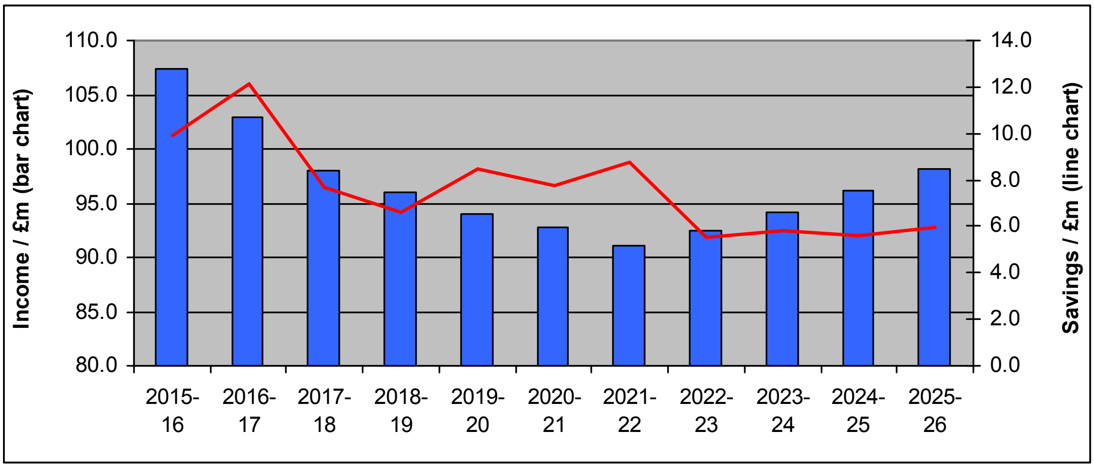


To counteract this, and as mentioned in previous sections of the MTFS, the Council will become much more reliant on Council Tax and retained Business Rates as well as seeking to generate its own new income generation streams to support local services to taxpayers.

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 £9m ending 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 2021-22, the Council's income would start to level off. The reason for this is that by this point the Council would have no 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, business continuity, reliance on ICT etc.

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 compared to forecasts / £m	Negative impact compared to forecasts / £m
Increased cost due to the new CSC organisation	1	-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]		-4
Over / under delivery of savings – Risks increasing through major transformation programme e.g. ASC and through more exposure on income generation e.g. Strategic Asset Purchase scheme	1	-3
Further Government funding reductions through specific grants		-1.5
Performance on Council investments	0.5	-0.5
Total	**3.25**	**-11.95**

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 recent financial years, though this have been mitigated going forward through the new CSO and major additional funding in Children's Social Care in the past three years.

The two largest risks come from reduced business rates and savings delivery. Since the inception of the Government's retention of Business Rates scheme, the Council has seen major volatility to its Business Rates base. Business Rates numbers are volatile as businesses demolish, convert and redevelop sites in the borough. From a savings delivery viewpoint in 2015-16 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. The Adult Social Care transformation programme remains a major risk for the Council with over £5m of savings anticipated to be delivered through this programme. In the current financial year there is likely to be a lag

[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.

in the delivery of these savings. 2016-17 will have a very high savings target of circa £10m. By its very size (nearly 10% of the Council's budget), this savings plan will be an inherent risk.

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

Table 3.4: Managing risks

Risk	Management Control
Increased cost due to the new CSC organisation	Establishment of the new organisation and additional budget provided at transfer date
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:**	25th February 2016
CONTACT OFFICER: **(For all enquiries)**	Joseph Holmes, Assistant Director Finance & Audit (01753) 87 5358		
WARD(S):	All		

PART I
FOR DECISION

TREASURY MANAGEMENT STRATEGY 2016-17

1 Purpose of Report

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

2 Recommendation

The Council is requested to resolve that the Treasury Management Strategy 2016-17, attached at 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 Five Year Plan

The report helps achieve the Five Year Plan outcomes by contributing to the Council's financial planning and particularly 'Outcome 7 – The Council's income and the value of its assets will be maximised', 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 2016-17 financial year	None	None
Project Capacity	None	None
Other	None	None

4.2.1 Human Rights Act and Other Legal Implications

None identified

4.2.2 Equalities Impact Assessment)

No identified need for the completion of an EIA.

Executive Report

5 Introduction and Background

5.1 The Treasury Management Strategy for 2016/17 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 A 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

- o The current treasury position and debt portfolio position
- o The prospects for interest rates
- o The current approved capital programme
- o 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 £177.4m of borrowing and investments of around £80m to £90m on average 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 2016/17.

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

8 Comments of Other Committees

The Treasury Management Strategy 2016/17 was considered by the Overview & Scrutiny Committee on 4th February 2016 and by the Cabinet on 8th February 2016. It was resolved to recommend the strategy at Appendix A to Council.

9 Appendices Attached

'A' Treasury Management Strategy 2016/17

7 Background Papers

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

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APPENDIX A

SLOUGH BOROUGH COUNCIL

TREASURY MANAGEMENT STRATEGY 2016/17

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

Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions point have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

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 advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

A more detailed economic and interest rate forecast provided by 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 1.20%.

4 Current Position

The Authority currently has £177.4m of borrowing and £91.2m of investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

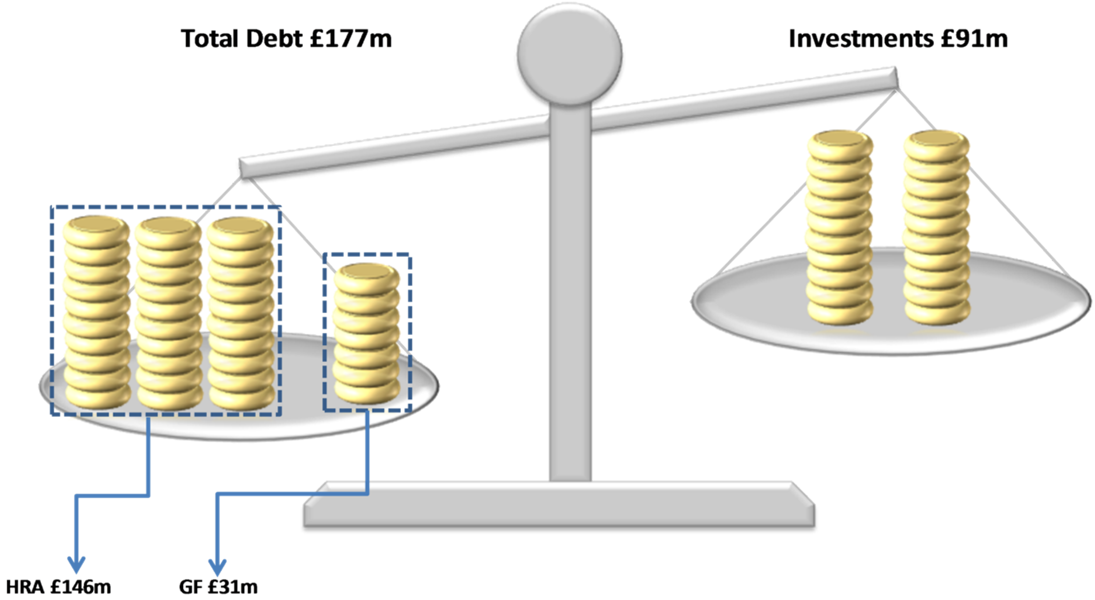


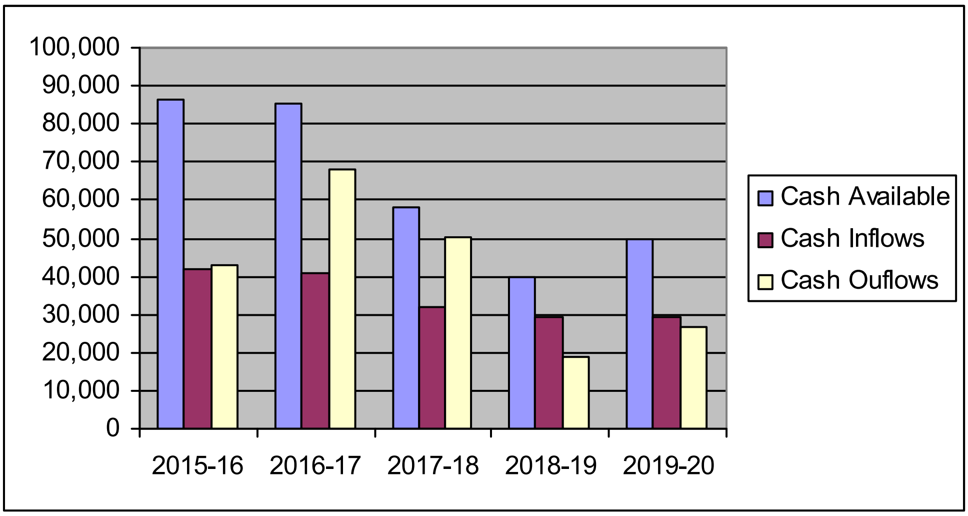
Table 1: Balance Sheet Forecast

Slough Borough Council					
Balance Sheet Summary and Projections in £millions					
31st March	**2015**	**2016**	**2017**	**2018**	**2019**
General Fund Capital Financing Requirement	136.9	142.90	159.00	174.60	177.20
HRA Capital Financing Requirement	158.1	158.1	158.1	158.1	158.1
Total Capital Financing Requirement	**295.0**	**301.0**	**317.10**	**332.70**	**335.30**
Less: Other long-term liabilities *	(49.60)	(46.4)	(44.3)	(42.5)	(40.4)
Loans Capital Financing Requirement	**245.40**	**254.60**	**272.80**	**290.20**	**294.90**
Less: External borrowing **	(182.3)	(177.3)	(173.30	(189.4	(205.0)
Internal (over) borrowing	**63.10**	**77.3**	**99.50**	**100.80**	**89.90**
Less: Usable reserves	(120.1)	(116.1)	(114.0)	(113.0)	(113.0)
Net Borrowing Requirement/(Investments)	**(57.00)**	**(38.80)**	**(14.50)**	**(12.20)**	**(23.10)**

* 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

	2015-16	2016-17	2017-18	2018-19	2019-20
Cash Available	86,342	85,254	58,199	39,780	49,889
Cash Inflows	41,937	40,847	32,046	29,102	29,158
Cash Ouflows	43,025	67,903	50,465	18,993	26,703



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 2016/17.

5 Borrowing Strategy

The Authority currently holds £177.3 million of loans, an decrease of £5m million on 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 2016/17.

.

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

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 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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 2016/17, 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	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	31,126	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
					177,372,126	

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 £81 and £107 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/or higher yielding asset classes during 2016/17 where opportunities arise. This is especially the case for the estimated £40m that is available for longer-term investment. The authority has reduced the amount it invests in short-term unsecured bank deposits, certificates of deposit and money market funds to around 45% of its total investments. Most of these investments are for the management of the authority's short term cash flow, and are invested in either instant access call accounts or notice accounts where the exposure is for a maximum of 95days.

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	£15m	£15m	£5m	£5m

	3 years	4 years	10 years	4 years	10 years
A+	£15m 2 years	£15m 3 years	£15m 5 years	£5m 3 years	£5m 5 years
A	£15m 13 months	£15m 2 years	£15m 5 years	£5m 2 years	£5m 5 years
A-	£15m 6 months	£15m 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

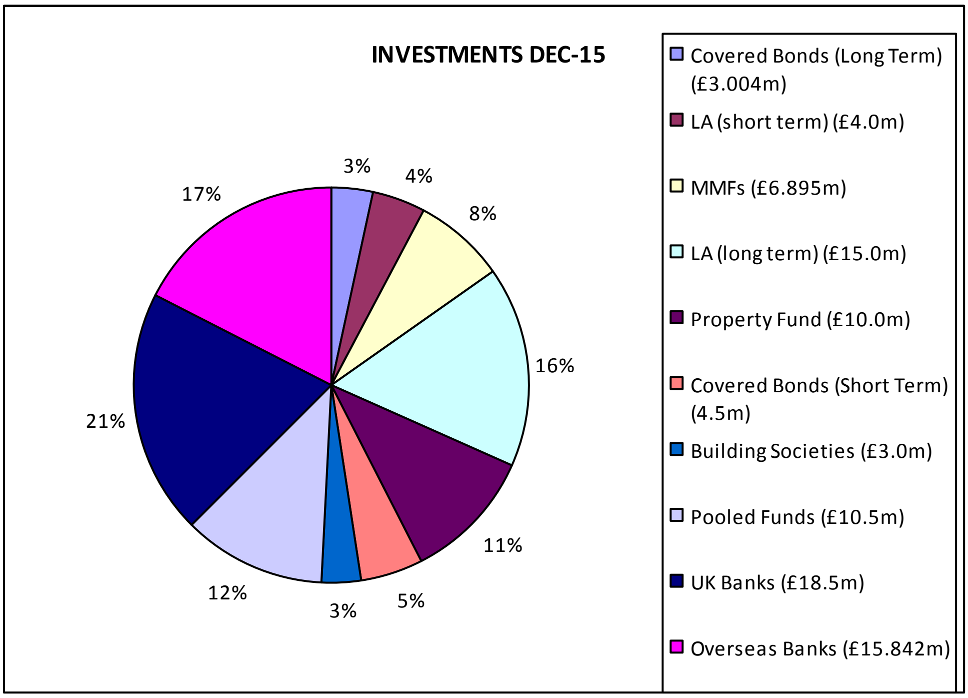
† The time limit is doubled for investments that are secured on the borrower's assets
* But no longer than 2 years in fixed-term deposits and other illiquid instruments
** But no longer than 5 years in fixed-term deposits and other illiquid instruments

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



£17.737m of the above is in instant access accounts (i.e. Call Accounts and Money Market Funds) and £8.5m in 95 day notice accounts.

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.

Slough Urban Regeneration: The Authority has entered into a partnership with Morgan Sindall, a Private Sector developer, for the regeneration of Slough. Under this partnership, Authority's land assets are transferred into the SUR vehicle. The Authority then receives a loan note from the SUR for the value of the land transferred. This loan note is then repaid by the SUR over time and the Authority will receive interest on the loan note of 6%.

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 £84 million on 31st March 2016. 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 account	£25m per broker
Foreign countries	£10m per country
Registered Providers	£5m in total
Unsecured investments with Building Societies	£10m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£50m in total
Slough Urban Renewal Loan Notes	£5m above land value

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	2015/16 Revised £m	2016/17 estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
General Fund	49,780	76,962	39,007	15,669
HRA	19,837	15,092	14,144	14,244
Total Expenditure	**69,617**	**92,054**	**53,151**	**29,913**
Capital Receipts	-1,400	-2,130	-2,430	-1,500
Grants & Contributions	-23,669	-45,592	-20,634	-11,049
Revenue	-9,637	-7,392	-6,144	-6,244
Reserves	-9,000	-6,500	-6,500	-6,500
Borrowing (incl. internal)	-25,911	-30,440	-17,443	-4,620
Total Financing	**-69,617**	**-92,054**	**-53,151**	**-29,913**

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	31.03.16 Revised £m	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m
General Fund	144	149.3	154.1	156.1
HRA	158.1	158.1	158.1	158.1
Total CFR	**302.1**	**307.4**	**312.2**	**314.2**

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	31.03.16 Estimate £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
Borrowing	177.372	173.372	170.372	170.372
Finance leases	9.853	8.533	7.443	6.496
PFI liabilities	36.545	35.816	35.087	33.905
Total Debt	**223.770**	**217.721**	**212.902**	**210.773**

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	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	258.602	260.651	282.470	284.599
Other long-term liabilities	46.398	44.349	42.530	40.401
Total Debt	**305.000**	**305.000**	**325.000**	**325.000**

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	2015/16 Revised £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
Borrowing	268.602	270.651	292.47	295.599
Other long-term liabilities	46.398	44.349	42.53	40.401
Total Debt	**315.000**	**315.000**	**335.000**	**336.000**

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	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	7.75	7.19	7.25	7.93
HRA	12.53	12.56	12.35	12.31

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	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	11.79	6.69	1.41
HRA - increase in average weekly rents	11.27	11.27	11.27

12 MRP Statement 2016/17

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 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.

The MRP Statement will be submitted to Council before the start of the 2016/17 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 and Private Finance Initiative schemes
MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice 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			
	2015/16	**2016/17**	**2017/18**
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	8.0	0%	50%
12 months and within 24 months	3.0	0%	50%
24 months and within 5 years	4.0	0%	50%
5 years and within 10 years	8.0	0%	75%
10 years and within 15 years	30.0	25%	95%
15 years and within 20 years	25.5	25%	95%
20 years and within 25 years	53.0	25%	95%
Over 25 years	45.8	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 loans borrow). Downside 6 weeks set up time.	Strong regulatory framework and oversight; Conservative financial management; High likelihood of government support
Invest in pooled Property Funds	Potentially higher returns though will require more monitoring and returns could fluctuate greatly.	Risks of investing in a property fund – very similar to the risks of direct purchases —Void periods will result in lower returns —Falling property values

		can result in capital losses —Entry and exit costs – either as subscription/redemption fees or a bid-offer spread —Low liquidity compared to other types of pooled funds – 6 months' notice is common Our TMA therefore recommend a minimum investment horizon of at least 5 years
Pooled Funds-Liquidity Plus	Next step up from Money Market Funds. Almost as liquid as MMFs but with potentially higher returns.	As secure as MMFs we currently use but with greater fluctuations in yield.
Other Pooled Funds- e.g. Corporate Bonds, Equities.	Pooled funds provide opportunities for income as well as capital appreciation. Accounting rules typically mean that capital gains and losses are not taken to revenue until units are sold	Due to the potential volatility, the Council should be prepared for the possibility of capital value to fall before it rises
Upfront Payment of Employer Contributions to the Pension Fund	The council will save over 3% in employer contributions if it makes an upfront payment of approx £10m to the Pension Fund.	No risk other than the estimate must be robust and cannot under estimate the amount of contributions payable in the year.
Loan Notes issued through SUR.		

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 November 2015

Underlying assumptions:

- UK economic growth softened in Q3 2015 but remained reasonably robust; the first estimate for the quarter was 0.5% and year-on-year growth fell slightly to 2.3%. Negative construction output growth offset fairly strong services output, however survey estimates suggest upwards revisions to construction may be in the pipeline.
- Household spending has been the main driver of GDP growth through 2014 and 2015 and remains key to growth. Consumption will continue to be supported by real wage and disposable income growth.
- Annual average earnings growth was 3.0% (including bonuses) in the three months to August. Given low inflation, real earnings and income growth continue to run at relatively strong levels and could feed directly into unit labour costs and households' disposable income. Improving productivity growth should support pay growth in the medium term. The development of wage growth is one of the factors being closely monitored by the MPC.
- Business investment indicators continue to signal strong growth. However the outlook for business investment may be tempered by the looming EU referendum, increasing uncertainties surrounding global growth and recent financial market shocks.
- Inflation is currently very low and, with a further fall in commodity prices, will likely remain so over the next 12 months. The CPI rate is likely to rise towards the end of 2016.
- China's growth has slowed and its economy is performing below expectations, which in turn will dampen activity in countries with which it has close economic ties; its slowdown and emerging market weakness will reduce demand for commodities. Other possible currency interventions following China's recent devaluation will keep sterling strong against many global currencies and depress imported inflation.
- Strong US labour market data and other economic indicators suggest recent global turbulence has not knocked the American recovery off course. Although the timing of the first rise in official interest rates remains uncertain, a rate rise by the Federal Reserve seems significantly more likely in December given recent data and rhetoric by committee members.
- Longer term rates will be tempered by international uncertainties and weaker global inflation pressure.

Forecast:

- Arlingclose forecasts the first rise in UK Bank Rate in Q3 2016. Further weakness in inflation, and the MPC's expectations for its path, suggest policy tightening will be pushed back into the second half of the year. Risks remain weighted to the downside. Arlingclose projects a slow rise in Bank Rate, the appropriate level of which will be lower than the previous norm and will be between 2 and 3%.

- The projection is for a shallow upward path for medium term gilt yields, with continuing concerns about the Eurozone, emerging markets and other geo-political events, weighing on risk appetite, while inflation expectations remain subdued.

- The uncertainties surrounding the timing of UK and US monetary policy tightening, and global growth weakness, are likely to prompt short term volatility in gilt yields.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	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	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

SLOUGH BOROUGH COUNCIL

REPORT TO: Council **DATE:** 25th February 2016

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

WARD(S): All

PART I
FOR DECISION

CAPITAL STRATEGY: 2016-22

1 Purpose of Report

To request approval for capital strategy 2016-22 and approval for the capital programme for 2016-17 to be implemented subject to the approval sufficient business cases

2 Recommendation(s)/Proposed Action

The Council is requested to resolve:

(a) That the capital strategy of **£235m** and the Minimum Revenue Provision be approved.

(b) That the Council notes the notional costs of borrowing for the capital programme to the revenue budget will be an increase of up to **£2.5m** per annum commencing during the period of the capital strategy to fund borrowing and / or the reduction of investments of £40m.

(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 Five Year Plan

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 **The Five Year Plan**

The introduction of the Five Year Plan in 2015 replaced the previous Corporate Plan. In so doing it was accepted that as a result of the funding challenges the council faces we needed a new approach to forward planning over the medium term.

The Five Year Plan sets a vision for the borough against which the council will prioritise its resources. It is therefore an important element of our strategic narrative in explaining our ambitions for Slough. The Plan is structured around three themes and eight outcomes:

Changing, retaining and growing

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

Enabling and preventing

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

Using resources wisely

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

This report helps achieve all of the eight outcomes by providing an overall financial strategy to support the delivery of the Five Year 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 2022.

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 2019-20 the Council's anticipated net budget will be reduced by 14% 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 2016-17 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

Capital Expenditure and Financing	***2015/16 Revised £m***	**2016/17 estimate £m**	**2017/18 Estimate £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**	**2021/22 Estimate £m**
General Fund	*49,980*	70,247	45,607	15,869	13,259	12,389	4,379
HRA	*19,837*	16,037	14,659	14,244	12,882	8,812	8,822
Total Expenditure	***69,817***	**86,284**	**60,266**	**30,113**	**26,141**	**21,201**	**13,201**
HRA Capital Receipts	*-1,200*	-1,200	-1,500	-1,500	-1,200	-1,500	-1,500
GF Receipts	*-5,000*	-6,554	-7,709	-2,000			
Grants & Contributions	*-23,669*	-46,442	-20,184	-11,049	-11,439	-11,189	-3,179
Revenue	*-9,637*	-8,337	-6,659	-6,244	-5,182	-812	-822
Reserves	*-9,000*	-6,500	-6,500	-6,500	-6,500	-6,500	-6,500
Borrowing (incl. internal)	*-21,311*	-17,251	-17,714	-2,820	-1,820	-1,200	-1,200
Total Financing	***-69,817***	**-86,284**	**-60,266**	**-30,113**	**-26,141**	**-21,201**	**-13,201**

5.2.5 The total revenue financing required over the life of the capital strategy to fund a borrowing requirement of **£40m** is **£2.5m**, with the largest peak in the 2016-18 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 **£40m** 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 **£2.5m**[1] from 2016-17 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 1.5% at least. With the capital programme for 2016-17 requiring **£16m** of internal borrowing, the cost to the Council of this in lost investment income would be **£240**k. It is expected that this pressure will be funded through improved Treasury Management returns through the 2016-17 Treasury Management Strategy.

5.3 Key elements

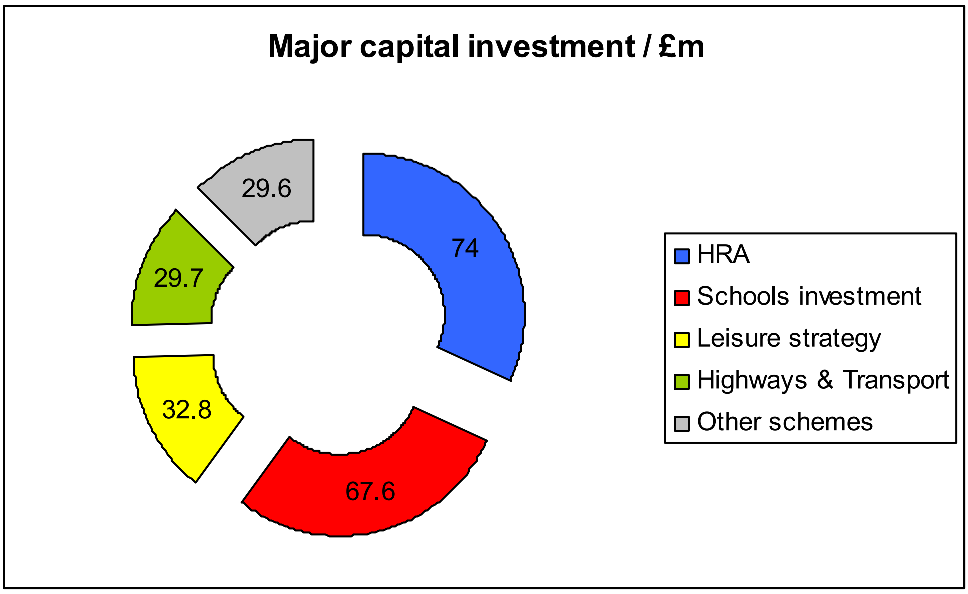
5.3.1 As can be seen from the above, of the capital programme funded via general sources, broadly a third relates to expenditure through the Housing Revenue Account and two thirds on other general fund activity.

5.3.2 There are some new items in the capital programme for the future financial years, these include:

- The Strategic Asset Purchase Scheme (approved by Full Council 2015)
- The Community Sports Facility
- The Council investment 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
- Improvements to the Council's housing stock and infrastructure in the medium term
- 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
- Sustained maintenance of the Council's highways infrastructure assets
- The Council's commitment to the Local Authority Property Purchase scheme to assist residents who are struggling to find a large enough deposit in purchasing a property in the borough
- Use of capital receipts to fund transformation activity @ £2.5m – see appendix K of the 2016/17 revenue budget report.

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

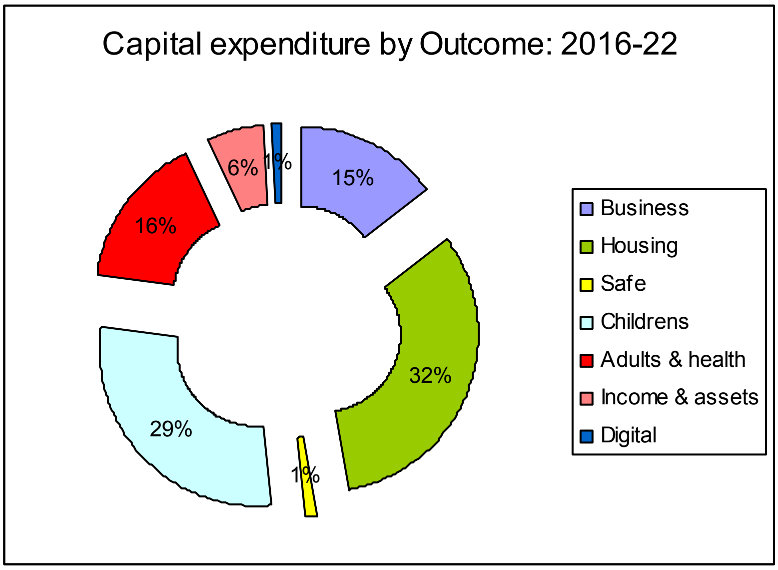
Chart 2.1: Key items included in the Capital Strategy



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 – these are the eight outcomes set out in the Five Year Plan:

Chart 2.2: Capital spend against outcomes

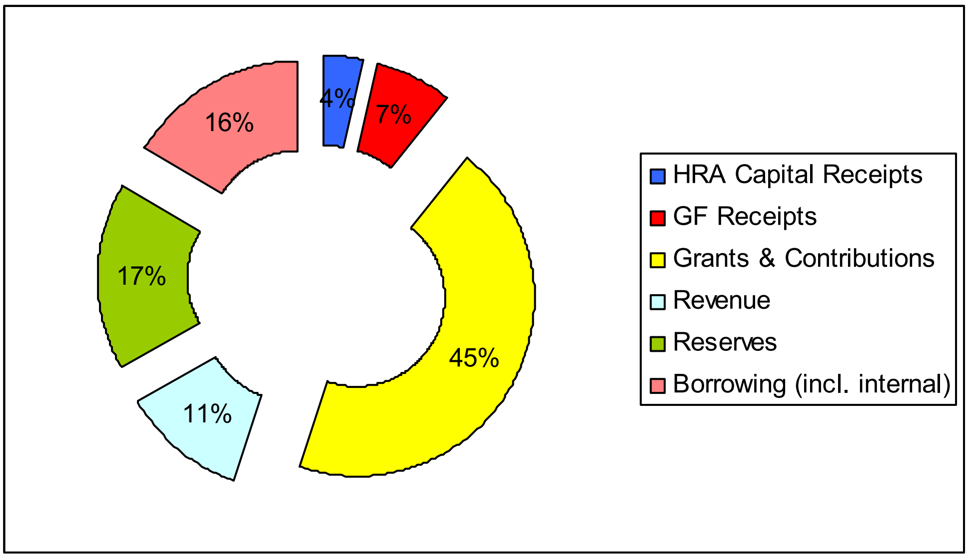


The above chart shows where the Council is due to spend capital sums over the life of the strategy in accordance with the latest draft outcome Plan for future years

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: 2016-22



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 2016/17: 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 2016/17 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 and Private Finance Initiative Schemes.

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 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 2016/17 has an indicative budget of £500k 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 Overview & Scrutiny Committee on 4th February 2016 and by the Cabinet on 8th February 2016.

7 Conclusion

The Council is requested to approve the capital strategy.

8 Appendices Attached

‘A’ - Summary of draft 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

‘2’ - Medium Term Financial Strategy – 2016-20

APPENDIX A

Scheme Name	15-16	16-17	17-18	18-19	19-20	20-21	21-22	Total
Primary Expansions (Phase 2 for 2011)	*6,593*	8,038	2,787	500	500	500	500	12,825
Town Hall Conversion	*575*	5,412	1,013					6,425
Expand Littledown School	*4*							0
Schools Modernisation Programme	*3,068*	1,045	600	600				2,245
SEN Resources Expansion	*200*	817	250	250	250	250	250	2,067
Children's Centres Refurbishments	*85*	40	40	40	40			160
Schools Devolved Capital	*142*	130	120	110	100	90	80	630
Haymill/Haybrook College Project	*27*							0
Willow School Expansion	*21*							0
DDA/SENDA access Works	*75*	50	50	50	50	50	50	300
Youth/Community Centres Upgrade	*50*	25	25					50
2 Year Old Expansion Programme	*646*							0
Penn Rd & Chalvey Grove Children's Centre	*88*							0
Lea Nursery Heat Pump	*10*							0
Special School Expansion-Primary, Secondary & Post 16	*400*	3,100	1,500			8,000		12,600
Children's Centres IT	*60*							0
School Meals Provision	*155*							0
Secondary Expansion Programme	*100*	1,675	7,400	7,000	7,000			23,075
PRU Expansion	*100*	1,900	2,000					3,900
Arbour Park	*1,322*	3,300						3,300
Total Education Services	***13,721***	**25,532**	**15,785**	**8,550**	**7,940**	**8,890**	**880**	**67,577**
Customer & Community Services								
Cemetery Extension	*1499*							0
Slough Play Strategy	*3*							0
Repairs to Montem & Ice	*200*	100	123					223
Herschel Park	*86*							0
Crematorium Project	*2460*							0
Leisure Capital Improvements-Langley, Ten Pin, The Centre	*1292*							0
Registrars								0
Financial System Upgrades	*1,384*		250					250
Baylis Park Restoration	*526*							0
Upton Court Park Remediation	*10*							0
Civica E-Payment Upgrade	*20*							0
Accommodation Strategy	*1,330*							0
Expansion of DIP Servers	*150*							0
IT Disaster Recovery	*821*							0
Cippenham Green	*500*							0
Hub Development	*200*							0
IT Infrastructure Refresh	*1,095*	350	350	350	350	350	350	2,100
Replacement of SAN	*148*							0
Community Investment Fund	*1,047*	500	500	500	500	500	500	3,000
CCTV Relocation	*99*							0
Community Leisure Facilities	*150*	150	150					300
Leisure Centre Farnham Road	*100*	5,000	10,000	3,000				18,000
Arbour Park Community Sports Facility	*1,000*	4,100	3,200					7,300
New Ice	*50*	3,500	4,000					7,500

Total Customer & Community Services	**14,170**	**13,700**	**18,573**	**3,850**	**850**	**850**	**850**	**38,673**
Community and Wellbeing								
Social Care IT Developments	*52*	100	100					200
DAAT Service Reprovision		500						500
Supported Living	*600*	300	300					600
Extra Care Housing	*999*	150			1,000			1,150
Care Act	*280*	280						280
Children's Trust - Invest to Save		850						850
Total Community and Wellbeing	**1,931**	**2,180**	**400**	**0**	**1,000**			**3,580**
Resources, Housing and Regeneration								
Disabled Facilities Grant	*406*	364	364	364	364	364	364	2,184
Street Lighting Improvement Phase 2	*255*							0
Highway & Land Drainage Improvements	*84*	70	70	70	70	70	70	420
Catalyst Equity Loan Scheme	*27*							0
Corporate Property Asset Management	*491*	250	250	250	250			1,000
Major Highways Programmes	*703*	765	765	765	765	765	765	4,590
Major Highways Programmes		930	930					1,860
Highway Reconfigure & Resurface	*576*	500	500	500	500	500	500	3,000
Britwell Regeneration	*114*							0
Chalvey Hub	*170*							0
Colnbrook By-pass		131						131
Garage Sites Stage 7	*111*							0
Demolitions	*317*	100	100	100	100	100	100	600
Stoke Poges Footbridge	*410*							0
Slough MRT	*1,700*	4,700						4,700
A332 Windsor Road Widening Scheme LEP/Other	*1,700*	4,800						4,800
A332 Windsor Road Widening Scheme LEP/Other - SBC funded								
Burnham Station LEP		2,000						2,000
Langley Station LEP			1,500					1,500
LTP Implementation Plan		400	400	400	400	400	400	2,400
Flood Defence Measures SBC/EA Partnership		100						100
Plymouth Road (dilapidation works)	*197*	120	120	120	120			480
Relocation of Age Concern	*27*							0
Purchase 81-83 High Street Langley	*0*	555						555
Air Quality Grant	*109*	*100*	*400*	*400*	*400*	*200*	*200*	*1,700*
Replacement of Art Feature	*12*							0
Local Safety Scheme Programme	*143*							0
Station Forecourt	*20*							0
Infrastructure	*155*							0
Housing Subsidiary								0
Bath Road Redevelopment	*300*	100						100
Salt Hill Car Park	*88*							0
Northborough Park	*250*							0
A355 Tuns Lane LEP Transport Scheme	*1,800*	4,800						4,800
A355 Tuns Lane Transport Scheme SBC								0
Redevelopment of Thomas Grey Centre	*50*	2,000	450					2,450
Installation of 3 Electric Vehicle Rapid Chargers	*200*							0
Carbon Management Programme	*100*	*500*	*500*	*500*	*500*	*250*	*250*	2,500
The Curve	*9,443*							0

Relocation of Registrars	*200*	*550*						550
LAAP Mortgage Scheme		*5,000*	*4,500*					9,500
Stock Condition Survey								
Total RHR (including Heart of Slough)	**20,158**	**28,835**	**10,849**	**3,469**	**3,469**	**2,649**	**2,649**	**51,920**
Total	***49,980***	***70,247***	***45,607***	***15,869***	***13,259***	***12,389***	***4,379***	***161,750***
Key:								
Grant Funded	*23,417*	*46,342*	*19,784*	*10,649*	*11,039*	*10,989*	*2,979*	*101,782*
Borrowing	*26,311*	*23,805*	*25,423*	*4,820*	*1,820*	*1,200*	*1,200*	*57,718*
Section 106	*252*	*100*	*400*	*400*	*400*	*200*	*200*	*1,700*
Total	***49,980***	***70,247***	***45,607***	***15,869***	***13,259***	***12,389***	***4,379***	***161,200***

APPENDIX B – HRA CAPITAL PROGRAMME

_Scheme name	16-17	17-18	18-19	19-20	20-21	21-22	Total
Housing Revenue Account							
Affordable Warmth/Central Heating							
Boiler Replacement	1,001	500	500	500	500	500	3,501
Heating / Hot Water Systems	320	317	317	317	317	317	1,904
Insulation programmes	788						788
Window Replacement		112	112		0	0	224
Front / Rear Door replacement	269	125	125	125	125	125	894
Internal Decent Homes Work							0
Kitchen Replacement	1,121	410	410	410	410	410	3,172
Bathroom replacement	554	256	256	256	256	256	1,834
Electrical Systems	263	136	136	136	136	136	944
External Decent Homes Work					0	0	0
Roof Replacement	187	628	628	628	628	628	3,328
Structural	321	802	802	803	802	802	4,332
DISH							
Decent Homes	**4,824**	**3,286**	**3,286**	**3,175**	**3,175**	**3,175**	**20,922**
Winvale Refurbishment							0
Garage Improvements	170	150	150	150	150	150	920
Mechanical Systems /Lifts	123	100	200	200	0	0	623
Capitalised Repairs		46	46	46	46	46	230
Security & Controlled Entry Modernisation	44						44
Darvills Lane - External Refurbs		200	200	200	200	200	1,000
Estate Improvements/Environmental Works	150	221	221	221	221	221	1,254
Replace Fascia’s, Soffits, Gutters & Down Pipes	501	250	250	250			1,251
Upgrade Lighting/Communal Areas	250	71	71	71	71	71	604
Communal doors	28	78	78	78	78	78	417
Balcony / Stairs / Walkways areas	49	171	171	171	171	171	904
Paths	65	91	91	90	91	91	519
Store areas	34	250	250				534
Sheltered / supported upgrades	250						250
Planned Maintenance - Capital	**1,664**	**1,628**	**1,728**	**1,477**	**1,127**	**1,137**	**8,761**
Environmental Improvements (Allocated Forum)	100	100	100	100	100	100	600
Stock Condition Survey	160	160	160	160	160	160	960
Commissioning of Repairs Maintenance and Investment Contract	945	515					1,460
Tower and Ashbourne	4,094	3,720	3,720	3,720			15,254
Major Aids & Adaptations	250	250	250	250	250	250	1,500

Affordable Homes	4,000	5,000	5,000	4,000	4,000	4,000	26,000
Britwell Regeneration							
Housing Revenue Account	**16,037**	**14,659**	**14,244**	**12,882**	**8,812**	**8,822**	**75,456**
	2016-17	**2017-18**	**2018-19**	**2019-20**			**Total**
Capital Receipts	(1,200)	(1,500)	(1,500)	(1,200)	(1,500)	(1,500)	(8,400)
Major Repairs Reserve	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(6,500)	(39,000)
RCCO	(8,337)	(6,659)	(6,244)	(5,182)	(812)	(822)	(28,056)
	(16,037)	**(14,659)**	**(14,244)**	**(12,882)**	**(8,812)**	**(8,822)**	**(75,456)**

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**

SLOUGH BOROUGH COUNCIL

REPORT TO: Council **DATE:** 25th February 2016

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 2016/17

1 Purpose of Report

To detail the overall Revenue Budget for 2016/17, 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 at 3.75%, the Government grant assumptions and estimations required for the next financial year's budget.

To approve the Council Tax 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 note the increase in Housing Rent Account rents and service charges (as detailed in Appendix J and set out in paragraph 2 below and approved by Council in Janaury).

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

2 Recommendation(s)/Proposed Action

The Council is requested to resolve that the Revenue Budget 2016/17, be approved, noting that the Fire Authority Precept will not be confirmed until 17th February and may need to be updated prior to the Council meeting.

Council Tax Resolution – In relation to the Council Tax for 2016/17

(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 2017 be as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 14 December 2015 Cabinet calculated the following Tax Base amounts for the financial year 2016/17 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 40,001.8 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 2016/17; and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2016/17:

a) Parish of Britwell 753.4
b) Parish of Colnbrook with Poyle 1,840.2
c) Parish of Wexham Court 1,315.8

(c) That the following amounts be now calculated for the year 2016/17 in accordance with sections 31A to 36 of the Act:

(i) £420,671,409 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) £ 371,765,208 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) £48,906,201 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) £1,222.60 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 2016/17 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £215,778 representing the total of Parish Precepts for that year.

(vi) £1,217.21 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	811.47	44.06	32.93	24.48
B	946.72	51.41	38.42	28.56
C	1,081.97	58.75	43.91	32.64
D	1,217.21	66.10	49.40	36.72
E	1,487.70	80.79	60.38	44.89
F	1,758.19	95.47	71.36	53.05
G	2,028.68	110.16	82.33	61.21
H	2,434.42	132.19	98.80	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 2016/17 the Thames Valley Police Authority precept has been increased by 1.99%. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £
A	111.31
B	129.86
C	148.41
D	166.96
E	204.06
F	241.16
G	278.27
H	333.92

(ix) That it be noted that for the year 2016/17 the Royal Berkshire Fire Authority has provisionally stated x as 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: As in previous years no increase is assumed

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	811.47	111.31	40.44	963.22
B	946.72	129.86	47.18	1,123.76
C	1,081.97	148.41	53.92	1,284.30
D	1,217.21	166.96	60.66	1,444.83
E	1,487.70	204.06	74.14	1,765.90
F	1,758.19	241.16	87.62	2,086.97
G	2,028.68	278.27	101.10	2,408.05
H	2,434.42	333.92	121.32	2,889.66

(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 the Section 151 or nominated officer be authorised to adjust the council tax charges in line with final figures in consultation with the leader and leader of the opposition

Fees and Charges –

(e) That the increase Fees and charges as outlined in Appendix F for 2016/17 be approved as follows:

(i) An increase to the court costs figures from **£129 to £152**
(ii) Charge VAT on local land searches
(iii) Further changes as highlighted in appendix F

Pay Policy –

(f) That the Pay Policy outlined in Appendix O be noted for Council approval:

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

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

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

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

3b **Five Year Plan**

This report helps achieve all of the outcomes by providing an overall financial strategy to support the delivery of the Five Year 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 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 2016/17 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 possibly more than 20 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 2016/17 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.

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 2016/17 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 2016/17 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 2016/17.

Chart 1: Funding summary

No.	*2015-16*	**Funding**	**2016-17**
1	*45.13*	Council Tax	48.69
2	*29.13*	Retained Business Rates	29.87
3	*24.01*	Revenue Support Grant	18.48
4	*1.46*	Education Services Grant	1.37
5	*2.60*	New Homes Bonus	3.64
6	*1.08*	Other non-ring fenced grants	0.84
7	*1.90*	Collection Fund	0.84
8	***105.31***	**Total Budgeted income**	**103.73**
9	*109.98*	Prior year baseline (adj.)	106.58
10	*3.72*	Base budget changes	2.30
11	*1.89*	Directorate Pressures	5.75
12	*0*	Revenue Impact of Capital Investment	0.33
13	*-0.5*	Other adjustments	-1.10
14	*0*	Savings Requirement	0
14	*-9.79*	Savings identified	-10.13
15	***105.31***	**Net Expenditure**	**103.73**

n.b. the prior totals have been revised to move the Better Care Fund income directly into the Adult Social Care area.

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 2016/17 the tariff has been set at **£18.6m**. 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.

5.2.3.1 The Comprehensive Spending Review and Autumn Statement were announced on the 25th November. Though the Local Government Finance Settlement has yet to be finalised during the consultation period, the probable funding reductions and changes going forward have been included in the MTFS summary above.

5.2.3.2 Overall, the Government are stating that the total funds to Local Government will reduce by 1.7% in real terms though this assumes that Councils Increase Council Tax to the maximum possible level before a referendum.

5.2.3.3 For 2016/17, the amount of RSG assumed in the MTFS is **£18.48m**. The finalised settlement is unlikely to be announced until just before the Cabinet meeting in early February

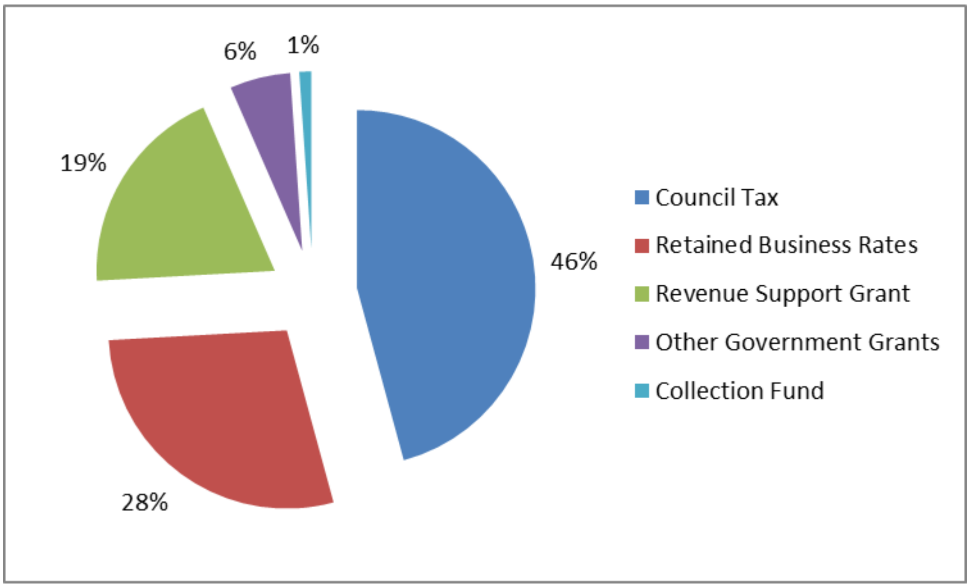
5.2.4 The final main sources of Council income is Council Tax. This is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2015 multiplied by the average band D Council Tax amount. For 2016/17 the Council Tax levels across the borough currently assume a **3.75%** increase for the Slough Borough Council element at £1,207.76 for a band D equivalent. This leads to an assumed Council Tax income of **£48.69m** for the Council in 2016/17. The spending review announced that local authorities responsible for adult social care will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for social care.

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 2016/17 is **£5.0m**. The main items included are the New Homes Bonus (£3.6m), 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 2015 for the 2015-16 budget. At present this is anticipated to produce a surplus of **£0.8m** driven through an increase in the Council Tax base

5.2.7 The total income available to the Council for the 2016/17 for its net budget is therefore **£103.73m**.

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 **£148.0m**.

5.3 Expenditure

5.3.1 The Council's base budget for 2016-17 stood at £106.58m and it is against this figure that all adjustments are completed. The adjustments included:

(1) Base budget **£2.3m** – these are movement due to inflationary pressures, pay award (assumed at 1% for 2016/17), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.

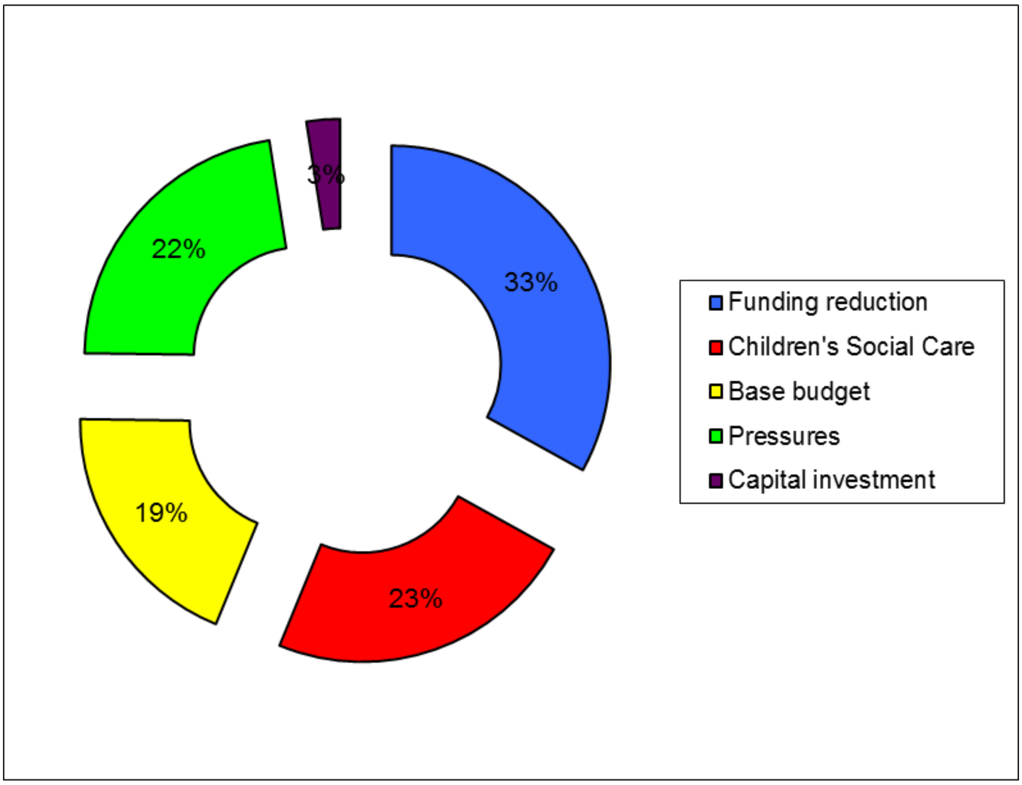
(2) Directorate Pressures **£5.75m** – these are the totals of increased pressures on the council for 2016/17. Appendix C provides details of these.

(3) Savings of **£10.13m**. 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

(4) Other Adjustment – This includes an allowance of £0.5m for business rate appeals, the use of £1m of reserves and the use of £0.3m of capital receipts.

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

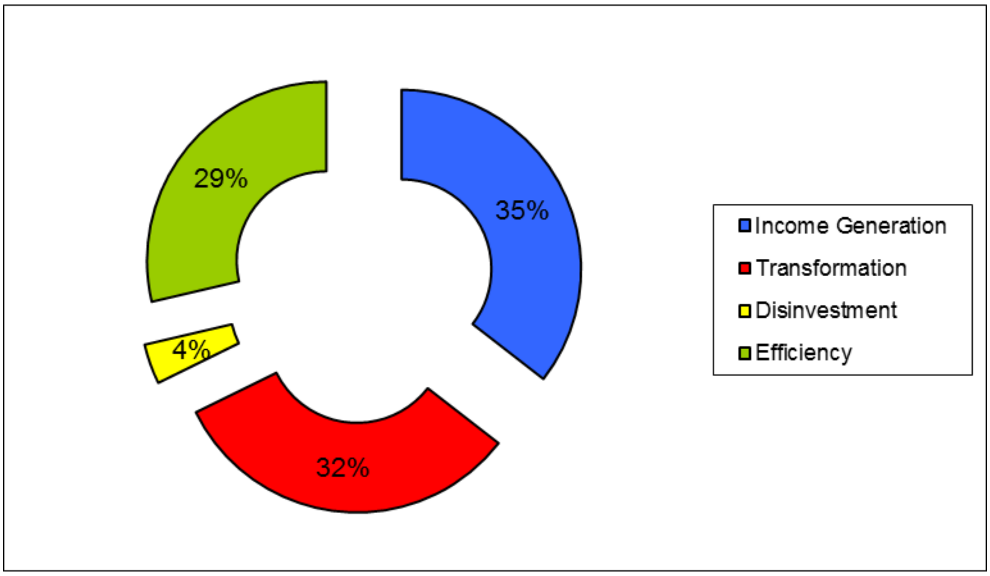
5.4.1 The council has been regularly monitoring the levels of savings required for the year ahead, and reports have been presented to Cabinet in July and November detailing the levels of savings required and providing an early sight of the savings proposals themselves. Cabinet have approved for £4.84m of savings to be included in the 2016/17 Revenue Budget with a further £3.86m at the December Cabinet, and these are contained within appendix A to this report.

5.4.2 The Council has changed its approach this year to budgeting to focus on the delivery of the 5 Year Plan (5YP) outcomes. This outcomes based budgeting has enabled the Council to look at more cross cutting budgets that deliver outcomes rather than the same provision of existing services. The outcome of the work undertaken so far has been to identify savings and income generation of over £10m per appendix A. Well over £3m of the overall savings are focused on more commercial activities with the aim to increase the Council's revenue streams in the future and thus support the longer term financial position of the Council.

5.4.3 The rationale for outcomes based budgeting was also to drive more innovation in the delivery of Council services and to take a more strategic look over the life of the

MTFS to commence schemes that will re-shape services or deliver significant income in future financial years. The chart below highlights the themes of the main savings contained over the next four years as they are currently envisaged. These will need to be approved on an annual basis per the Council revenue budget setting process, but this provides a clear trajectory for where the Council is seeking to make change in the future. As can be seen from the chart, there are significant new income streams that the Council will be pursing to enable the delivery of the 5YP but also to protect other services areas from even further reductions in budgets due to overall reduction in Government funding.

Chart 1.3: Council Savings by type – 2016/17



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. The current volatility and uncertainty over government funding in terms of Revenue Support Grant, Better Care Fund, Education Services Grant and New Homes Bonus as well as welfare reform costs pressures means that it is estimated an additional £2m of balances are required to cover these contingencies. This would mean a minimum level of **£7.2m** at the proposed budget figures. The current level of general reserves as at 31.3.2015 is £8.1m.

5.5.3 It is proposed to use £1m of an earmarked reserves as a result of the flexibility on capital receipts.

5.6 Risk Management

5.6.1 Given the level of savings for 2016/17, 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 2016/17 financial year, as has been the case in 2015-16, 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

	2015-16 / £m	2016/17 / £m	Variance / £m	% variance
Wellbeing	59.9	59.8	-0.1	-0.1
Customer and Community Services	17.0	16.3	-0.7	-4.1
Regeneration, Housing and Resources	26.4	25.1	-1.3	-4.9
Chief Executive	3.7	3.7	0.0	0.0

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

6 Comments of Other Committees

6.1 This report was considered by the Overview and Scrutiny Committee on the 4th February 2016 and Cabinet on 8th February 2016.

7 Conclusion

7.1. This report underlines a **3.75%** Council Tax rise for the local taxpayer for 2016/17, 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

‘L’ - Efficiency Strategy

‘M’ - Local Welfare Provision

‘N’ - Budget Simulator Consultation

‘O’ - Pay Policy Statement

9 Background Papers

‘1’ - Local Government Finance Settlement 2016/17

‘2’ - Council Taxbase Report (December 2015 Cabinet)

‘3’ - Medium Term Finance Strategy update paper to Cabinet (November 2015, December 2015 and January 2016)

Appendix A - Savings proposals

No	Outcome	Service	Directorate	Value 16/17	Item	Delivery	Risk	Type	EIA required
1	1	Highways	RHR	104	Transformation programme to deliver greater efficiencies through the redesign of the highways and transport service. Highways proportion of £1m savings in 16/17, remainder of £2.5m savings in 17/18	Merger of the highways and transport teams and then through a review of the business delivery model in future years	Medium	Transformation	No
2	1	Transport	RHR	69	Transformation programme to deliver greater efficiencies through the redesign of the highways and transport service. Transport proportion of £1m savings in 16/17, remainder of £2.5m savings in 17/18	Merger of the highways and transport teams and then through a review of the business delivery model in future years	Medium	Transformation	No
4	1	Learning & Communities	CCS	11	Work based learning (apprenticeship scheme) to reduce	Through bringing functional skills training "in house" and an increase in the number of apprentices generating additional SfA external funding will lead to savings to be made without directly affecting the number of apprentices engaged.	Low - this will be managed to ensure savings are made.	Efficiency	No
5	1	Learning & Communities	CCS	7	Adult learning and skills - reduction in data and performance information	This will not directly affect delivery but will impact on the quality and ability to undertake detailed analysis of data to	Low - Managers will need to increase their analytical skills. The Planning & Performance Manager will need a greater focus on this area of work.	Disinvestment	No

						inform and review delivery, a requirement of Ofsted.			
8	1	Public Protection	CCS	10	Additional income from TVP for CCTV - part of a funding package for the borough wide provision	Assist in crime reduction which will be used to reassure businesses considering moving to Slough	Medium	Income Generati on	No
9	1	Public Protection	CCS	5	Cost Recovery of Regulatory Advice with extension of Primary Authority partnerships(PA)	Commercialisation of existing service. PA should be considered a key part of the package available to businesses already established in Slough or considering moving to the area. An identified barrier to business growth is the time taken and confusion caused by compliance with regulation - the regulatory burden - PA support provides a cost effective solution for business to reduce regulatory burdens	Medium	Income Generati on	No
11	1	Transport	RHR	524	Transport - 2016/17 Pause.	One year only savings	Low	Efficienc y	No
12	2	Housing	RHR	19	HRA/GF split on OT post	Immediate	none	Efficienc y	No

13	2	Housing	RHR	13	HRA/GF split on Home Improvement Officers	Immediate	none	Efficienc y	No
15	2	Housing	RHR	37	Reduction in support for RSLs and shared equity schemes	Immediate	low-medium	Efficienc y	No
17	3	Asset Manageme nt	RHR	150	Increased recharges to capital/income from strategic acquisitions		Low	Efficienc y	No
18	3	Highways (RHR)	RHR	165	Transformation programme to deliver greater efficiencies through the redesign of the highways and transport service. Highways proportion of £1m savings in 16/17, remainder of £2.5m savings in 17/18	Merger of the highways and transport teams and then through a review of the business delivery model in future years	Medium	Transfor mation	No
19	3	Transport (RHR)	RHR	85	Transformation programme to deliver greater efficiencies through the redesign of the highways and transport service. Transport proportion of £1m savings in 16/17, remainder of £2.5m savings in 17/18	Merger of the highways and transport teams and then through a review of the business delivery model in future years	Medium	Transfor mation	No
21	3	Wellbeing and Community Services	CCS	17	Increased income + service efficiencies (@10%)			Efficienc y	No
22	4	Public Protection	CCS	25	Additional income from TVP for CCTV as part of a funding package for the borough wide provision and in recognition of the support provided to TVP by CCTV	Existing service RISK that TVP policy may change and funding is reduced	Medium	Income Generati on	No
25	4	Transport	RHR	10	Reduction in revenue budget for ETP in 2016/17 and £13 income from charging for VAS use and providing service to schools	Initial revenue saving to be identified in first round of H&T Transformational Change	Low - schools already advised of change with pricing schedule circulated	Income Generati on	No

26	4	Neighbourhood Services	RHR	50	Reshaped provision of community warden service		Medium	Efficiency	No
29	5	Young People's Service (W&C)	CCS	300	Reduce commission of locality based youth provision & Reduce staffing within Young People's Service	Universal Youth Work programme will need to become needs led and move away from having locality based provision across Slough. The Council to play an enabling role to develop communities to deliver some of their own provision. Staffing reductions within the Young people's Service will impact on Capacity to respond to street work intervention as a result of VMAP and police intelligence, reduce capacity to respond to NEET prevention and reduction, reduced capacity to support referrals from Early help, Troubled Families, schools etc.	Mid - YPS has secured a reputation for quality response supporting vulnerable young people. Impact would be reduced if Council amalgamated Prevention services	Disinvestment	No
30	5	Leisure (W&C)	CCS	5	TVAC management fee		Low - could impact on ability to top up sinking fund	Disinvestment	No
35	5	L&CS	CCS	6	Reduction in purchasing children's books for Slough's 4 main libraries & 3 satellite libraries	Amend stock purchases for 2016/17	Low - Approximately 10% reduction which shouldn't impact on current top quartile performance for loan of Children's Fiction & Non-fiction	Disinvestment	No

39	5	L&CS	CCS	4	Phased reduction in support to a series of activities that include summer and half term activities for all ages in targeted neighbourhoods delivered through a number of community centres.	The development of a brand new Community Activity Programme at Britwell and new activities at Chalvey. The delivery is through the community development team through a planned targeted approach that includes recruiting and training local people and current users to take responsibility for the planning and delivery of activities for children and young people. The training and community capacity building includes support with grant applications for activities and community programmes as well as hire costs for usage of community buildings, training to deliver activities, safeguarding, health and safety, planning and delivery. 12 children's and young people’s activities and programmes will be delivered at Chalvey and Britwell Centres, targeted programmes will be delivered to engage with young people from these	**High** - to deliver no targeted children’s and young people's programmes in community centres could lead to an increase in anti social behaviour / vandalism and fear of crime in these areas. A significant amount of people need to be trained and take ownership of activities and the community programming at the community centre. The high risk is associated with not recruiting / training enough community champions to take ownership of the activities and programming.	Disinvestment	Yes

						areas. Benefits to the individuals will include improved self esteem, employability skills improved, events and community programming experience gained and by engaging them in positive activities we will be reducing the risk of anti social behaviour.			
44	5	Other Education	Wellbeing	16	Various small savings totalling £16k from a review of cost centres and includes school audit fees, school library recharge, and a small amount from a staff restructure	N/A	Low	Efficienc y	No
45	5	Cambridge Education Contract	Wellbeing	300	Contract brought back to SBC during the Financial Year	tbc	tbc	Transfor mation	No
46	6	ASC	Wellbeing	300	Service reform of internal LD services	Saving in 15/16 of £350k delayed so full achievement of £650k needed in 16/17	Medium - unless a further delay in implementation	Transfor mation	Yes
48	6	ASC	Wellbeing	1800	Reform of social care 1 - Redesign of models of support	New ASC business model and processes - focus on prevention, self service, asset based approaches, early intervention, direct payments.	High - as new models of working not tested and impacts on ASC clients unknown and also impacts on other service areas not known	Transfor mation	Yes
50	6	L&CS	CCS	9	Library - Reduction in purchasing of adult stock, spoken word and large print resources.	Slight reduction in the choice of books available to the public to borrow.	**Low** - This would not lead to any significant reduction in delivery to the public.	Disinves tment	No
53	7	Finance & Audit	RHR	10	Increased recharges to the SUR (Slough Urban Renewal)	Requesting the SUR board to pay more to SBC's costs in respect of providing	Medium - would require approval form the SUR Board	Income Generati on	No

						accountancy services. With further schemes coming on board this is more justifiable.			
54	7	AIR	RHR	1,250	Asset Purchase Strategy - assume a maximum of £25m investment portfolio with net 5%	Requires capital investment of £25m	High. The net yield is an assumption based on best information at the moment, and includes assumed financing costs of 1.5%.	Income Generation	No
55	7	AIR	RHR	15	SUR commercial and small sites	Additional loan note returns	*Low*	Income Generation	No
56	7	AIR	RHR	150	Asset Challenge - more effective utilisation of Council assets	More efficient use of Council assets	*Medium*	Transformation	No
58	7	Finance & Audit	RHR	100	Increased treasury management Returns & repayment of £4m loan in 2016-17.	Through amendments to the TM Strategy. Deliverable so long as the capital programme remains constrained for General Fund schemes as these will quickly erode the overall Treasury Management portfolio.	If TM returns increase by a further 0.25% p.a. with rising interest rates and more ambitious TM strategy options. There are different options – if we increased our risk appetite further income could be achieved, but with the other asset related schemes above there could be problems tying money up in the long term	Income Generation	No

59	7	Finance & Audit	RHR	60	Mortgages deposits being offered with rental (@4%). Assumed 20, then 75 then 133.	Scheme whereby the Council puts deposits on mortgages for residents of 30% and receives a rental return on this investment. Council also receives capital appreciation	Medium – exposure to falling house prices and mortgage repossessions. The scheme so far has been with over 100 Councils and £414m of lending and has yet to have repossession. Strict lending criteria are administered through the mortgage lender. The Council refers people to lenders as well	Income Generation	No
60	7	Finance & Audit	RHR	1,818	One-off interest on distribution from existing SUR schemes	Through the SUR schemes, dividend is provided on a one-off site by site basis after costs.	Medium – based on ledgers and scheme and depends on market conditions and ensuring completion and sale of the scheme in 2016-17	Income Generation	No
62	7	Building Control	CCS	8	At least a 35% reduction in subsidy through additional income from discretionary work, expected increase in application numbers off the back of local plan review/growth agenda and review of fees and charges.	Requires some enablement through outcome 8 – the council will be a leading digital transformation organisation	low to medium	Income Generation	No
63	7	Development Management	CCS	11	Reduction in subsidy through additional income from pre-application and increased planning application numbers on the back of the local plan review/growth agenda.	Some linkage to local plan review under Outcome 1	low to medium	Income Generation	No
64	7	Environmental Quality	CCS	4	Savings from reducing specialist consultancy support by training existing staff to undertake both petroleum licensing and environmental permitting.	Phased training programme and some reallocation of work within the team	low	Efficiency	No
66	7	Finance & Audit	RHR	300	Moving MRP (Minimum Revenue Payments) to a long asset life period (60 years as opposed to 40 years)	If the capital programme is funded by internal reserves, grants, s106 and existing borrowing,	Medium – already started discussions with external auditors and advisors	Transformation	No

						then there is no need to pay down MRP as the capital programme is already funded. However, many of the schemes above will mean that we will be likely to be borrowing in the medium term			
67	None	Facilities	RHR	100	Additional income – Maximise Use of Office Space	Embed flexible and mobile working to get better use of office space. Develop commercial approach to floor space at SMP through external lettings. Range of options being considered.	Low/medium	Income Generation	No
68	None	Facilities	RHR	100	Additional Income – Corporate Landlord & Accommodation Strategy Initiatives	As above	Low – Needs CMT approval	Income Generation	No
69	None	Facilities	RHR	20	FM Contracts Review	Review all FM Contracts to establish if savings can be made.	Legal restrictions due to agreement still being in contract.	Efficiency	No
71	None	Public Protection Trading Standards	CCS	5	TS consultancy service with Slough based traders who are regarded as being Importers into the EU	Identify these traders via trade info website, visit and offer paid for consultancy service to assess 'sample'/prototype products before order to ensure compliance with various TS Regulations. Will require some training of officers prior to ensure consistency of advice.	Low – we will partner with importers whose products follow a similar assessment / compliance theme in order to ensure consistency of advice. The programme will be mutually beneficial as trader will be able to ensure their product is compliant before purchase which will be particularly beneficial to SMP and support several 5YP outcomes.	Transformation	No

72	None	Public Protection Trading Standards	CCS	3	Additional Income through commercial advertising on TS website. TS as a brand is very valuable and sort after for businesses and we could encourage advertising through our specific site. Nevertheless this model should be explored for the council as a whole.	Establish content/links through TS website.	Low. A disclaimer will be present to establish that the advertisements are in themselves commercial and TS/SBC does not endorse any business therein.	Income Generation	No
73	None	Public Protection Trading Standards	CCS	1	Restorative justice training. Where non compliance can be evidenced via Test Purchase/Inspection and the gravity of that contravention is serious we could insist on training (for a fee) taking place to ensure knowledge and skills are at a level to accommodate future compliance.	In house via established TS team. Rooms to be booked at council offices for training to take place. Leicestershire TS have adopted this model already. Will require benchmarking with existing models.	Low. Training will be compulsory by nature to negate consideration of further formal enforcement action. Refusal will result in consideration of such action in a similar way to the police organising speed awareness courses. As such SBC can insist on our training. Leicestershire TS have adopted such a model already.	Income Generation	No
74	None	Public Protection Trading Standards	CCS	5	The Redress Schemes for Letting Agency Work and Property Management Work(Requirement to Belong to a Scheme etc(England) Order 2014	Fixed Penalty Notices are allowable and expected to be processed at £5000 each should appropriate and prescriptive models to encourage trader compliance be followed and adopted (Notice of Intent etc). Benchmark with LB Newham.	Low. As long as prescriptive methodology of enforcement and avenues for appeal are considered then the processing of FPN's is entirely legal. Major resource issues will come where there may be appeals or fines are not paid requiring court action/collection orders etc.	Income Generation	No
75	None	Public Protection	CCS	5	SBC Legal to not have only delegation of authority on all court cases. Allow individual business units to either take the cases to magistrates themselves under S222 and	This model is adopted in many other authorities, particularly in TS where there are a number of specialist in house teams who in	Low-Medium. The actual preparation of legal docs, although prescriptive is time consuming and needs specialist in house legal knowledge. To ensure the	Income Generation	No

					S223 of the Local Government Act or allow them to instruct their own counsel/solicitors as the case befits.	turn brief to specialist chambers at a agreed predetermined rate (West London Alliance) which are currently less than the SLS agreed rates etc.	legal paperwork is all in order and the information's are worded correctly is a time consuming and laborious task which will take officers away from other duties. Coupled with this persons would need to be trained to deliver cases appropriately in magistrate's court and therefore advocacy training would be imperative. Additional personnel may be required to back fill the frontloaded resources as a result		
76	None	Public Protection Trading Standards	CCS	2	Via SBC Business Engagement Strategy TS should be introduced to new and emerging SME who have IP. We could advise and support the expansion of their IP including protecting it and further ensuring registration of designs and patents in the appropriate manner.	Identify IP issues of a SME at an early stage and in a consultancy paid for basis advise the company on how to protect and manage that IP going forward.	Low. The Intellectual Property Act bears no 'duty' on a local authority to enforce so we may be able to act commercially in this respect.	Income Generati on	No
81	None	Finance & Audit	RHR	280	Savings through the Agresso system and more effective external audit / internal audit procurement	Restructure – where possible removal of vacant posts. Need to add back in some time-limited transformation capacity	Organisation's management will need to use self service much more. Full risk based approach; many managers will not receive finance support / much reduced support. Flow of resources towards high risk areas i.e. ASC and contract management.	Efficienc y	No
83	None	Finance & Audit	RHR	10	Internal audit savings – current contract		Low – already provided for	Efficienc y	No

87	None	Corporate Procurement	CCS	10	Reduced involvement in tender evaluations	Under new UK Regulations, Corporate Procurement is able to carry out stage 1 financial analysis of bidder.	Low – Escalation to Finance is fallback position	Disinvestment	No
88	None	Corporate Procurement	CCS	10	Additional income through HRA cross charges for major projects e.g. RM&I	Requires dedicated resource of 1 FTE to cover all the planned projects through an invest to save	Medium – needs to be fully resourced (Invest to Save)	Income Generation	No
89	None	Corporate Procurement	CCS	10	Additional income for HRA cross charges for BAU projects	As and when required	Medium – needs to be resourced from existing headcount which is currently under headcount	Income Generation	No
90	None	Corporate Procurement	CCS	5	Additional income through providing procurement support to other Las e.g. tendering for Frameworks	As and when required	Medium – needs to be resourced from existing headcount which is currently under headcount	Income Generation	No
91	None	Corporate Procurement	CCS	5	Reviewing compliant tender processes for schools	As and when required	Medium – needs to be resourced from existing headcount which is currently under headcount	Income Generation	No
94	None	Environmental Quality	CCS	2	Re-negotiate landfill monitoring contract and reduce scope to statutory minimum for Kennedy Park.			Transformation	No
97	None	Transactional Services	CCS	114	Arvato savings due to implementation of Agresso	Through the contract with arvato	Low – agreed	Efficiency	No
99	None	strategy and Engagement	CE	3	Removal of media support at council meetings	Leader has already agreed with effect from 1/1/16	Low	Disinvestment	No
100	None	strategy and Engagement	CE	15	Interim restructure of Democratic Services	Consultation completed		Disinvestment	No

101	None	strategy and Engagement	CE	6	Democratic Services housekeeping, delete unused budgets		Low	Efficiency	No
106	None	L&CS	CCS	111	By bringing the library service "in house" from 1st July 2016 there will be a saving in management fees charged by Essex County Council.	There will no change to service delivery	**Low** – the transition will be managed within the time scale to achieve the saving.	Efficiency	No
107	None	L&CS	CCS	29	Essex County Council currently charge for payroll and HR, legal, finance support.	There will no change to service delivery	**Low** – AVARTO will pick up the additional payroll and related work within the current contract and SBC will need to pick up the HR, finance legal support. The staffing numbers have decreased from 46.8 FTE to 26.7 FTE, a reduction from when the service was previously delivered in house (2009)	Efficiency	No
108	None	L&CS	CCS	10	Through the library service coming back in house the service will no longer be required to fund any content insurance (assuming the council's own insurance arrangements will cover the library service contents cover.	There will no change to service delivery	**Low –** assuming the council's own insurance arrangements s will pick up this cover.	Efficiency	No
109	None	L&CS	CCS	8	Ceasing buying in the libraries Plus survey.	There will no change in service delivery; however the service will not have the benefit of an external user survey to inform future improvements.		Disinvestment	No
111	None	Transport	RHR	50	Potential surplus budget following change to concessionary fare start times	Approximately 17,000 bus pass holders in Slough including companion pass holders. The cost to	**Medium** – Following the change to concessionary fares in April 2015 there has been a reduction in bus pass holders using the service.	Efficiency	No

						the borough is approximately £2.2m which is based on a rate to the bus operators of ensuring they are no "better or worse off". This is split across a number of operators of which First are the largest.	The initial outputs indicate that there may be a further saving of £50K at the end of this year however this depends on the usage over the winter periods.		
112	Trust	Trust	Trust	635	Reduced spending in line with contract and negotiations on the budget – per the Cabinet and Council paper in September.	SCST		Efficiency	No
113	Corporate	All	All	811.5	Further savings target across directorates	Distributed across directorates; @£200k per each with £100k to CEX directorate and corporate	Medium – finalisation before the 1st April. Some plans already in place	Efficiency / Transformation	No

Appendix B - Base Budget Adjustments

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

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

	Wellbeing	CCS	RHR	CEX	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Pay Changes	88	114	140	133	0	475
Pension Increases	51	60	64	10	0	185
Incremental Increases	57	101	97	14	0	269
No Pay	592	165	382	13	219	1,371
	788	**440**	**683**	**170**	**219**	**2,300**

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

Appendix C – Service Pressures

No	Directorate	Service	Service Lead	Year	Growth bid	Amount / £k	Service Benefits
1	CCS	Procurement & commercial services	GA	2016-17	Impact of welfare reforms - homelessness & temp accom	275	Allows the Coucil to continue a Local Welfare Prvoision Scheme - dependent on Cabinet's decision
2	RHR	Hsg	Na	2016-17	Homelessness prevention	50	Housing pressures on the current GF budget
3	Wellbeing	ASC	Asi	2016-17	ASC demography and removal of Care Act funding into RSG	850	To meet the cost of demographic / transitions for adult social care clients and ASC Care Act funding removed by Government
4	RHR	Corporate Landlord	CD	2016-17	Curve property revenue cost	411	Enables savings exceeding the additional cost in other council budgets. Improved customer services. Manifesto commitment. £391k. Plus further £20k for additional security costs at Council buildings.
5	Corporate	All	Jholmes	2016-17	National Insurance / LGPS changes due to Government pension reforms	480	None
6	Wellbeing	SCST	DCS	2016-17	Children's Services Trust	2800	Additional costs through the creation of the Trust per the September Council report
7	CCS	ICT	SP	2016-17	ICT hosting - ERP	150	Allows hosting of the ERP solution in the 'Cloud'. Enables signifciant savings as detailed elsewhere in the budget
8	RHR	Environmental Services	NA	2016-17	Waste Management	100	Copes with increase demand for disposal of waste as a result of increased households
9	RHR	AIR	JC	2016-17	car parking	304	Recognise obsolete income targets and security at Multi Storey Car Parks
10	CCS	PubPr	GDH	2016-17	trading standards	42	Improved regulation
11	Corporate	Transactional Services	RP	2016-17	Loss of Government Hsg Benefit Admin. Grant	100	Reduction of Government Grant
12	Corporate	Finance	Jholmes	2016-17	Council Tax Support scheme costs due to CTX changes	150	Loss of Council tax income through any changes to Council Tax levels
13	CCS	Community & Skills	AH	2016-17	Arbour Park running costs	40	Operational Costs at new Community Sports facility
						5752	

Appendix D

2016/17 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 2016-17 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 2016-17, the minimum level has been set at £7.2m

General Fund	Amount / £m
As at 31.3.2015	8.1
Forecast Q3 (2015-16) position (under / over (-) spend - *estimated*	-0.5
Forecast 31.3.2016 position	7.6

Medium Term Financial Volatility Reserve

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

- the introduction of the retained Business Rates (the Council receives up to 30% of any growth in business rates but is liable for 50% of any losses up to a safety net of over £2m from the Council's baseline position)
- payment of any Business Rates levy payments to DCLG
- 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 31.3.2015	1.6
Payment in respect of Business Rates levy due to increase Business Rates collected	-0.7
Increase in reserve following a review of all earmarked reserves held	0.5
Forecast 31.3.2016 position	1.6

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 £0.97m

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 £1m

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. Going forward the use of capital receipts will fund transformation activity.

The forecast year end value of this reserve is £0.2m

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

2016/17 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 2015-16, it would need to show this in the 2016-17 budget paper.

The anticipated Collection Fund position as at January 2016 is as follows:

- Council Tax £1.1m Surplus
- Retained Business Rates £0.3m Deficit

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

2016/17 Fees and Charges

To approve an increase in court costs fees in respect of Business Rates from 1st April 2016 to £70 for a summons and £82 for a liability order, total amount £152. The charge is currently £129

Local Land Charges Institute (LLCI) Update

HMRC will confirm its decision that VAT will become payable on all income derived from the CON 29 R and O products.

VAT will be levied at the rate of 20% on the income received on the (local land searches) CON29 R and O (and we believe the associated additional parcels of land fees). The LLC1 fee will NOT attract VAT because it provided by local authorities under a special legal.

Due to the timing of the next meeting, at which LLCI expects HMRC to confirm its decision and the implementation date of 1st February 2016, LLCI's best advice is to assume VAT will be implemented with effect from 1st February.

LLC Officers will need to consider a number of issues including
- Will the Council be levying the VAT?
- What if any Council approval is needed if the fees are to be increased.
- How VAT receipts will be issued.
- Discussions with software suppliers where necessary.
- Any changes to accounting practices.
- Preparing communications to solicitors.
- NLIS and others regarding any changes in fees.
- Give thought to how you will deal with searches received with incorrect fees, LLCI's advice is that in the best interest of customer service, authorities do not reject searches but instead request the balance due.

This will be a change that the industry as a whole has very little time to prepare for and implement.

We are advised that in line with standard practice, no official notification of HMRC's decision will be issued but that the minutes of their meetings are a public document. LLCI will be notified as soon as possible by our colleagues on the CIPFA VAT Committee as to the outcome of the meeting. LLCI will notify you immediately when we are informed.

LLCI will be writing to the Law Society to update them.

We will, along with the LGA, Land Data and colleagues in Finance, continue to do all we can to argue that VAT should not be applied to the CON 29 R and O.

Notwithstanding those arguments and the fact that this proposal has been under discussion for some time, LLCI is extremely concerned at the lack of formal notice from HMRC and at HMRC's apparent insistence that such a significant change for local authorities and their customers should be implemented in an unreasonably short timescale and with no detailed guidance. LLCI is concerned that, given the usual and not unreasonable lead-in times for software suppliers to change their systems, many local authorities will struggle to implement the changes on February 1st.

Given the introduction of the new CON29 form in July this year, LLCI regrets that HMRC may not delay the introduction of VAT until either April or July. LLCI recommends that this year local authorities avoid where possible changing their fees more than once to incorporate VAT and once to reflect the requirements of the new CON29.

Presently this income is paid non-vatable. Therefore in essence customers would see a 20% increase if the net fee (£88 each) remains unchanged. The fee is set locally and supposed to be fee recovery. We are proposing to charge the VAT on top of the current charges.

Estimated average income per year from Con29 is £120k

Community Learning & Skills Service - **w/e from 1st August 2016**

Activity	Existing fee	Proposed fee	Concession	% increase
ESOL – English for Speakers of other languages	£2.50 per hour	£3.00 per hour	Free if unemployed plus other approved categories	20%
IT related qualifications	£2.50 per hour	£3.00 per hour	50% reduction	20%
Personal Development and wellbeing programmes	£3.75 per hour	£4.25 per hour	50% reduction	20%
Note* - Initial engagement and preparation for employment activity, English, maths, basic IT, Family Learning are free of charge				

Library Services

Item	Existing Fee	Proposed fee	% increase	Rationale
Printing Black and white	20p/A4 sheet	30p/A4 sheet	+50%	Current fee unchanged for couple of years, assessment even with self service is that 20p is not covering costs. Also boosts differential between b/w colour printing
Printing Colour	50p/A4 sheet	£1/A4 sheet	+100%	Current fee unchanged for couple of years, assessment even with self service is that 50p is not covering costs
Final postal letter re overdue items	Free	£1.00	New charge	We will be introducing free email and text pre overdue and overdue reminders, so this fee covers postage and staff time. Fee avoided if items are returned on time

Books Children's books on adult card	£0.02/day	£0.05/day	+150%	To encourage children to borrow children's books on child cards and therefore incur no fines

Appendix G

Statutory Determination of Council Tax

Council Tax Resolution

In relation to the Council Tax for 2016/17 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 14 December 2015 Cabinet calculated the following Tax Base amounts for the financial year 2016/17 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 40,001.8 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 2016/17; and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2016/17:

a)	Parish of Britwell	753.4
b)	Parish of Colnbrook with Poyle	1,840.2
c)	Parish of Wexham	1,315.8

(c) That the following amounts be now calculated for the year 2016/17 in accordance with sections 31A to 36 of the Act:

(i) £420,673,718 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) £ 371,765,208 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) £48,908,510 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) £1,222.65 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 2016/17 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £215,778 representing the total of Parish Precepts for that year.

(vi) £1,217.26 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	811.47	44.06	32.93	24.48
B	946.72	51.41	38.42	28.56
C	1,081.97	58.75	43.91	32.64
D	1,217.21	66.10	49.40	36.72
E	1,487.70	80.79	60.38	44.89
F	1,758.19	95.47	71.36	53.05
G	2,028.68	110.16	82.33	61.21
H	2,434.42	132.19	98.80	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 2016/17 the Thames Valley Police Authority precept has been provisionally increased by 1.99%. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

BAND	**Office of the Police and Crime Commissioner (OPCC) for Thames Valley**
	£
A	111.31
B	129.86
C	148.41
D	166.96
E	204.06
F	241.16
G	278.27
H	333.92

(ix) That it be noted that for the year 2016/17 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: As in previous years no increase is assumed.

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

(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	811.47	111.31	40.44	963.22
B	946.72	129.86	47.18	1,123.76
C	1,081.97	148.41	53.92	1,284.30
D	1,217.21	166.96	60.66	1,444.83
E	1,487.70	204.06	74.14	1,765.90
F	1,758.19	241.16	87.62	2,086.97
G	2,028.68	278.27	101.10	2,408.05
H	2,434.42	333.92	121.32	2,889.66

(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 the Section 151 or nominated officer be authorised to adjust the council tax charges accordingly in line with final figures.

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 23rd February 2016.

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 Urban Renewal ('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.
- Increased volatility from the retention of business rates
- Savings are increasingly based on commercial income generation opportunities so fluctuate much more – this is especially so in the current year budget with over £3m of additional income through commercial schemes and represents a significant increase in the risk exposure to outside economic conditions
- 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 through to 2020
- 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
- Change in control of Children's Social Care expenditure to the SCST

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 £2m to allow for current funding volatility. This results in a total of **£7.2m**[1].

[1] Circa 5% of £104m and £2m to cover funding volatility.

Robustness of Estimates

The treatment of inflation and interest rates

The 2016/17 pay award for staff has been included at an average of 1% in line with the Government's pay announcements. Non pay related budgets have been inflated at the contractually committed rate of inflation or where services can demonstrate a requirement to do so to maintain service delivery levels.

Efficiency saving and productivity gains

The budget contains proposals to deliver 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 continue to set high levels of required savings and there are inherent risks to the delivery of a balanced budget at the end of the 2016/17 financial year. Given the year on year reductions in Government funding, the Council's risk profile for savings is increasing as more transformational activity and income generation schemes are brought forward. Though these will endeavour to drive additional income and reduced costs, they are by their very nature more difficult and complex to deliver, and are at greater risk of market conditions.

Budget and Financial management

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

- 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 - £224k underspend - 0.1% of budget
- 2015/16 - £486k overspend forecast – 0.5% of budget

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

The Council has a number of demand led budgets and has historically been able to manage changes to demand to ensure a sound financial standing at the end of the financial year. The revenue budget includes £0.85m for adult social care cost pressures and £2.8m 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 98.4% and this is an achievable if demanding target. Each 1% uncollected amounts to approximately £0.47m and any surplus or deficit on the collection fund is apportioned between the Council and its major precepting bodies the Royal Berkshire Fire and Rescue Authority, and the Office of the Police and Crime Commissioner (OPCC) for Thames Valley.

Maintaining balances

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

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

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	7.23 tbc by end of January
Local Council Tax Support	0.2
Housing Benefit administration subsidy	0.6
Better Care Fund (through existing NHS and Social Care budgets)	8.1 tbc by the end of January

Appendix J

HRA Rents and Service Charges 2016/17

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 2016/17 to **decrease by 1%** over the 2015/16 rent with effect from Monday 4th April 2016. This is in line with current government guidelines and legislation.

- Garage rents, heating, utility and ancillary charges to **increase by 0.8%** with effect from Monday 4th April 2016. This is based upon the September RPI figure.

- Service charges to **increase by 0.8%** with effect from Monday 4th April 2016. This is based upon the September RPI figure.

- 'Other committee' property rents to increase by an average of 0.8% from Monday 4th April 2016 in line with the September RPI figure.

APPENDIX K

Equality Impact Assessments

Equality Impact Assessment

Directorate: Customer & Community Services	
Service: Community Development	
Name of Officer/s completing assessment: Claire Skeates/ Kam Bhatti	
Date of Assessment: 27th January 2016	
Name of service/function or policy being assessed: Phased reduction in support to a series of activities that include summer and half term activities for all ages in targeted neighbourhoods delivered through a number of community centres.	
1.	What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing? 12 children's and young people's activities and programmes will be delivered at Chalvey and Britwell Centres, targeted programmes will be delivered to engage with young people from these areas. Benefits to the individuals will include improved self esteem, employability skills improved, events and community programming experience gained and by engaging them in positive activities we will be reducing the risk of anti social behaviour.
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 initial delivery is through the community development team with a planned targeted approach that includes recruiting and training local people and current users to take responsibility for the planning and delivery of activities for children and young people. Plan is to shift responsibility from Community development team to local groups and individuals as part of community capacity building.
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.

Protected Characteristic	Differential Impact		
	Yes	No	N/A
Age:	X		
Disability:	X		
Gender Reassignment:		X	
Marriage and Civil Partnership:		X	
Pregnancy and maternity:			X
Race:		X	
Religion and Belief:		X	
Sex:		X	
Sexual orientation:		X	
Other			X

Age: Predominantly children and young people
Disability: Some of the programmes and projects offer opportunities for people with a learning or physical disability to be fully integrated into mainstream activity.

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.

No positive impact with reduction in service.

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?
Children and young people will be directly affected by the savings through potentially less activities held at Community venues for young people organised by Community Development team. Will impact in number of key areas including improved self esteem, employability skills improved, events and community programming experience gained. By reducing activities there is a risk that young people will engage in anti-social behaviour and crime. The fear of crime and changing perceptions of an area may occur as children will not be engaged in positive activities.

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). Community development team only been operational since June 2015 and evidence from activities planned so far is anecdotal. Team are using police crime data, antisocial behaviour information and feedback from local groups to identify what activities are required in community venues. We know that current community activities at the community centres are well attended with up to 20 plus young people participating in the activities. We also know that with youth centre provision is limited across the borough and we predict that more than 50 young people will be affected each month.
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? Community groups are being engaged and spoken to about taking on more and doing more in community settings. We have arranged skills training for smaller groups, with a view to these groups developing their capacity and working with us to develop programmes for young people and adults across the borough.
8.	Have you considered the impact the policy might have on local community relations? There is a risk if communities/ community groups do not pick up the opportunity to run activities themselves. We also know that community activities in community centres are proven to bring communities together, improving community relations and cohesion. • Not all community organisations have been informed of these proposals and future funding reductions
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? Look for external funding / partnership funding to sustain current programmes. Engaging and working with a range of community and voluntary organisations and supporting them with bid applications to help them put on targeted activities at community venues. This has already been successful in helping other groups access new activities and services e.g. Milan Centre users, Colnbrook neighbourhood scheme

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. Feedback from community groups developing bids Regular community group meetings Increased support for grant bid applications Increased training provided in partnership with Slough Council for Voluntary Services to support voluntary sector skills and group development including capacity building and a drive to change and focus on neighbourhood priorities Monitor the reports of anti social behaviour Monitor usage of community buildings through bookings and income

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
Look for external / sponsorship funding to sustain Community programmes and activities	Children and young people	Kam Bhatti	External funding is secured to enable the continuations of the community programmes by the Community Development Team across community settings, which offers children and young people to experience new programmes and activities	Ongoing	January 2017	

			which support their wellbeing, learning and behaviour.			
Develop new courses / training opportunities to ensure the voluntary sector are ready to take on the additional responsibilities and management of community activities in community centres	Children, young people, families and adults	Kam Bhatti	That the voluntary sector is has the skills and ability to manage and run community programmes	Monitor impact of voluntary sector takeover and delivery of key programmes	Jan 2017	

Name: **Signed: …Claire Skeates/ Kam Bhatti…………………………………………(Person completing the EIA)** **Name: ……………………………………………………** **Signed: ……………………………………………………(Policy Lead if not same as above)**
Date:

Equality Impact Assessment

Directorate: Wellbeing	
Service: Adult Social Care	
Name of Officer/s completing assessment: Alan Sinclair	
Date of Assessment: December 2015	
Name of service/function or policy being assessed: reform of Social Care 1 Promoting independence	
11.	What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing? In line with the new responsibilities in the Care Act – supporting as many people as possible to manage their own care needs and as many as possible via a direct payment. More targeted support from the voluntary sector and a preventive approach with less people reaching crisis point.
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. All of adult social care
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. **Age:** **Disability:** **Gender Reassignment:** **Marriage and Civil Partnership:** **Pregnancy and maternity:** **Race:** **Religion and Belief:** **Sex:** **Sexual orientation:** **Other:**

	Main impact will be for older people and people with disabilities and their carers. A more personalised approach means that people will get services that meet their individual needs.
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. People being more in control of their care needs. People getting the services and supports they need based on a person centred approach. Less people being in crisis and needing admission to hospital or care home. More targeted and universal prevention support provided by local community and voluntary sector identifying and supporting people at an earlier point.
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? Some people may not be eligible for support from the council. Some people may not want to take control of meeting their care needs
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). These changes are being planned to support the new ways of working outlined in the Care Act 2014. The Act has had national consultation. Where we think that further local consultation or engagement is required this will be undertaken.
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? Yes conversations and engagement with voluntary and community groups and representatives of users and carers including Healthwatch and carers forum.
18.	Have you considered the impact the policy might have on local community relations? Yes and communications and engagement has come out nationally with the Care Act and local engagement as described in 7. above.
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? These have been developed alongside each plan under this objective.
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. Progress and impacts will be reported through the Care Act Programme Board. The implementation of the Act is one of the Councils Gold projects and therefore progress gets reported to CMT and then Cabinet on a monthly basis.

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

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

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

Date: Dec 15

Equality Impact Assessment

Directorate: Wellbeing Directorate	
Service: Learning Disabilities	
Name of Officer/s completing assessment: Alan Sinclair	
Date of Assessment: December 2015	
Name of service/function or policy being assessed: Learning Disabilities Change Programme - Internal Learning Disability Services	
21.	**What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing?** A key objective of the programme is to ensure that the Learning Disability Change Programme delivers a significantly modernised, inclusive and localised service for people with learning disabilities in Slough. A service that will enable people with learning disabilities to live wherever possible within the community with appropriate levels of support and adaptations to properties as well as the ability to exercise choice and control over their lives by choosing from a range of employment, education and other activity programmes that meet their wishes and needs from a range of commissioned providers monitored closely for the quality of their service. Alternatively and in accordance with the principles of personalisation they may make other arrangements as they see fit, supported by their families'. The Learning Disability Change Programme brings together a number of strands of work (projects) relating to learning disabilities services in Slough. The main purpose of the programme will be to: • increase the number of people with learning disabilities in Slough who are able to live independently with support; • provide new and different models of care for people who need higher levels of support; • provide opportunities for care closer to home • provide different models of day opportunities • provide value for money services • reshape the market in Slough in partnership with commissioners and providers to provide more locally based residential, • supported living, day, learning and employment opportunities for people with learning disabilities • improve the experience of young people and their families making transition to adult services through the existence of an agreed and robust protocol which maximises personalisation, community living and value for money. • Review and rereprovide the Council provided learning disability servives **What is being proposed:**

	This part of the change programme relates to proposed changes to the council provided learning disability services: - One 8 bedded residential care service - One 8 bedded respite (replacement care) service - Day services – across 3 current sites Over the next 2 years all 3 of these service will be reviewed and redefined and market tested. Work has started and will continue to engage with and consult with current and future user of these services, family carers and employees.
22.	**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**. In-house teams and commissioning and contracting will be involved in reshaping the market to meet the demands of the new services in partnership with community stakeholders and providers
23.	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:** **Disability:** **Gender Reassignment:** **Marriage and Civil Partnership:** **Pregnancy and maternity:** **Race:** **Religion and Belief:** **Sex:** **Sexual orientation:** **Other:** It is intended that the services will be inclusive and personalised to all people with learning disabilities and families who receive social care services, and may have any of the characteristics listed above and these will be taken into account as part of

	delivery of a personalised service. This will have a positive impact for people with any of these characteristics.
24.	**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.** As enshrined in the original Valuing People we affirm that people with a learning disability are people first with the right to lead their lives like any others, with the same opportunities and responsibilities, and to be treated with the same dignity and respect. They and their families and carers are entitled to the same aspirations and life chances as other citizens such as; • Including Everyone • Personalisation, choice and control • Having a Life • People as Citizens • Making it Happen This means that we intend to include those people who wish to be included to provide more choice over housing, day opportunities and personal finances, leading to more choice and control over where they live, what they do and how they spend their time. Within this personalised budgets will allow more choice and control on who provides care and support and enable flexibility to change things.
25.	**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?** Some families/carers and customers may be anxious as we move from traditional day care, respite and residential care options to more supported and inclusive options in the community. The program will be phased, working first with those who have identified an interest, using appropriate advocacy and support, and also phased over time so that the risk of social isolation orcarer stress is minimised, with individual support, and social inclusion is maximised through creative use of support plans and personal budgets.
26.	**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).** The programme will support people with disabilities to gain fuller access to mainstream facilities in line with the social model of

	Disability which aims to reduce the barriers that people with disabilities face in playing a full part in the life of the community**.** Individual assessments will be undertaken with all the people whom this program intends to benefit, with their families over time, to develop realistic and person-centred support plans, whilst simultaneous work is done with the affected staff and trade unions, prior to any relevant formal consultation being undertaken
27.	**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?** Extensive consultation has been and will be undertaken over life of the project with stakeholders including the Learning Disability Partnership Board, staff, customers, families and relevant community groups including providers. Consultation events have been held over the past few months with people with a learning disability, families and providers and staff. A participation officer is engaged to ensure that leaflets, appropriate forms of communication and meetings are held to assist in an all round participation of all parties.
28.	**Have you considered the impact the policy might have on local community relations?** There will be an impact on community relations where: a) there are houses inhabited by people with disabilities who may have chaotic behaviour; this is being managed by working with experienced providers and by choosing housing in suitable and appropriate accommodation in the right locations. b) Secondly where a new build development is taking place it is anticipated that local people will be able to contribute their views on the planning process in terms of the design and location of the buildings, and by ensuring that new residents are able to engage with the local community opportunities for shopping, leisure and employment. These elements will be managed carefully by working with experienced partners.
29.	**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?** Risks and mitigating actions have been identified in each project work stream but it is intended to individually assess and plan with customers in a phased way over time, and to implement the changes in a phased way over time

30.	**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.** Outcome measures : • People telling us about their experience of transitions, that there is a written and agreed Transitions Protocol, as well as knowing about the numbers and money needed for those making the transition from Children and Young People Services to Adult Services, tracked over a 4 year period. • What people tell us about our day services, our employment services and our supported living services over the next 4 years • Numbers of Personal Budgets to People with Learning Disabilities • Numbers of people who have moved into the community from residential care • The number of people who have moved back to Slough from residential care outside of the area • Numbers of people supported into employment • An increase in the number and type of day opportunities available to people to choose • Complaints and compliments trends • Numbers of carers' short breaks • PWLD from black and ethnic minorities in receipt of a person-centred support plan

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).	

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

Name:

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

Date: Dec 15

Appendix L -Efficiency Strategy – *for the use of Capital Receipts*

As part of the Local Government Spending Review announced on the 17th December, the Government has provided Councils with the flexibility of utilising Capital Receipts for qualifying expenditure. This is to enable authorities to fund transformation and cost reduction programmes from capital receipts rather than revenue expenditure.

Qualifying expenditure

The Government has termed qualifying expenditure per the below. Appendix A highlights some of the suggestions from Government, but these are not exhaustive.

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility. Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

Requirements of the Strategy

As part of the Strategy, Government have set out that the following must be included:

- list each project that plans to make use of the capital receipts flexibility, that it details the split of up front funding for each project between capital receipts and other sources, and that on a project by project basis, a cost benefit analysis is included to highlight the expected savings.
- The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years
- From the 2017-18 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial cost/benefit analysis
- restructuring must payback within 1 year in the whole, and within 24 months for an individual
- The Strategy should be approved by the full council

Timescales

The flexibilities for using capital receipts are due over the period April 2016 to March 2019.

Key projects

Below are a list of key projects that could incur capital receipts to fund them. These are indicative at present as the timings of the costs will not all be in the next financial year, but these give a summary of the key projects that could be used as qualifying expenditure under the Efficiency Strategy. They will each be subject to a business case as well to identify the costs and benefits of the respective programmes.

Project	Capital Receipts funded / £m	Other sources / £m	Expected Savings / £m
Adult Social Care Transformation	**0.8**	**0.4**	5.1 ongoing savings by year 3

programme resources			
Agresso system efficiencies	**0.25**		Tbc subject to formal business case – expected to be £0.1+ p.a
Development of income generation proposals from capital assets	**0.25**		0.7 income generation
Development of housing company	**0.2**		0.2 income generation
Development of Berkshire shared finance service	**0.2**		0.2 ongoing savings
Asset Challenge & support for flexible working	**0.2**		0.2 ongoing savings
Re-commissioning of major contracts to delivery procurement savings and more effective use of frameworks	**1.5**		Depends upon market price, but at least 0.5 ongoing savings post new commissioning options from 2018
Restructuring	**0.5**		Depends upon other budget savings over the MTFS but payback on all posts to be within a maximum of within 1 year in the whole, and within 24 months for an individual.
Digital Transformation to deliver more efficient services	**0.12**		Tbc – depends upon proposed solutions to meet the 5YP
Counter-Fraud Invest to Save proposal	**0.05**		Additional income through counter-fraud arrangements – 0.05
Council Tax and Business Rates collection increases	**0.3**		0.6 ongoing increases in CTX collection over life of the MTFS
Slough Children's Services Trust	**0.55**		Invest to save bid to reduce ongoing revenue costs to projections of between £1-2m

			p.a. over the next four years
Devolution bid funding for service change and integration	**0.05**		tbc

Capital receipts expected in 2016-17

- **Ledgers Road**

Prudential indicators impact

The Council has factored in utilising £2.5m of capital receipts in the next financial year. The Capital strategy has been adjusted to take account of the above and impact on utilising borrowing / internal balances and impact on the MRP / revenue balances.

Government summary of example programmes

- Sharing back-office and administrative services with one or more other council or public sector bodies
- Investment in service reform feasibility work, e.g. setting up pilot schemes
- Collaboration between local authorities and central government departments to free up land for economic use
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation
- Sharing Chief-Executives, management teams or staffing structures
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others)
- Integrating public facing services across two or more public sector bodies (for example children’s social care, trading standards) to generate savings or to transform service delivery.

Appendix M – Local Welfare Provision scheme

Local Welfare Provision

There is a £275k budget proposed in this paper to be allocated to LWP, including administration costs, as part of the pressures summary.

1. Background

Local Welfare Provision (LWP) Funding transferred from the Department of Work and Pensions (DWP) to Local Authorities (LAs) on 1 April 2013, to provide locally-administered assistance to vulnerable people. The transfer was made under existing powers and LAs can decide for themselves how to use these funds. The DWP is keen that LAs do not replicate the DWP scheme but instead uses the funding in a way that more closely meets the needs of the community.

There is no statutory duty requiring LAs to deliver a specific scheme for administering this funding but Slough Borough Council (the Council) considered that it was in the best interests of the community to run a scheme for two years to provide the Council with an opportunity to understand and measure local demand. This scheme will be known as the Local Welfare Provision (LWP) scheme.

The LWP scheme has been in operation for two years and the demand has increased over this two year period. Central Government provided funding for two years.

The council has funds available to continue the scheme for another year and then wishes to again review the scheme, the scheme will be run on the same principals as the last two years.

The scheme will be cash-limited to the amount of funding provided by the Government. It will not replace the support mechanisms and budgets that exist elsewhere in the Council.

Slough Borough Council is committed to working with the local voluntary sector, who are key partners in working with our communities, and landlords who are an important asset in providing homes in Slough.

The purpose of this policy is to detail the Council's high level objectives in respect of Local Welfare Provision and detail how the Council will operate the scheme, including the factors that will be taken into account when considering if an LWP award can be made. Each case will be treated strictly on its merits and all applicants will be treated equally and fairly when the scheme is administered.

In principle, this scheme will consider two categories of need:

- Crisis Awards
- Community Care Awards

By the fact that both of the above awards are determined on a similar discretionary basis, an application for a Crisis Award may be treated as an application for a Community Care Award, vice versa.

Further, if an applicant is entitled to Housing Benefit and is suffering from exceptional hardship as a direct result for housing costs (eg. Contractual rent,), an application may be treated in accordance with the Council's Discretionary Housing Payment Policy.

2. Statement of Objectives

The Council will consider making an LWP award to applicants who meet the qualifying criteria, as specified in this policy, providing sufficient funding from the Government grant for this purpose is available at the time of the Council's decision. We will treat all applications on their individual merits. An LWP award will normally be an urgent, one off provision used as a short term fix to prevent a long term problem, and we will seek to:

- prevent serious risk to the health, well being or safety of the area's most vulnerable and financially excluded residents;
- ease severe financial pressure on families in certain situations;
- help those, without the necessary means, to either establish themselves in the community as a transition from care or prison or to remain in their community;
- give flexible financial help to those in genuine need.

3. Policy

3.1. Main Features of the Scheme

The main features of the Slough LWP scheme are that:

- it is discretionary;
- an applicant does not have a statutory right to a payment;
- the total expenditure in any one year resulting from awards under this scheme will not exceed the value of the funding received from the DWP;
- the payment may be treated as a loan with repayment required, e.g. interim payment whilst awaiting Job Seekers Allowance;
- the operation of the scheme is for the Council to determine;
- the Council may choose to vary the way in which funds are allocated according to community needs and available funds;
- other than the normal appeal against the application of a discretionary function by Judicial review, there is no right to a statutory appeal of any application decision. In the interests of fairness the Council will operate an internal review procedure for appeals.

3.2. LWP award applications

1. An application for an LWP award must be made in a way that is acceptable to the Council. The application must be made by the person to whom the application relates (the applicant) but the applicant can ask a council officer or another person to complete the application.

2. We may determine such other bodies, as we decide are appropriate, to be authorised to decide applications and they will be granted secure access to the necessary Council systems for this purpose.

3. Applications from people not meeting the minimum eligibility criteria will not be considered.
4. We may request any reasonable evidence in support of an application for an LWP award. The applicant will be asked to provide the evidence and it must be provided within one month of the request although this will be extended in appropriate circumstances.

5. We reserve the right to verify any information or evidence that the applicant supplies, in appropriate circumstances, with other council departments, government agencies and external organisations or individuals. We may also use the information for the detection/prevention of fraud.

6. If the applicant is unable to or does not provide the required evidence, in the agreed time, we may treat the application as withdrawn by the applicant and we will not be under an obligation to decide it.

7. We are under no duty to make an LWP award. Where funds are available from another source we will signpost the applicant to those sources rather than make an LWP award.

8. We will aim to decide applications for emergency assistance within 1 working day and all other applications within 10 working days, excluding any days that it takes for an applicant to provide any evidence.

3.3. Eligibility Criteria

An application will only be considered where the applicant satisfies each of the following 9 criteria and at least criterion A or B. References to Slough mean the area within Slough Borough Council's boundary. The applicant must:

1. be aged 16 or over;
2. be able to demonstrate that they have a settled residence in Slough, or have been placed outside of the borough by the council, in the case of someone leaving prison or care, be about to move into Slough;
3. not have savings that can be relied upon to meet the need to which they are presenting;
4. Have a reduction in income, for example the transition period of earning and claiming welfare benefits, or a reduction in working hours
5. Have not received, or be able eligible to receive help from other public funds for the same category.
6. not be excluded from applying for public funds on the basis of immigration status;
7. not have received an LWP award in the past 6 months, unless they can demonstrate significant exceptional need;
8. not have been refused an LWP award for the same need in the past 6 months, unless they can demonstrate exceptional/changed circumstances;
9. be without sufficient resources which would in turn cause serious risk to their own, or their family's health or safety or well being;

AND

A. must require essential assistance to establish, or to remain, in the community;

or

B. must require essential assistance with an emergency (eg: illness/emergency travel costs).

3.4 Awarding an LWP

In deciding whether to make an LWP award we will have regard to the applicant's circumstances including:

- any sources of credit such as cash cards, store cards, credit cards, cheque cards, cheque accounts, overdraft facilities, loan arrangements;
- any help which is likely to be available from other funds, such as Short Term Advances and

Budgeting Advances issued by the Department for Work and Pensions to out of work benefit claimants; [This facility is appropriate for applicants that have lost or spent money, or are in need of money while they wait for their first payment.]

- the financial circumstances of the applicant, any partner, their dependants and other occupiers of their household;
- the income and expenditure of the applicant, any partner, their dependants and other occupiers of their household;
- the level of indebtedness of the applicant and their family;
- any medical issues, or other exceptional needs, of the applicant, partner or dependants, or other members of their household;
- whether the circumstances of the applicant are such that an LWP award would alleviate the problems of the applicant;
- being mindful of the amount available in the LWP budget;
- the possible impact on the Council of not making such an award, e.g. the applicant becoming homeless and the costs associated with this;
- any other special circumstance of which we are aware;
- We will decide how much to award based on all of the applicant’s circumstances and the LWP funds available and we will be mindful of the likely total calls on the LWP fund.
- The Council may treat the award as a loan rather than a benefit and will then in conjunction with the Customer agree repayment arrangements.

The main items that an LWP payments will be awarded for are :

- Food and Utilities
- Furniture, household equipment and connection charges
- In some case removal expenses

The council will consider any items or emergency expenses as necessary depending on the customer’s circumstances which could include expenses to attend an interview if they have not been made available by the Job Centre Plus.

3.5. Payment of an LWP award

We will decide the most appropriate method of payment based on the circumstances of each case. The methods may include:

- vouchers;
- provision of goods or services by the Council or third party provider;
- bank account credit to the applicant or some other person as appropriate;
- credit directly to a landlord, rent account
- cash or similar method of payment NB: in exceptional cases only

3.6. Notification

We will notify the applicant of the outcome of their request on the day the decision is made. This may be by letter, email, SMS (text) or a combination of these methods.

Where the application is successful, we will tell the applicant:

- the amount of the award;
- the purpose for which the award should be used;
- the method of payment and, where applicable, of repayment.

The applicant will then need to decide whether to accept the award.

Where the request for an LWP award is unsuccessful or not met in full we will explain the reasons why the decision was made, and explain the applicant's right of appeal.

We may, with the applicant's permission, also inform a support worker or advice agency of a decision.

3.7. The Right to Appeal

LWP awards are not subject to a statutory appeals process. Appeals will therefore be decided by the Council.

We will operate the following policy for dealing with appeals about either the decision not to make an award or the amount of an award:

- An applicant (or their representative) who wants an explanation of an LWP application decision may request one in writing within one calendar month of notification of the decision.
- An applicant (or their representative) who disagrees with a decision may appeal the decision.
- Any appeal must be made in writing or electronically, but must be made within one calendar month of the LWP decision being notified to the applicant.
- Where possible we will try to resolve the matter by explaining the reasons for the decision to the applicant or their representative either verbally or in writing.
- Where agreement cannot be reached, we will review the decision. The officer reviewing the decision will not have been involved in the making of the original decision. The review will be suspended if more information is needed from the applicant.
- The applicant will have one month to respond to the request for further information, thereafter the review will be undertaken on the information held.
- If we decide that that the original decision should not be revised, we will provide full written reasons to the applicant.

3.8. Overpayments

If the Council becomes aware that the information contained in an application for an LWP award was incorrect or that relevant information was not declared, either intentionally or otherwise we will seek to recover the value of any LWP award made as a result of that application.

3.9. Fraud

The Council is committed to the fight against fraud in all its forms. Any applicant who tries to fraudulently claim an LWP award might have committed an offence under the Fraud Act 2006.

If we suspect that fraud may have occurred, the matter will be investigated as appropriate and this could lead to criminal proceedings.

3.10. Publicity

We will publicise the scheme by providing information to relevant agencies, stakeholders and other Council services.

4. Monitoring/ Audit of the Scheme

To ensure transparency and consistency, there will be regular monitoring of applications made against the scheme. Such monitoring will be undertaken with due regard to the Council's responsibilities under all relevant legislation. The Council is subject to the general equality duty which requires that it has due regard to the need to:

- Remove or minimise disadvantages suffered by persons who have a relevant protected characteristic specified in the equalities act and other relevant legislation.
- Take steps to meet the needs of persons who share relevant protected characteristics that are different from the needs of persons who do not share it.
- Foster good relations.

If an applicant wishes to make a complaint about the nature in which their enquiry or application was dealt with. We will adhere to our corporate complaints procedure. Please note, there is a separate review / appeals process for applicants unhappy with their decision (see 3.7 above).

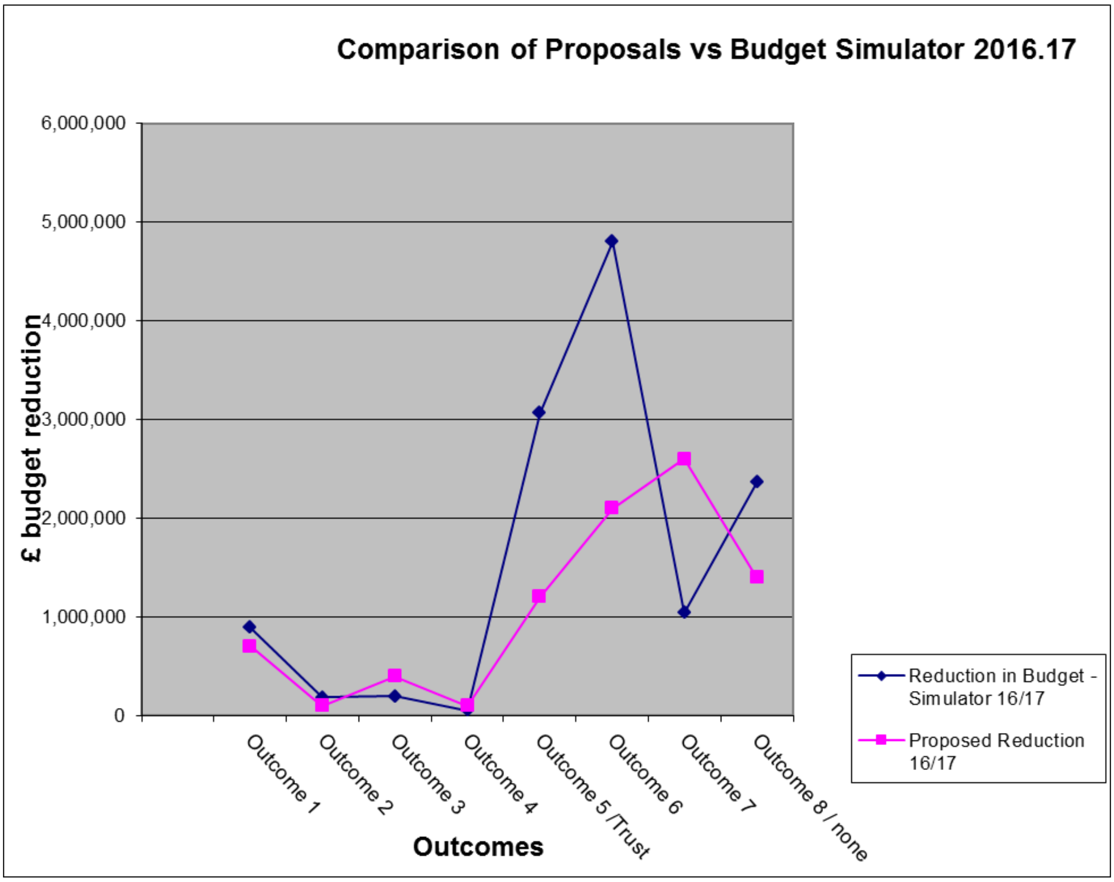
Summary of Budget consultation

In autumn 2015, the Council consulted residents and businesses through a budget simulator exercise on the Council's budget and proposals to ensure it balances for 2016-17. The consultation was supported by a Facebook campaign as well.

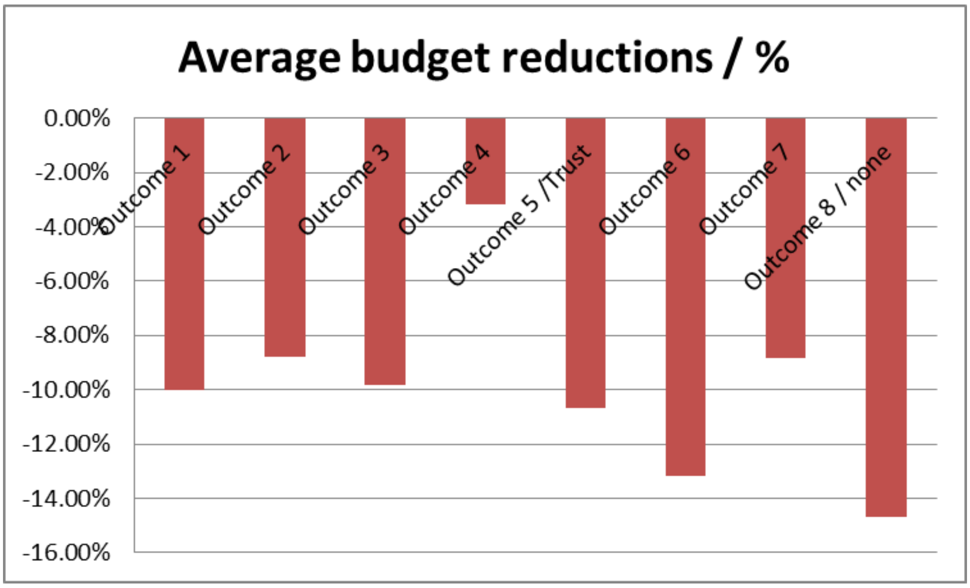
The Council also took this to the Slough Business Community Partnership on the 10th December 2015 along with an overview presentation on the key budget issues and their impact on local businesses.

Over 500 people used the simulator with 176 completed responses.

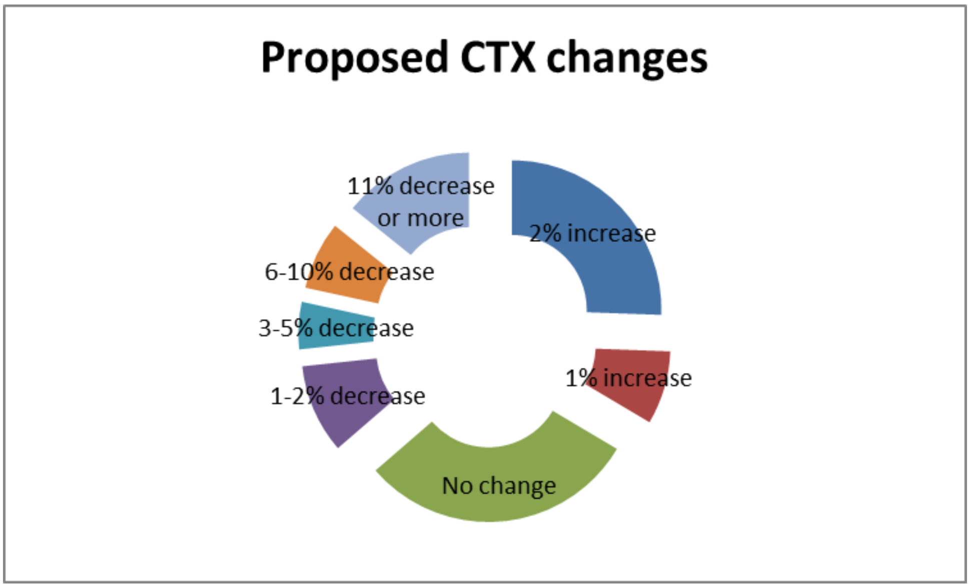
The simulator asked residents to increase or decrease spending across the outcomes identified in the Council's 5 Year Plan. Below is a summary of how the respondents to the simulator completed the budget against the Council's proposals. There were many areas of similarity in the first four outcomes. Outcome 5 (Children's & Education), Outcome 6 (Adults) and Outcome 8 (Digital & Support services) saw respondents propose greater levels of savings than the Council is current setting out. Outcome 7 (Income and Assets and including waste management) saw respondents protect this area more than the Council's proposals. However, the 2016-17 Council proposals are primarily income generation orientated rather than focussed on waste management.



The responses also highlighted the comparative % reduction overall to the different outcomes with the greatest protection for Outcome 4 'safe' and the largest reductions in Outcomes 8 and 6.



Respondents were also asked to ensure that the budget balanced. Below is a summary of the responses. A majority of respondents went for somewhere between non change and a 2% rise (the maximum allowable in the model). There were a number of people who did propose major reductions with 8 people voted for up to a 60% reduction.



Written responses

Respondents also took time to make suggestions both in the simulator and on the Facebook page. There are a number of comments which are available, but this paper summarises some of the key themes from respondents.

The Council Tax Support scheme proposals were not commented on by anyone.

The most talked about topic was roadwork's, road congestion, and in particular the congestion caused by the roadwork's. 13 respondents commented on how unhappy they were with the continual "messing about" with Slough's road net work.

11 respondents also thought senior management were paid too much, with a number also stating that there were too many of them. Whist two other respondents suggested that the

Council employ too many expensive Agency and Contract staff. Three other people suggested more shared services and shared senior management.

4 people suggested that Councillors should be paid less.

11 respondents commented on Council wasting money, and working inefficiently. However in most cases these comments were not backed up with an example. Where there were examples it was around being given incorrect information on the phone relating to council tax and benefits and having to make more than one phone call to get the issues resolved. The other example, raised by two people, was on the waste of money spent on the banners welcoming people to Slough

7 respondents all commented that we need to ensure we protect the vulnerable and need to be careful about cutting Social Care services further. No-one commented that the Council spends too much on Social Care; this is in contrast to the simulator results where 40% of people supported the proposal to charge users more for the services they receive and the average reduction in budget for Outcome 6 was 13%.

6 respondents talked about making Slough “cleaner”. This included suggestions to involve schools by educating children with projects around “A Clean Slough”, increasing fines to businesses creating litter and also more council activity.

There were 5 responses around stopping benefit fraud and a further 6 comments about rogue landlords, and the requirement to regulate properly. This included comments about more affordable housing.

Although we did not get any responses directly from business, 5 people commented that we should be doing more to attract businesses into the area, and get them working in partnership with the Council, and sponsoring certain activities. 2 people also suggested that we should be pushing large companies on the industrial estate to take more apprentices. One comment was that we need a long term push within the schools to give children an education which gets them apprenticeships with the large companies based in Slough, this in turn will improve the traffic problems because….”at the moment low skilled workers have to commute out of Slough whilst the higher paid workers on the trading estate commute in”

There were 3 comments along the lines of running more services “for the people by the people”. This included community centres run by charities or local people.

5 people suggested we should be using capital resources efficiently to generate revenue…whether this be housing projects or businesses owned by the Council paying rent. However, 6 other people commented on the Curve and 2 on the bus station, and all but one of these comments were unfavourable.

Appendix O

SLOUGH BOROUGH COUNCIL

Pay Policy Statement
for the Year 2016/17

1. Introduction

1.1 The Localism Act requires local authorities to publish, on their website, an annual Pay Policy Statement which has been approved by Full Council.

1.2 No remuneration may be made to officers which falls outside of the Pay Policy Statement, although it is possible for a meeting of the Full Council to amend the statement at any time.

1.3 In drawing up this statement, Slough Borough Council has taken into account the guidance issued by the Department of Communities and Local Government in February 2012, and the supplementary guidance issued in February 2013.

1.4 Slough Borough Council is committed to complying with the statutory obligation to pay the National Living Wage.

1.5 This statement does not apply to schools staff as local authority schools staff are outside the scope of the legislation.

1.6 This statement was approved by Full Council on 25th February 2016.

1.7 Slough Borough Council fully endorses and supports the requirement to be open and transparent about the pay of our staff.

1.8 The Council is committed to paying nationally negotiated pay awards and this Pay Policy Statement will be updated as and when any such pay awards are agreed.

2. Remuneration of Chief Officers

2.1 In accordance with the Localism Act, the following SBC posts are defined as Chief Officers, and their salary bands are as follows. (The SBC grading structure is attached in Appendix A).

Head of the Paid Service and Statutory Chief Officers		
Post	**Reports To**	**Salary Band**
Chief Executive / Head of Paid Service.	-	£131,232 - £157,479
Director of Wellbeing (Encompasses the statutory roles of Director of Adult Social Services and Director of Children's Services).	Head of Paid Service	SML 16 £108,014 - £125,983
Interim Director of Children's Services	Head of Paid Service	Short-term interim arrangement, 3 – 5 days per week, £682.18 per day.

Monitoring Officer (Assistant Director, Commercial Services and Procurement).	Strategic Director of Customer & Community Services	SML 13 £74,198 - £86,540 Plus a Monitoring Officer supplement of £5,000 per annum.
Chief Finance Officer / Section 151 Officer (Assistant Director, Finance).	Strategic Director of Regeneration, Housing, & Resources	SML 13 £74,198 - £86,540
Director of Public Health	The Director of Public Health is employed by Bracknell Forest Council.	
Posts that report directly to the Head of Paid Service or Statutory Chief Officer		
Post	**Reports To**	**Salary Band**
Strategic Director of Regeneration, Housing, & Resources (Non-statutory Chief Officer).	Head of Paid Service	SML 16 £108,014 - £125,983
Strategic Director of Customer & Community Services (Non-statutory Chief Officer).	Head of Paid Service	SML 16 £108,014 - £125,983
Assistant Director, Strategy and Engagement	Head of Paid Service	SML 13 £74.198 - £86,540
Assistant Director, OD&HR	Head of Paid Service	SML 13 £74.198 - £86,540
Assistant Director, Adult Social Care	Strategic Director of Wellbeing	SML 14 £88,948 - £101,709
Assistant Director, Public Health	Strategic Director of Wellbeing	SML 13 £74,198 - £86,540
Head of Early Years Schools Services & Special Needs	Strategic Director of Wellbeing	Vacant
Deputy Monitoring Officer	Monitoring Officer	Ad hoc external arrangement, paid at a daily rate according to need.
Corporate Financial Controller	Chief Finance Officer / Section 151 Officer	SML 11 £54,483 - £61,980 Plus a deputy s151 Officer supplement of £3,500 per annum. Plus a market supplement of £5,161 per annum.
Directorate Finance Manager x2	Chief Finance Officer / Section 151 Officer	SML 11 £54,483 - £61,980

Posts that report directly to Non-Statutory Chief Officers		
Post	**Reports To**	**Salary Band**
Assistant Director, Assets, Infrastructure & Regeneration	Strategic Director of Regeneration, Housing, & Resources	SML 13 £74,198 - £86,540
Assistant Director Housing & Enforcement	Strategic Director of Regeneration, Housing, & Resources	SML 13 £74,198 - £86,540 (Currently protected at SML 14 £88,946 - £101,709)
Assistant Director, Commercial Services and Procurement	Strategic Director of Customer & Community Services	SML 13 £74,198 - £86,540
Head of Consumer Protection & Business Compliance	Strategic Director of Customer & Community Services	SML 11 £54,483 - £61,980
Head of Planning and Building Control Services	Strategic Director of Customer & Community Services	SML 11 £54,483 - £61,980
Head of Wellbeing & Community Services	Strategic Director of Customer & Community Services	SML 11 £54,483 - £61,980
Head of Learning & Community Services	Strategic Director of Customer & Community Services	SML 11 £54,483 - £61,980

The Head of Democratic Services is appointed as the Council's Returning Officer in accordance with the Representation of the Peoples Act 1983. The Returning Officer is eligible for fees linked to duties undertaken for running national, European or local elections/referenda. These fees are determined by the number of electors registered in the borough/parliamentary constituency and are paid subject to a formula applied by the Government for determining fees to all Returning Officers across the Country.

2.2 Remuneration on Appointment

Newly appointed chief officers are paid in accordance with the pay scales set out above.

Salary packages amounting to £100,000 or more for new appointments will be approved by Full Council.

2.3 Job Evaluation

The pay of all employees, including Chief Officers, is based on job evaluations undertaken through the Hay Job Evaluation Scheme.

2.4 Terms and Conditions of Employment

The Chief Executive is employed on JNC for Local Authority Chief Executives terms and conditions of employment.

All other chief officers are employed on JNC or NJC terms and conditions of employment. Pay awards for these officers are negotiated nationally, and the Council applies any/all nationally negotiated pay awards to these posts.

2.5 Travel and Subsistence Expenses

There are occasions when employees incur additional expenditure than normal in the course of undertaking their official duties on behalf of the Council away from their normal place of work.

The Council has a comprehensive Travel and Subsistence Expenses Scheme which applies to all our staff, including Chief Officers, in such circumstances.

2.6 Payment of Professional Fees

The Council will pay the cost of one professional subscription per annum, per employee, including Chief Officers, which is relevant and necessary for the role.

2.7 Honoraria

An honoraria payment may be made to an employee, including to a chief officer, in recognition of undertaking temporarily additional or outstanding extra work, which is:

- outside the normal scope of the duties and responsibilities of the employee
- over an extended period undertaking part of the duties of a higher graded post
- or where the additional duties and responsibilities are exceptionally onerous
- or in situations which merit the employee being rewarded for specific work.

The Honoraria Scheme applies in these circumstances and the amount of payment is based on the duties undertaken.

2.8 Acting Up

Acting up arises when an employee temporarily undertakes full or part duties of a higher graded post for a consecutive period of at least four weeks.

All employees, including Chief Officers, are entitled to an acting up payment in recognition of the responsibilities. Decisions on payment take into account the following:

- The nature and complexity of the responsibilities, undertaken by the employee and their current spinal column point.
- Whether the employee is undertaking full or part responsibilities
- If the employee is placed into post as a development opportunity

2.9 Secondment

Secondments are intended to provide developmental opportunities to gain skills and experience rather than for financial gain. Therefore, secondees will normally transfer from their current position into the secondment on their existing salary. Terms and conditions of the secondee may change depending on the local variations within the department, i.e. flexi-time. However, if there is a significant difference between the secondment and the individual’s salary this must be bought to the attention of the HR Department and a decision will be taken on whether to review salary arrangements in line with complexities of the job.

2.10 Market Supplements

A Market Supplement is payable, in exceptional circumstances, for posts (including Chief Officer posts) which are critical to the delivery of essential/statutory services, and to which the Council has been unable to recruit.

2.11 Pay protection

An employee who is redeployed to a suitable post which is one grade lower, will receive protection of earnings (basic pay plus local weighting allowance) for a period of three years. The salary will be frozen at its current level and the employee will not receive annual pay awards. At the end of the protection period the employee will be placed on the salary grade relevant to the redeployed post.

Where an employee accepts redeployment to a post which is more than one grade lower, there is no entitlement to protection of earnings. In exceptional circumstances, in order to minimise financial hardship and avoid redundancies Strategic Directors may, subject to budgetary considerations, exercise discretion to grant some element of protection. This would apply for no longer than three years.

2.12 Termination Payments

In the event of a redundancy situation, all employees, including chief officers, are entitled to redundancy payments based on a multiple of 1.5 times statutory provision, based on weekly pay, subject to a cap of 30 weeks as the maximum number of weeks payable, and to a cap of 20 years service.

The terms, and any payment relating to the termination of employment of any officer of the Council in any contentious circumstances which do not result from an award made by an Employment Tribunal or Court are settled by the Council on the basis of the legal merits of the case, the time and disruption which protracted litigation would involve, any limit of statutory entitlement on monetary claim available to an employee, and what is considered prudent in all circumstances.

Any redundancy or severance packages of £100,000 or more will be approved by Full Council. In presenting the information to Full Council the components of any such severance package will be set out including; salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid.

If an applicant for a post (including Chief Officer posts) is in receipt of a severance payment from any local authority, or a Local Government retirement pension, this does not form part of the Council's decision as to whether or not they should be appointed.

Any employee who is made redundant, including Chief Officers, must have a break of at least four weeks in order to retain a redundancy payment before they can be re-employed by the Council in a different position.

Consultancies over £5,000 (excluding cover for established posts) or any consultancy / employment offered to former senior officers of the Council of third tier and above is a "significant officer decision." (Significant officer decisions are circulated monthly to all members and published on the website).

2.13 The Government is consulting on regulations regarding the recovery of public sector exit payments. SBC will comply with any future legislative requirements.

2.14 Pension Payments

All employees who are members of the Local Government Pension Scheme, including Chief Officers, are entitled to a retirement pension calculated in accordance with the Local Government Pension Scheme Regulations.

3. Remuneration of Our Lowest Paid Employees

3.1 All SBC employees are paid in accordance with a locally determined salary scale, appendix A.

3.2 "Lowest Paid Employee" means the employee on the lowest grade, assuming that the posts are full-time, excluding apprentices. The lowest grade is Level 1, £15,144.90.

3.3 Unsocial Hours Payments

The Council has a comprehensive Working Pattern Arrangement Scheme which sets out the allowances payable for:

- Overtime (for employees up to and including Level 5)
- Saturday and Sunday working
- Bank holidays
- Night working
- Sleeping-in duty
- Shift working
- Standby, on-call and call-out

3.4 Terms and Conditions of Employment

Employees who are not Chief Officers, are employed on NJC terms and conditions of employment. Pay awards for these officers are negotiated nationally, and the Council applies any/all nationally negotiated pay awards to NJC employees.

4. Relationship Between the Remuneration of Our Chief Officers and Our Lowest Paid Staff

4.1 The pay of the Chief Executive is currently £157,479. This is 10.4 times the pay of our lowest paid employees.

4.2 The pay of the Chief Executive is currently 4.42 times the pay of mean average earnings of our employees. Mean average pay is currently £35,641.

NEW SLOUGH LEVELS STRUCTURE 1st January 2015 (inclusive of living wage at SCP 9)

Level		SCP	Basic	L/W	Inclusive Annual Salary	
L1	01	5				
	02	7				
	03	9	14269.90	875	15144.90	Living Wage
L2	01	10	14338	875	15213	
	02	11	15207	875	16082	
	03	13	15941	875	16816	
L3	01	14	16231	875	17106	
	02	16	16969	875	17844	
	03	18	17714	875	18589	
L4	01	19	18376	875	19251	
	02	20	19048	875	19923	
	03	21	19742	875	20617	
	04	22	20253	875	21128	
L5	01	23	20849	875	21724	
	02	24	21530	875	22405	
	03	25	22212	875	23087	
	04	27	23698	875	24573	
	05	29	25440	875	26315	
L6	01	30	26293	875	27168	
	02	31	27123	875	27998	
	03	32	27924	875	28799	
	04	34	29558	875	30433	
	05	35	30178	875	31053	
L7	01	36	30978	875	31853	
	02	37	31846	875	32721	
	03	38	32778	875	33653	
	04	40	34746	875	35621	
	05	41	35662	875	36537	
L8	01	42	36571	875	37446	
	02	44	38405	875	39280	
	03	46	40217	875	41092	
	04	47	41140	875	42015	
L9	01	48	42053	875	42928	
	02	50	43868	875	44743	
	03	52	45716	875	46591	
	04	53	46647	875	47522	
L10	01	54	47632	875	48507	
	02	55	48613	875	49488	
	03	57	50593	875	51468	
	04	59	52555	875	53430	

SLOUGH BOROUGH COUNCIL
SENIOR MANAGEMENT GRADES
EFFECTIVE FROM 1st January 2015

GRADE	SALARY RANGE	GRADE	SALARY RANGE	GRADE	SALARY RANGE
SML111	54,483	**SML121**	64,428	**SML131**	74,198
SML112	56,982	**SML122**	66,876	**SML132**	78,103
SML113	59,481	**SML123**	69,324	**SML133**	82,212
SML114	61,980	**SML124**	71,772	**SML134**	86,540
SML141	88,946	**SML151**	100,197	**SML161**	108,014
SML142	93,627	**SML152**	103,404	**SML162**	113,699
SML143	98,555	**SML153**	108,846	**SML163**	119,684
SML144	101,709	**SML154**	114,575	**SML164**	125,983