

Cabinet – Meeting held on Monday, 19th January, 2015.

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

Also present under Rule 30:- Councillors Ajaib, Bains and Smith

PART 1

70. Declarations of Interest

No declarations were made.

71. Minutes of the Meeting held on 15th December 2014

Resolved –

- (a) That the minutes of the meeting of the Cabinet held on 15th December 2014 be approved as a correct record.
- (b) That the Part II minutes of the meeting of the Cabinet held on 15th December 2014 be approved as a correct record.

72. Five-Year Plan 2015-2020

The Strategic Director, Regeneration, Housing & Resources introduced a report seeking approval to recommend to Council the draft Five-Year Plan which set out the focus of the Council's work between 2015 and 2020.

The plan provided a high level vision for the borough against which the Council would prioritise its resources and was a new approach to forward planning over the medium term, replacing the existing Corporate Plan. The following eight outcomes were proposed under the main themes of 'changing, retaining and growing'; 'enabling and preventing'; and 'using resources wisely':

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

Cabinet - 19.01.15

Detailed outcome plans would be developed containing actions and a performance framework to account for progress. The plan would be used to drive budget decisions in the future and provide the basis of discussions with partners about the services they provided.

Commissioners discussed a range of issues including the need to ensure the Council had clearly defined its priorities to ensure that it could deliver the high quality services wanted by residents during a period when financial resources would continue to be reduced. In response to a question, it was confirmed that the delivery plans would break down actions to be undertaken in each year and that the plan would be reviewed on an annual basis. After discussion, the Cabinet approved the plan and agreed to recommend it to Council at the meeting to be held on 27th January 2015.

Recommended – That the Five Year Plan, as set out in Appendix 'A' to the report, be approved.

73. Response to Airports Commission Consultation

The Cabinet considered a draft response to the Airports Commission consultation on the shortlisted options for new runway capacity. The consultation deadline was 3rd February 2015 and the options were a second runway at Gatwick; an extended northern runway at Heathrow, known as Heathrow Hub; and a new north west runway proposed by Heathrow Airport Ltd. Members were asked to confirm that the draft response adequately represented the Council's position and agree to delegate amendments and submission of the final response.

The draft response, as set out in Appendix A of the supplementary agenda, focused primarily on the two Heathrow options given the impacts they would have on Slough. Commissioners agreed that the draft adequately reflected the importance of Heathrow to the town and local economy. It was felt that the consultation and possible expansion provided an opportunity to develop a 'better Heathrow' by addressing long standing problems with noise, air pollution and traffic and proposing a series of further mitigations to secure jobs, apprenticeships and infrastructure improvements.

The Cabinet made a number of specific comments and proposed mitigations and it was agreed these would be incorporated into the draft response and taken forward in discussion with scheme promoters. These are summarised as follows:

- Impact on borough boundary – the response should be strengthened to emphasise that Slough would strongly oppose any proposal to redraw the boundaries which transferred any Slough land to Hillingdon.
- Income – the potential loss of income to the Council via Business Rates and Council Tax was substantial and this was a critical issue in view of the changes to local government finance which made councils

Cabinet - 19.01.15

more reliant on such funding streams. The Council would expect to be adequately compensated for lost revenue.

- Apprenticeships and Jobs – scheme promoters should provide job, training or apprenticeship opportunities to all Slough residents who were out of work or education following expansion. There should also be a commitment to increase the employment of Slough residents at the airport to 6,000 (an increase of circa 25%) within a specific timeframe.
- Partnerships – a properly structured long term partnership, at Leader and Chief Executive level, should be established between the airport and Council to address issues relating to the operation of the airport and allocate a substantial, long term pot of dedicated funds. Heathrow should also take a more proactive role in other partnerships across the borough including with schools and Aspire.
- Surface access – action should be taken prior to airport expansion to reduce the negative impacts of airport related HGV traffic in communities, particularly Colnbrook, arising from additional freight operations and scheme promoters should ensure that expansion did not result in any net increase in road traffic locally. Investment from the airport would be required to support to public transport links between Slough and the airport to increase the number of workers using public transport and the Council would seek a commitment to support Phase 2 of SMART and request an expansion of the free travel zone.
- Noise – a package of measures on noise insulation would be required in recognition of the new noise following expansion and a commitment should be sought to reduce noise over and above legal requirements. Respite should be provided with no flights scheduled for at least a five hour period each night.
- Air quality – a project to improve air quality, primarily caused by surface access including on the M4 and M25 would need to be agreed, with monitoring to ensure improvements were secured.
- Community wellbeing and landscaping – a wide range of specific proposals were made including mature planting and landscaping in Colne Valley Park; wider promotion of the Heathrow Community Fund; new Multi-Use Games Areas and other facilities; and improving community access to Heathrow facilities such as meeting space at business centres.

Commissioners stated that they would not be in a position to support either of the Heathrow options unless an acceptable package of mitigations could be secured. Speaking under Rule 30, Councillor Smith highlighted a wide range of concerns about the impacts of the airport in terms of its current operation and both options for expansion. These included housing, traffic and flood risk which would have a detrimental impact on the viability of the community and

Cabinet - 19.01.15

its public services. He felt that the potential loss of homes and businesses should be more clearly stated and asked the Cabinet to explicitly oppose the Heathrow Hub option given the loss of 250 homes and at least a third of the Poyle Industrial Estate. The Cabinet noted the comments, fully recognised the concerns about the Heathrow Hub proposal and asked that further work be done by officers to model the specific impacts.

Councillor Peter Hood, Chair of Colnbrook with Poyle Parish Council was also invited to address the Cabinet. He expressed disappointment that the Cabinet was not supporting Gatwick expansion as he believed that this was the best mitigation against the negative impacts of Heathrow. Commissioners recognised the specific impacts in Colnbrook with Poyle and would seek measures to directly address them, however, taking all factors into account they stated that their duty as a Cabinet was to secure the best possible outcome for the whole Borough. This meant capturing the benefits of Heathrow in terms of jobs and business growth as well as securing a firm commitment to a series of mitigations which would address long standing problems associated with proximity to a major airport as well as the specific issues with expansion.

After discussion, the Cabinet agreed that the draft response adequately represented the council's position, subject to the incorporation of comments made during the meeting and the outcome of the ongoing discussions with scheme promoters. The Assistant Director, Assets, Infrastructure and Regeneration was given delegated authority to amend and submit the response, following consultation with the Commissioner for Social & Economic Inclusion, prior to the consultation deadline of 3rd February 2015.

Resolved –

- (a) That the draft response, at Appendix A to the report, adequately represented the council's position in responding to the Airports Commission consultation on shortlisted options for a new runway, subject to the incorporation of comments and further mitigations specified at the meeting.
- (b) That the revised response be submitted to the Airports Commission before the 3rd February 2015 closing date.
- (c) That any amendments to the response be delegated to the Assistant Director, Assets, Infrastructure and Regeneration, following consultation with the Commissioner for Social and Economic Inclusion.

74. Subsidiary Housing Company Update

The Head of Asset Management introduced a report updating the Cabinet on proposals to establish a commercial Subsidiary Housing Company to develop high quality houses. The Cabinet noted the contents of the Part II appendices during Part I of the meeting without disclosing any of the exempt information.

Cabinet - 19.01.15

It was proposed that approval in principle be given to establish the company as a wholly owned subsidiary, to be known as Herschel Homes Limited, with a further report including the business plan being considered by Cabinet in April 2015. Four sites had initially been identified – the former Gurney House site on Upton Road, Alpha Street, 150-160 Bath Road and 83 Elliman Avenue – which fitted the brief of using the company to develop housing on smaller sites. Such development would deliver much needed new housing in the Borough as well as maximise short term development receipts assisting the Council's financial position. The Cabinet were informed that discussions were underway with Slough Regeneration Partnership about their potential future interest in developing smaller sites and the outcome of these discussions would be included in the April report to Cabinet.

Commissioners discussed the models other local authorities had adopted in establishing similar companies; procurement issues; and considered the relative merits of developing housing for sale or rent. Both options were projected to deliver strong investment returns although the payback on the sale option was significantly shorter. Market sale was therefore recommended as the most commercially beneficial approach, however, opportunities to develop or acquire properties for market rent could be considered as the company evolved, subject to the business case of each site.

At the conclusion of the discussion, the Cabinet welcomed the progress that had been made and agreed that further work be undertaken on the business case and discussions with the SRP with a report coming back to Cabinet for consideration in April 2015.

Resolved –

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

That the aims of the company be:

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

That the objectives of the company be to:

- (i) Construct/acquire high quality properties for sale or rent in locations that provide the maximum financial return to the company,
- (ii) Provide excellent customer focussed services at a competitive price,
- (iii) Explore the potential for a programme of land acquisitions and site developments within Slough to maximise the business opportunities and profitability of the company; and

Cabinet - 19.01.15

- (iv) Promote an organisational culture that balances business acumen and entrepreneurial flair with the requirement to operate within the policies adopted by the parent company.
- (b) That Herschel Homes be agreed as a company limited by shares with the Council being the sole shareholder.
- (c) That the commercial procurement strategy for Herschel Homes, in a structure that is not subject to public procurement requirements, be approved.
- (d) That a further report on Herschel Homes be made to Cabinet by April 2015 in order for the Cabinet to consider matters which it has resolved to be delegated to officers to develop and/or progress set out below:

Delegate to the Strategic Director Regeneration, Housing and Resources:

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

Cabinet - 19.01.15

- (g) That the Head of Legal, following consultation with the Assistant Director Finance & Audit, be delegated the development of a protocol to set out good governance within the Council to avoid potential conflicts of interest between the functions of: making Council funding decisions to Herschel Homes; holding Herschel Homes financial performance to account; exercising the Council's rights as shareholder; and Members and/or Officers being a Council nominated Director of that company.
- (h) That the sites specified in section 6.5 of the report be held with the intention of a future disposal to Herschel Homes and that the Head of Asset Management should identify additional Council owned sites that could be incorporated into the update report by April 2015.
- (i) That the appendices A to D, which contained exempt information, be noted.

75. Capital Strategy 2015-20

The Assistant Director, Finance & Audit, introduced a report seeking approval of the Cabinet to recommend the Capital Strategy 2015-20 and Capital Programme 2015-16 to Council at its meeting on 19th February 2015.

The core principles of the Strategy were noted, particularly ensuring that plans were affordable; supported the Five Year Plan outcomes; and maximised the Council's assets to generate revenue savings or capital receipts. The new items in the capital programme included investment in LED street lighting to drive out revenue cost and sustained investment in education and transport schemes. The outcome of the Leisure Strategy would need to be incorporated once the outcome was agreed and the business case approved.

The Capital Strategy totalled £165m over the five year period with a borrowing requirement of £23m, which would be funded from internal balances rather than new borrowing. Commissioners considered the proposal to support the borrowing requirement in this way and it was noted that lost investment income would be significantly less than the revenue cost of new borrowing despite the low interest rates. The Cabinet noted that the notional cost of borrowing for the capital programme was £1.5m per annum and approved Minimum Revenue Provision statement detailed in paragraph 5.6 of the report.

A range of other issues were discussed including other invest to save projects which contributed to the Five Year Plan; the implications of the Community Infrastructure Levy; and the spending profile of the Community Investment Fund. The Cabinet then agreed to recommend the Capital Strategy 2015-20 to Council on 19th February 2015.

Cabinet - 19.01.15

Recommended –

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

76. 5-16 Funding Formula Changes 2015-16

The Assistant Director, Finance & Audit, introduced a report regarding the school block funding formula for 2015-16. The Cabinet agreed to consider the report as a matter of urgency as the school block budget needed to be returned to the Department for Education by 20th January 2015.

The Cabinet were asked to agree to introduce a reception uplift and a cap on the increase school budgets could receive year on year to create a fairer, affordable formula for Slough. The proposals had been developed following consultation with schools and consideration by a Task & Finish Group consisting of headteachers, a governor and Council officers. After due consideration, the proposals were approved and the Chief Executive was given authorisation to submit the formula to the Department by 20th January, following consultation with the Leader and Commissioner for Education and Children. It was also agreed these could be implemented urgently to ensure compliance with the necessary deadlines.

Resolved –

- (a) That the 2015-16 School block funding formula changes to include the Reception uplift, which recognises reception children that start after the October census date, but would be included in the January census date and therefore would have been funded under the “old” funding rules, now be funded for 2015-16. Last year the number of children was 14.
- (b) That the gains on school block budget increase should be capped by a percentage rate determined by the Council. By limiting gains we will ensure funding is distributed fairly and maintain affordable within the formula.

Cabinet - 19.01.15

- (c) That apart from the above changes, Slough Borough Council should keep the existing factors the same as last year.
- (d) That the Chief Executive, following consultation with the Leader and the Commissioner responsible for schools, be authorised to submit the funding formula on the 20th January 2015.
- (e) That the review of funding allocations in 2015-16 be approved to ensure a fairer allocation between primary and secondary schools.
- (f) That the above decisions could be implemented urgently.

77. Treasury Management Strategy 2015-16

The Assistant Director, Finance & Audit, introduced a report which sought approval to recommend the Treasury Management Strategy 2015/16 to Council on 19th February 2015.

The Council had total investments of £96m and total borrowing £182m, of which £148m was HRA. The draft Treasury Management Strategy was set out in Appendix A to the report which detailed the key principles underpinning the proposals; the borrowing and investment strategies; Prudential Indicators and approach to risk management. Commissioners noted that significant changes to the strategy they had agreed for 2014/15, which increased the diversity of the investment portfolio, had successfully improved the investment returns. The proposals for 2015/16 did not include any major change to the investment strategy, although the limit for investments in pooled funds was proposed to increase from £7m to £10m.

The Cabinet discussed a number of issues including the outlook for interest rates and the Approved Investment Counterparties and Limits in Table 3 and agreed to recommend the Treasury Management Strategy 2015/16 to Council on 19th February 2015.

Recommended – That the Treasury Management Strategy for 2015/16 be approved.

78. Slough Mass Rapid Transit Detailed Design and Consultation Update

The Acting Head of Transport introduced a report which updated the Cabinet on the progress of the Slough Mass Rapid Transit (SMaRT) scheme which aimed to reduce congestion and improve public transport links between the Trading Estate, town centre, Junction 5 of the M4 and eventually Heathrow. A drive-through simulation of the Trading Estate to town centre section of the scheme was shown to Cabinet and it was agreed that this would be made available on the Council's website.

The benefits to residents and local businesses were discussed. By widening the A4 at key points, and by utilising service roads as bus lanes, SMaRT aimed to provide bus services that were quicker, more frequent, and more

Cabinet - 19.01.15

reliable. The majority of the £8.7m funding for the scheme would be provided by Thames Valley Berkshire Local Enterprise Partnership with a funding contribution from the Council of £2.3m, subject to approval of the Capital Strategy by Council in February. The Compulsory Purchase Order process approved at the Cabinet meeting on 15th September 2014 was progressing well and a major public consultation exercise had been conducted. The feedback was being incorporated into the detailed design and it was proposed that experimental orders be used to enable the scheme to be adjusted where appropriate.

The Cabinet requested clarification on several aspects of the design of the dedicated bus lanes and proposed junction improvements. A range of issues were discussed including the potential for MRT to offer an alternative to shuttle bus services provided by companies on the Trading Estate; enforcement of the new bus lanes; and the timetable for implementation of the scheme. Following completion of the detailed designs and financial approval, the scheme would be tendered in spring 2015 with work commencing in the summer and completion in 2016. The Cabinet welcomed the overall aims and agreed that the scheme be implemented as proposed.

Resolved – That the progress made on the project, as set out below, be noted:

- (a) That the detailed designs for the SMaRT scheme were underway.
- (b) That the public consultation into the SMaRT scheme had been completed.
- (c) That the results of the public consultation into the SMaRT scheme be noted as outlined in Section 5 of the report.
- (d) That the consultation results be accepted and that the designs be amended to reflect the points raised during the consultation.
- (e) That the conclusions of the Cabinet meeting be accepted and implemented in line with the Council's procurement policy.

79. Public Outdoor Events Policy

The Communications Manager introduced a report which sought approval for a revised Public Outdoor Events Policy for the Council, which governed all outdoor events in the town centre, parks and open spaces.

The policy had last been approved by Cabinet in October 2013 and assisted event organisers by providing clarity to ensure health and safety and other obligations were met. The proposed amendments included a more detailed definition of an event; clarified responsibility and authority for approving an

Cabinet - 19.01.15

event; specified that circuses that involved animals would not be permitted; altered some of the financial arrangements; and opened up MacKenzie Square as a site for town centre promotional events. Commissioners welcomed the proposed changes and discussed a number of matters including the enforcement of leafleting and further options to take action against street sellers and spitting in the street. The legal position was noted in relation to enforcement and further consideration would be given to how these issues could be addressed.

The Cabinet approved the revised Policy and noted that an event template was being produced to further assist organisers.

Resolved – That the amendments to the public outdoor events policy, at appendix A to report with amendments detailed in paragraph 5.5, be approved.

80. References from Overview & Scrutiny

There were no references from Overview & Scrutiny.

81. Notification of Forthcoming Decisions

The Cabinet considered the published Notification of Key Decisions for the forthcoming three month period to the end of March 2015. It was agreed to add a report on the progress of the Children's Services Organisation to the plan for the meeting to be held on 9th March.

Resolved – That the published Notification of Key Decisions for the period between January and March 2015 be endorsed.

Chair

(Note: The Meeting opened at 6.32 pm and closed at 9.33 pm)