SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee **DATE:** 5th February 2009

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PART I
FOR CONSIDERATION & COMMENT

BUDGET STRATEGY - 2009/10 AND FUTURE YEARS

1. PURPOSE OF REPORT/DECISION SOUGHT

1.1 The main purpose of this report is to obtain Cabinet's approval for Slough Borough Council's Financial, Capital, Treasury and Asset Management strategies, in advance of submission for agreement at the full Council meeting on 23rd February 2009. These strategies set out the Revenue, Capital and Treasury Management Budgets over the medium term and for 2009/10 determine the amount of Council Tax to be levied from residents. The annual Capital and Revenue Budgets identify the resources required to deliver the full range of council services.

1.2 The report sets out the Strategic Director of Resource's recommendations for the 2009/10 revenue and capital budgets; and updates the Cabinet on the likely precept requirements of the Thames Valley Police Authority and Royal Berkshire Fire Authority for 2009/10. The report also sets out the latest position with regard to the Local Authority Mortgage Interest Rate.

2. RECOMMENDATIONS

The Committee is invited to comment on the following recommendations to Cabinet:-

a) That the Local Government Finance Settlement 2009/10 and its implications for Slough be noted.

b) That the analysis of the Government's capping policy be noted.

c) That the implications of decisions in 2009/10 and of future developments on the medium-term financial position be noted.

d) That the Directorate Savings and Growth in Appendices C(i), C(ii) and C(iii) be approved.

e) That the recommendations contained within the Fees and Charges policy report, at Appendix H, be approved.

f) That the Directorate cash limits for 2009/10, 2010/11 and 2011/12 as shown in Appendix D be approved.

g) That £8,311,844 of the Council's Gross Expenditure for 2009/10 will be funded by Area Based Grant.

h) That in agreeing the above recommendations and the Revenue Budget in Appendix A, we note that the effect of all these measures is to produce an overall Council expenditure in 2009/10 of £102.395m.

i) That the capital estimates and reserve list for financial years 2008/09 to 2013/14 as set out in Appendices J(i) to J(iv) be approved.

j) That the proposed capital expenditure on the Foundation Schools as contained within the Capital Programme section of this report be approved.

k) That the authorised borrowing limit and the operational boundary for external debt as set out in the Capital Programme section of the report be approved.

l) That the Prudential Indicators as set out in Appendix K be approved.

m) That the Capital Allowance for the HRA as set out in the Capital Programme section of the report be approved.

n) That the annual Minimum Revenue Position (MRP) statement as set out in the Capital Programme section of the report be approved.

o) That the Treasury Management Strategy and the Treasury Management Policy Statement be approved.

p) That the long term investment restrictions as set out in the Treasury Management Strategy be approved.

q) That the Local Authority Mortgage Rate for 2009/10 be approved at 5.32%.

r) That progress on the Asset Management Action Plan be noted.

Council Tax Resolution
In relation to the Council Tax for 2009/10 Cabinet is requested to resolve:

s) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Act 1992 (the Act), the Council Tax for the Slough area for the year ending 31 March 2010 be as specified below and that the Council Tax be levied accordingly.

t) That it be noted that at its meeting on 24 November 2008 Cabinet calculated the following Tax Base amounts for the financial year 2009/2010 in accordance with Regulations made under sections 33(5) and 34(4) of the Act:

(i) 40,804.4 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2008/2009, and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2009/10:

a)	Parish of Britwell	1,814.0
b)	Parish of Colnbrook with Poyle	1,941.9
c)	Parish of Wexham	1,393.4

u) That the following amounts be now calculated for the year 2009/2010 in accordance with sections 32 to 36 of the Act:-

(i) £363,644,384 being the aggregate of the amounts which the Council estimates for the items set out in section 32(2) (a) to (c) of the Act. (Gross Expenditure)

(ii) £261,015,038 being the aggregate of the amounts which the Council estimates for the items set out in section 32(3) (a) to (c) of the Act. (Gross Income)

(iii) £102,629,346 being the amount by which the aggregate at paragraph u(i) above exceeds the aggregate at paragraph u(ii) above calculated by the Council as its budget requirement for the year. (Budget Requirement)

(iv) £56,334,793 being the aggregate of the sums which it is estimated will be payable for the year into the general fund in respect of redistributed non-domestic rates, revenue support grant and after appropriate transfers between the collection fund and the general fund.

(v) £1,134.55 being the amount at paragraph u(iii) above less the amount at paragraph u(iv) above and divided by the amount at paragraph t(i) above, calculated by the Council, in accordance with section 33 (1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(vi) That for the year 2009/2010 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £234,000 representing the total of Parish Precepts for that year.

(vii) £1,128.81 being the amount at paragraph u(v) above less the result given by dividing the amount at paragraph u(vi) above by the relevant amounts at paragraph t(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.

(viii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook With Poyle £	Parish of Wexham Court £
A	752.54	33.81	29.87	26.31
B	877.97	39.45	34.85	30.70
C	1003.39	45.08	39.82	35.09
D	1,128.81	50.72	44.80	39.47
E	1,379.66	61.99	54.76	48.24
F	1,630.51	73.26	64.71	57.01
G	1,881.36	84.53	74.67	65.79
H	2,257.63	101.43	89.60	78.94

Being the amounts given by multiplying the amounts at paragraph u(v) and (vii) 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.

ix) That it be noted that for the year 2009/2010 the Thames Valley Police Authority have provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

ESTIMATE- Update provided when confirmed.

BAND	Thames Valley Police Authority £
A	100.37
B	117.09
C	133.82
D	150.55
E	184.01
F	217.46
G	250.92
H	301.10

x) That it be noted that for the year 2009/10 the Royal Berkshire Fire Authority has provisionally stated the following amount in precept issued to the Council, in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

ESTIMATE – Update provided when confirmed

BAND	Royal Berkshire Fire Authority
	£
A	36.71
B	42.82
C	48.94
D	55.06
E	67.30
F	79.53
G	91.77
H	110.12

xi) 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**	**Thames Valley Police Authority**	**Royal Berkshire Fire Authority**	**TOTAL**
	£	**£**	**£**	**£**
A	752.54	100.37	36.71	889.62
B	877.97	117.09	42.82	1,037.88
C	1003.39	133.82	48.94	1,186.15
D	1,128.81	150.55	55.06	1,334.42
E	1,379.66	184.01	67.30	1,630.97
F	1,630.51	217.46	79.53	1,927.50
G	1,881.36	250.92	91.77	2,224.05
H	2,257.63	301.10	110.12	2,668.85

xii) 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 1992 Act.

xiii) 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.

xiv) 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.

3. Key Priorities – Community Cohesion; Health and Wellbeing; Community Safety; Environment; Economy and Skills.

The budget is the Council's priorities plan expressed in a financial context and as such will underpin the delivery of all the Council's key priorities over the medium term and reflects the Council's assessment of service priorities.

4. Other Implications

(a) Financial

This report is entirely concerned with financial matters as it relates to the Council's Revenue, Capital and Treasury Management Budgets for 2009/10. All financial implications are clearly set out within the body of the report.

(b) Human Rights Act and Other Legal Implications

The Council has various legal responsibilities around financial matters but it is most important that it does not plan to spend more than the resources available to it in any one year. This report presents the projected financial position of the Council for 2009/10 and future years and suggests actions to be considered by Members in order to deliver a balanced budget that will commence in April 2009.

Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report to the Council when it is setting the budget and precept (council tax). The Council is required to take this report into account when making its budget and precept (council tax) decision. The report of the Section 151 Officer, attached as Appendix E, must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

In summary, the Strategic Director of Resources, the Council's Section 151 Officer, states that to the best of his knowledge and belief the budget calculations within this report are robust and have full regard to:

- Slough Borough Council's (SBC's) Financial Strategy
- The need to protect SBC's financial standing and to manage risk
- This year's financial performance
- The financial polices of the Government
- SBC's medium term financial planning framework set within the Policy & Performance Review
- Capital programme obligations
- Treasury Management best practice
- The strengths of SBC's financial control procedures including audit consideration.
- The extent of SBC's balances and reserves
- The prevailing economic climate and future prospects

There are no other Legal or Human Rights Act implications.

c) Workforce Implications

There are a number of budget savings options contained within the report that will directly impact on individual post holders. There are potentially over 100 posts affected of which approximately half are currently vacant. If members are inclined to approve these savings, then consultation will need to be undertaken with affected staff.

If there are potential redundancies then the Council will follow the process of inviting expressions of interest in Voluntary Redundancy, seeing if staff would be prepared to work reduced hours and looking across the whole organisation at potential redeployment opportunities. With the level of savings required some compulsory redundancies can not be ruled out.

5. Supporting Information

SECTION A: THE BUDGET MAKING PROCESS

Functions of the Budget

5.1 A summary guide to local government finance is attached as Appendix G The remainder of this report, where appropriate, cross-references with this guide.

5.2 The main aims of the budget, and the current process within SBC is set out in section 5 of the summary guide.

5.3 In devising the budget that follows, the Council has taken a longer term view of its aspirations and where it see itself in the future. Indeed the options proposed take the Council on a journey over time where it is engaging in shared services, and potentially becoming a commissioner rather than a provider of services. The budgets need to be considered over the medium term rather than taking individual years in isolation.

Forecasting the Baseline

5.4 The key assumptions inherent in the budget 2009/10 and beyond are set out in Appendix F(i) and have been used in calculating the medium term financial strategy.

Developing the Policy Agenda

5.5 The Council's priorities are as follows:

- Community Cohesion - Celebrating Diversity, Enabling inclusion
- Health and Wellbeing – adding years to life and life to years
- Community Safety - Being Safe, Feeling Safe
- Environment - A Cleaner, Greener place to live, Work and Play
- Economy and Skills - Prosperity for All

5.6 In addition, the Council continues to seek Value for Money (VFM) across all Directorates.

5.7 The Labour Group has also set out a clear vision, as follows:

- A shared vision to inspire our town, bind communities and instil pride
- Clear leadership to drive and inspire within and outside the council
- A place where people want to come to work

- Making the most of shared resources and partnerships
- Universal customer focus
- Community focus and engagement
- Lifting performance in priority areas
- Effective systems and processes

5.8 A high-level analysis of the proposed growth against each of these priorities is given in Table 1 below. A more detailed description is provided at Appendix C(i).

Table 1: Growth v Corporate Priorities Analysis

	2009/10	2010/11	2011/12
All	1,872	1,673	3,100
Community Cohesion	215	150	125
Community Safety	110	-	-
Economy & Skills	35	50	150
Environment	1,061	(290)	-
Health & Wellbeing	4,027	317	164
VFM	1,280	350	-
Total	**8,600**	**2,250**	**3,539**

5.9 It must be noted that Members have been required to take hard decisions when prioritising expenditure. These decisions arise due to the ‘loss’ of funding the authority has experienced caused by the Government’s continued reliance on inaccurate population estimates to allocate funding. It is essential that, within a finite funding envelope, statutory, demand-led and contractual requirements are met. Therefore, although all growth items are robustly challenged to ensure cost effectiveness, due to the loss of funding, highlighted above, Members have either been required to make reductions in service expenditure or chosen not to invest in the areas that would, in other circumstances, have been their priorities. Further detail, regarding all Growth and Savings proposals, are provided at Appendices C(i) to C(iii).

Developing Plans and Option

5.10 The Policy and Performance Review Group (PPRG) process, described in 5.13 to 5.15 of the summary guide, has been the primary mechanism for creating the 2009/10 revenue and capital budgets.

<u>Budget Consultation</u>

5.11 As part of the Council’s commitment to listen to local people the council consults annually as part of its budget process. The consultation seeks to establish what local residents think about council services and priorities and how this should be reflected in the annual budget.

5.12 This year residents have been consulted through a wide range of qualitative and quantitative consultation methods including: day and evening meetings with local community groups; an on-line budget simulator; an article in the Citizen (Slough’s free newspaper);and a dedicated consultation officer to deal with telephone and e mail enquiries. Residents were also invited to write or email the Council with any comments.

5.13 The consultation process was designed to be as inclusive as possible, seeking the views and opinions of residents, stakeholders, the business and voluntary sectors.

Understanding the views and opinions of local people will assist cabinet as it develops and finalises the budget for the financial year ahead. The feedback obtained will also be used by council services alongside other sources of customer intelligence and feedback when developing service plans and in continued implementation of the council's vision.

5.14 The top five priorities for investment included:

- Crime
- Street Scene
- Activities for Teenagers
- Transport
- Job Prospects

Measuring Delivery

5.15 It is acknowledged that SBC is operating within a restricted funding envelope – due to the below inflation increases in Government funding and restrictions on council tax increases. It is therefore imperative that regular monitoring of Council expenditure against the appropriate budget is undertaken by Service Directorate budget managers, supported by finance professionals; and where an overspend arises, where necessary, immediate corrective action is taken.

5.16 Further, background information, can be found at paras 5.23 to 5.26 of the summary guide.

SECTION B: RESOURCES

5.17 The main income streams available to the Council, to fund its revenue and capital budgets, is set out in sections 3 and 4 of the summary guide.

<u>Formula Grant</u>

5.18 The Local Government Finance Settlement 2009/10 was published on 21 January 2009. This settlement confirmed the 09/10 provisional figures originally published as part of the "fixed" three-year settlement for 2008/09 in January 2008. DCLG officials have stated:

"In line with Government's policy on multi-year settlements, it has always been clear that the settlement for 2009-10, as the second year of a three-year settlement, would not be changed from that previously published other than in exceptional circumstances. Having fully considered all the representations received during consultation Ministers have not found such exceptional circumstances".

5.19 Set out below are the confirmed 2009/10 funding and provisional 2010/11 funding allocations for SBC arising from the local government finance settlement 2009/10. As noted above, officers do not expect any further changes to these figures.

Table 2 Slough's Provisional Funding Allocations 2009/10 and 2010/11

	2009/10	2010/11
	£ 000's	£ 000's
Formula Grant (Actual)	55,935	56,756

5.20 The overall increase in Formula Grant (to £28.3bn), between 2008/09 and 2009/10, for all local authorities in England was 2.84% on a like-for-like basis.

5.21 Slough remains at the formula grant floor throughout the 3-year settlement period i.e. it receives the minimum entitlement possible through the local government funding system. Increases in grant will therefore only be 1.75% and 1.5% in 2009/10 and 2010/11, respectively. The borough would have seen a reduction in grant of 7.5% (£4.2m), in 2009/10, had its funding not been augmented to the minimum 1.75% increase.

5.22 The summary figures from the finance settlements 2008/09 and 2009/10, for Slough, are provided below:

Table 3 Slough's Settlement

	2008/09 £'000	2009/10 £'000
Relative Needs Amount	40,471	41,714
Relative Resource Amount	(11,692)	(12,359)
Central Allocation	21,847	22,397
Floor Damping	4,392	4,183
Formula Grant	**55,018**	**55,935**
Of which:		
RSG	6,723	10,489
NNDR	48,295	45,445

5.23 The Government has made only one "baseline transfer" between 2008/09 and 2009/10, representing the phased transfer of responsibility for payments for Student Finances away from local authorities between 2008/09 – 2010/11. The adjustment for SBC is a reduction of £45k (£17k in 2010/11). An associated reduction has been made to the ECS Directorate's cash-limit to reflect this baseline transfer.

Mid-Year Population Estimates and Projections

5.24 Members will be aware that the Council has continued to dispute the ONS' population estimates for Slough throughout 2008. Population estimates, and their associated projections, are the principal driver in the government's methodology for allocating funding amongst all local authorities in England. Further, the population data is also used to allocate income from business rates amongst all local authorities in England.

5.25 The population projections used to calculate Slough's Formula Grant for 2008/09 to 2010/11 are based on 2004 (revised) mid year population estimates and, despite the lobbying undertaken by Slough in recent years, continue to indicate the

Council's resident population is decreasing by 0.2% per annum (from 117,452 in the 2008 population projection to 117,186 in the 2009 population projection).

5.26 The Council intends to continue its campaign throughout 2009 and beyond until the Government addresses the flaws in the current system and provides the Council with either compensation for the financial losses it has previously experienced, or some form of specific grant to fund the pressures it is facing.

5.27 Prudently, no allowance has been made within the 2009/10 and 2010/11 revenue budgets for any such compensation being received.

5.28 The key position that the Council must be successful in influencing is the 2011 Census. As members will be aware from reports to previous meetings, a pilot of the Census is to be carried out in Slough in March 2009, and it is important that both the Office of National Statistics and the Council learns as much as possible from this exercise to influence the best possible census outcome.

5.29 The next three year settlement begins from the financial year 2011/12 to 2013/14, which will be before the census outcomes are published. Officers recommend that strong arguments are made to the Government not to close the three year settlement, but that indicative three year budgets only are presented, and that they are adjusted to reflect the census outcomes as soon as the 2011 Census data is published.

Specific Grants

5.30 The Council receives a substantial amount of funding through specific grant regimes. In particular, as discussed below, due to the Dedicated Schools Grant (DSG).

5.31 A table outlining the amount of funding Slough will receive through Specific Grants in 2009/10 and 2010/11 is provided below. It should be noted that the Government has not yet announced all allocations for the forthcoming financial year yet, so this will be update more information becomes available.

Table 4- Specific Grants

	2009/10	**2010/11**
	£m	**£m**
Dedicated Schools Grant	91.668	98.868
School Standards (including personalisation)	4.534	4.630
Ethnic Minority Achievement	1.346	1.412
Music Grant	0.284	0.284
Extended Schools - Sustainability	0.367	0.517
	2009/10	**2010/11**

	£m	£m
School Development Grant	6.363	6.480
School Lunch Grant	0.221	0.221
Free entitlement for 3-4 year olds	1.439	1.401
Sure Start, Early Years and Child Care	4.089	4.546
Youth Opportunity Fund	0.090	0.090
Parenting Practitioner Grant	0.050	0.050
Short Breaks	0.123	0.397
Social Care Reform	0.395	0.482
Stroke Strategy	0.083	0.083
Supporting People	4.005	0.000
Homelessness	0.140	0.140
Conc. Fares	0.364	0.374
Area Based Grant	8.312	12.196

Schools Budget

5.32 The funding for schools continues to be through the DSG (Dedicated Schools Grant), a ring-fenced grant from the DCSF rather than through the local Government finance system.

5.33 The DSG will increase at a national level of 3.7% per pupil for 2009/10 (3.4% in cash terms) from the funding in 2008/09. For Slough the increase is 4.1% per pupil in 2009/10. These indicative allocations are based on estimates of 20,862 pupils estimated in January 2009. The final allocations of grant will not be announced until May 2009 after the start of each financial year. The total estimated Dedicated School Grant for Slough Borough Council for 2009/10 is £91.668 million.

5.34 The total DSG is made up of a 3.1% increase per pupil, plus top-up allocations for key government priorities e.g. Personalised Learning and an additional amount to Slough as an authority spending below the level of their Schools Formula Spending Share in 2005-06.

5.35 The DSG will provide for the same items that were previously resourced through the Schools Formula Spending share within the local government finance system, and covered by the Schools Budget set by local authorities. The Schools Budget consists of delegated budgets allocated to individual schools, and a budget for other provision for pupils which local authorities fund centrally, such as some special educational needs provision and grants to independent and voluntary providers of early years education. The DSG is completely ring-fenced and therefore provides the funding for the Schools Budget.

5.36 A proposed Schools Budget will be presented to the Schools Forum on 3rd March 2009 for approval.

SECTION C: THE 2009/10 REVENUE BUDGET

5.37 Based on the resources that are available to the Council, the Revenue Budget for 2009/10 will be £102.395m, excluding parishes, for non-school services. This budget is based on the following funding assumptions:

- Receipt of Formula Grant of £55.935m for non-schools services.
- A Collection Fund surplus of £400k in 2009/10.
- Council Tax income of £46.060m, based on a Band D Council Tax of £1,128.81 (4.95% increase) and a taxbase of 40,804.4.

5.38 In the view of the Strategic Director of Resources the above represents the maximum resources available for the 2009/10 budget.

5.39 The Council's Revenue Budget for 2009/10 is set-out in detail at Appendix A.

5.40 The associated cash limits for Service Directorates are set out at Appendix D.

5.41 The following table shows the main changes from the 2008/09 Revenue Budget.

Table 5: Change in Budget to 2009/10

	£000	£000
2008/09 Revenue Budget		98,336
Transfers into/(out of) Funding Baseline		(45)
2008/09 Base Budget		**98,291**
Inflation (Excluding Schools)	3,373	
Non-Schools Growth	8,600	
Savings	(7,868)	
Net increase in Budget		**4,105**
2009/10 Revenue Budget		**102,395**

Growth within 2009/10 Service Budgets

5.42 The total growth outlined for all Service budget areas amount to £8.600m for the financial year 2009/10. A detailed list of all growth items within the Revenue Budget for 2009/10 is provided at Appendix C(i).

Savings within 2009/10 service budgets

5.43 All Service Directorates have been asked to make, wherever possible, efficiency savings. Further, during the budget process, Service Departments were required to only put forward savings options that they thought professionally acceptable. The table below outlines a high level analysis of the overall type of savings (ie efficiency, income generation or other) by Service Department.

Table 6: Analysis of Savings – 2009/10

	Central	Corporate	CWB	ECS	GBE	Total
Budget Adjustment	(40)	(480)			(30)	**(550)**
Contractual Negotiation			(216)		(55)	**(271)**
Efficiency	(1,146)	(210)	(267)	(578)	(683)	**(2,884)**
Fundamental review	(785)					**(785)**
Income Generation	(159)	(100)	(66)	(480)	(172)	**(977)**
Legislative Change				(30)		**(30)**
Service Reduction	(359)		(432)	(545)	(601)	**(1,937)**
Service Restructure			(273)			**(273)**
Shared Services	(162)					**(162)**
Total	**(2,651)**	**(790)**	**(1,254)**	**(1,633)**	**(1,541)**	**(7,868)**

5.44 It can be seen that over £2.8m (36.6% of the overall savings from non-schools services) are categorised as 'efficiency savings' - 2.8% of the Council's overall Revenue Budget for 2009/10.

5.45 A detailed list of all savings items can be found at Appendices C(ii) and C(iii).

Option Appraisals

5.46 SBC operates an option appraisal process which has become successfully embedded in a number of directorates within the council. Appraisals do not necessarily run concurrently with the budget process so not all are in a position to make financial recommendations in this budget cycle. Some appraisals will conclude during the coming financial year and Members would be entitled to make decisions on them and potentially even implement them during the financial year, subject to the availability of resources.

5.47 Current appraisals have been categorised as follows:

- Updated appraisals originally submitted in 2007.
- New appraisals <u>started and concluded</u> in 2008.
- New appraisals <u>started</u> in 2008.

<u>Updated Appraisals</u>

5.48 We have revisited a number of appraisals which were submitted in 2007 and taken into account in the 2008/09 budget process. We revisited them either because there have been new developments in those services or because there were issues that needed to be followed-up from the original appraisal.

5.49 There are some potential savings arising from the appraisals which have been taken into account in the 2009/10 budget setting process.

Off-Street Parking	Additional income is likely – potentially up to £50,000
Decriminalised Parking Enforcement	A number of options for increasing income have been considered in the appraisal including: clamping persistent evaders (up to £50,000) and reducing number of deployed hours for parking attendants (up to £50,000).
Highways Maintenance	Some savings are possible by taking advantage of new technology. An assessment of £100,000 has been made either as a saving or redirection to area-based highways maintenance programmes.

New appraisals concluded in 2008

5.50 These are appraisals which were started in 2008 and have been concluded. Other than the Wexham Nursery Relocation, the other appraisals have been taken into account in the 2009/10 budget setting process.

Wexham Nursery Relocation	The potential for relocating the Nursery to Lascelles Park has been considered. It would release a significant net capital receipt and, over the medium term, create a commercially viable Nursery (it currently operates at a deficit of £35,000 excluding capital charges).
Temporary Accommodation for Homelessness	Savings of £60-70,000 are possible if the private sector is used. However, savings might be offset by lost subsidy from the Housing Benefit system.
Discounted Youth Bus Passes	A range of options were proposed and costed. All had net costs for the council ranging from £200,000 to £2.25m depending on the entitlement and the scope.
Strategy for Fees Paid to Providers	The objective of the appraisal is to minimise costs to the council and to make them more manageable. Costs have not been quantified.
Meals on Wheels	Different options for procuring or delivering the service were considered. There is the potential to make savings of under £100,000.
Improving Open Spaces	A range of investment options were considered from meeting health & safety requirements to achieving Green Flag Status and "Parks for People".
Events	The council currently spends £50,000 (net) on its directly-provided events, excluding the events manager post. There is the

	possibility that council acts as an enabler rather than direct deliverer (savings of say £50,000).

New appraisals started in 2008

5.51 These are appraisals which were begun in 2008 but – because of there size and complexity – will not conclude until later in 2009, in most cases.

Marketing and Communications	This review of the marketing and communications function across the council will report within the next month.
Transportation	This review will consider the provision of transport for social care clients and the community groups. It is a significant appraisal and is not likely to report for a number of months.
CCTV / Community Safety & Traffic Management	This is a complex option appraisal involving many potential stakeholders. An initial option appraisal has been circulated to Members on previous occasions. Work now is focused on making some of the options more robust and producing financial estimates.
Disabled Facilities Grant	An appraisal has already been undertaken to assess alternative ways of managing this service. Further work is being done, however, on the demand forecasts which underpin any decisions.
Reconfiguration of Youth Services	This is a long-term review which is being considered through a separate Member-led working group.
Review of social care day services	This review is currently being constituted. It is however complex and will be reporting in the medium term.
Community Building Review	This is a long-term review which is being considered through a separate working group. An option appraisal summarising the current position has been circulated.

Inflation

5.52 The Council's inflationary commitment for 2009/10 has been assessed at £5.877k However, as noted above the Council only received the minimum increase in funding possible from Central Government, representing a like-for-like cash increase of only £0.917m, for 2009/10. Therefore, as with previous years, it was agreed that only a proportion of the total increase (£3,373k) should be made available to allocate amongst service departments. Service departments are expected to drive down inflation costs or put forward substantial efficiency savings to make up the financial shortfall as they become more certain during the year.

5.53 The following assumptions were used to calculate the Council's overall inflationary commitment in 2009/10:

Table 7 – Assumptions for Inflation

	2008/09	2009/10
Employee Related	2.5%	2.5%
Superannuation	Kept at 15.3% on latest data from Actuary	Kept at 15.3% on latest data from Actuary
Contracts	Dependant on contract between 2.5% to 4.2%	Dependant on contract
Business Rates	4.2%	2%
Income	Between 0.0% and 2.5%	Between 0.0% and 2%

Risks

5.54 It is inevitable that the Council has needed to plan its budget amidst a degree of uncertainty, which builds in a certain amount of risk; this has always been the case. However risk as a factor has been addressed, wherever possible, using a number of different mechanisms:

- The budget setting process affords Service Departments the opportunity to identify emerging budget pressures, including those relating to legislative requirements and demographic changes. This has resulted in a significant level of new investment.

- The Council has a rigorous and proactive process of budget monitoring, which ensures that any emerging budgetary issues are identified, and a way forward agreed, at an early stage. Further, account has been taken, within the 2008/09 budget, of issues which have emerged during the budget monitoring process throughout 2007/08.

5.55 However, it is not possible to eliminate all risks. Council officers have, therefore, undertaken a thorough assessment of budget risks, and of the ways in which these will be managed. Further details are set out in Appendix F(ii). Notwithstanding these issues, the Strategic Director of Resources is satisfied that the management frameworks and activities which are in place, taken together with the general level of balances, are such that he is able to confirm that the budget proposals are based on robust estimates.

5.56 In providing this assessment it is necessary to point out that there is limited capacity to meet unforeseen costs or income shortfalls, although for the first time directorate contingencies have been put into place. Careful monitoring and early corrective action will still be essential for next year.

5.57 Nevertheless, service departments will still be under extreme pressure throughout the 2009/10 financial year. All of the directorates will face pressures from managing inflation, incremental drift, the savings targets assumed within the strategy, demand and supply nature of placements, income generation and the potential impact of cost shunting from partner organisations.

5.58 There are two areas of note to flag up. Where the savings are related to restructures, and potential redundancies, consultation will have to carried out which will take us beyond on the 1st April 2009. Ensuring these are delivered at the earliest opportunity will be essential to managing the overall bottom line. The second is the recent increase in the trend around the number of child placements and legal costs, which if continue at the current rate will place a burden on the Children and Families budget.

Balances

5.59 Members should be aware that, under the 2003 Local Government Act, the Council must set a robust, balanced budget. Members should also be aware that balancing the budget using one-off resources (such as balances) and income where there is a risk of it not being achieved, e.g. Local Authority Business Growth Incentive (LABGI), potentially compounds the budget pressures in future years.

5.60 Table 11 shows estimates of the Earmarked Reserves, in addition to General Fund Balances, that the Council will have at the end of this financial year. Members should note that the level of Earmarked Reserves is prudent and robust and safeguards the Council's financial stability and is in addition to one off general fund balances.

Table 8 - Earmarked Reserves

	2008/09	**2009/10**
	£'000	**£'000**
Department Services	0	0
Finance System Upgrade	0	0
Berkshire Liabilities	500	515
Future Debt & Capital Requirements	3,500	3,491
PFI & Feasibility	100	0
Lobbying	80	0
Statutory Property Function & Landlord Duties	500	300
Contingencies	1,000	420
Emergency Planning	100	0
Insurance Reserves	500	375
Total	**6,280**	**5,101**

Transfer from Balances

5.61 The Section 151 Officer believes that within the current financial climate of only a floor level increase in funding it is sustainable and prudent that no funding is withdrawn from balances in 2009/10.

5.62 The 2003 Act requires the Section 151 Officer to give an opinion on the adequacy of the budget calculation and the level of balances proposed within it is set out in Appendix F. It is the Section 151 Officer's view that the budget proposals set out in this report present a balanced budget in terms of providing sufficient resources to fund the planned level of services provided and as laid out in the previous Council

Tax setting report of February 2008 that combined balances and non allocated contingencies of at least £6m are maintained.

Fees and Charges

5.63 In accordance with Financial Procedural Rules each Strategic Directors has reviewed the level of all discretionary and non discretionary charges within their control annually in line with the preparation of the revenue Budget.

5.64 Under Delegated powers Strategic Directors can in consultation with the Strategic Director of Resources and the appropriate Commissioner set rent, fee charges and other income levels provided the change does not:

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

5.65 Corporate Finance has been developing a proposed Fees and Charges policy (see Appendix H) to be implemented from 2009/10. Members are asked to agree the recommendations within this Appendix.

Council-Tax Capping

5.66 Ministers have, once again, indicated their intention to cap excessive council tax increases. Indeed, there is increased emphasis on keeping council tax increases nationally substantially below 5% and this increased emphasis may have an associated impact on the Council's future financial planning.

5.67 John Healy, Minister for Local Government, said in a statement concerning the provisional local government finance settlement 2009/10 that:

"for 2009/10, the Government again expects the average council tax increase in England to be substantially below 5%".

5.68 It is therefore assumed that the same capping regime will apply for 2009/10 as that used in 2008/09 (i.e. a 5% absolute limit on increases in both council tax and budget requirement).

5.69 It has been noted that the Council has only received a £0.917m increase in Formula Grant, between 2008/09 and 2010/11, on a like-for-like basis, whilst the Council's assessment of inflation demands, over the same period, is £5.877m. Further, officers have calculated that an additional £3.867m is required to meet all of the Council's contractual, demand led and legislative requirements in 2009/10. Table 9, below, clearly demonstrates the Council's restricted financial position.

Table 9: Assessment of 'Funding Gap'

	£m	£m
Increase in Formula Grant 08/09 – 09/10		**0.917**
Inflation	(5,877)	
Budget Adjustments	(745)	
Contractual Commitments	(40)	
Demand Led Growth	(2,714)	
Legislative Requirements	(1,113)	
Manifesto Commitments & Policy Initiatives	(3,988)	
		(14,477)
Funding Gap		**13,560**
Additional income from council tax increase @ 4.95%		**2.743**
Remaining Gap		**10.817**

5.70 Officers therefore believe that it would be appropriate to increase the local council tax by 4.95% between 2008/09 and 2009/10, although there is inevitably a very real risk of capping attached. Further, if this strategy is adopted, Slough is likely to set one of the highest increases in council tax in the Country.

5.71 Members are of course welcome to take a different view to officers concerning both the messages emanating from the Government's capping statements and the correct level of council tax for the borough. For information, a 0.25% decrease in council tax, from the current budgeted level, would require a subsequent £115k reduction in the Council's overall expenditure.

5.72 Members should be in doubt that the prospect of capping is a very serious issue:

- Under the current regulations, the Secretary of State for Communities and Local Government has wide powers to direct councils to reduce budgets and associated council tax levels;
- If capped by the Secretary of State, the Council could be forced to issue residents with revised council tax bills. There are substantial costs to the Council if it is deemed necessary to re-bill. Associated costs, including lost cash-flow income and officer time, are estimated to be at least £250k;
- If capped, the Council's reputation for financial prudence and judgement would be damaged with the public, partners and the Government.

The Collection Fund

5.73 The Collection Fund accounts for all monies relating to the receipt of Council Tax and the old Community Charge, and for payments made to the precepting authorities, the Thames Valley Police Authority and the Royal Berkshire Fire Authority, and to fund the Council's own demand to meet its budget requirement.

5.74 Whatever balance remains on the fund in respect of the over/under recovery of Council Tax or Community Charge must be added to or subtracted from the following year's Council Tax bills. Adjustments in respect of Community Charges are added to the Council's part of the bill only, while Council Tax adjustments are shared with the Thames Valley Police Authority and the Royal Berkshire Fire Authority.

5.75 In setting the 2009/10 Council Tax, the Council must therefore separately estimate any surpluses or deficits on the Collection Fund for 2008/09 for both the Council Tax and Community Charge.

5.76 The Section 151 Officer has now approved the estimate for the Collection Fund for 2008/09, which shows the fund to have a surplus of £472k for 2009/10, of which Slough BC retains £400k. Therefore a one-off subtraction (£400k) has been made to the revenue budget when calculating SBC's local council tax for 2009/10.

The Council Tax Base

5.77 On 28th November 2008 a tax base of 40,804.4 equivalent Band D properties was agreed by Cabinet for 2009/10. It assumes a collection rate of 99.0% (99.0% for 2008/09) will be achieved in respect of all charges raised for 2009/10.

5.78 Further detail is provided in para's 3.2 to 3.10 in the summary guide.

5.79 Following a review of processes the Council achieved its highest in year collection rate in 2007/08 of 95% and is currently performing above this level in 2008/09, despite the economic climate, and within the 6 years available to collect outstanding debt the Council is currently achieving well over the 98% level.

Calculating the Council Tax Level

5.80 The calculation of Slough's share of the Council Tax is relatively straightforward. Slough's budget requirement plus any surplus or deficit on the collection fund, RSG, NNDR is divided by the taxbase to give the tax per Band D property. This is illustrated below:

Table 10 – Council Tax Band D Property

	£'000
Slough Budget Requirement 2009/10	102,395
Surplus on Collection Fund	(400)
Less:	
Formula Grant	(55,935)
Total to be met from Council Tax	46,060
Taxbase	40,804.4
Council Tax at Band D – 2009/10	**£ 1,128.81**

Parish Precepts

5.81 Slough's parishes have requested total precepts for 2009/10 of £234,000. An increase 4.8% over 2008/09 (2008/09 = £223,300). Parishes are not subject to the same capping regulations that are imposed on local authorities by Central Government.

Other Precepts

5.82 The Thames Valley Police Authority has indicated that it is likely to require £6.143m to be raised through its precept in 2009/10, an increase of 4.0% on the equivalent precept in 2008/09. Further updates will be provided on these figures as information is released by the Police Authority.

5.83 The Royal Berkshire Fire Authority has indicated that it is likely to request a precept be raised of £2.247m, representing a 4.8% increase. Further updates will be provided on these figures as information is released by the Fire Authority,

5.84 The implications of these precept requirements for Slough's Council Tax payers are given in the recommendations of this report.

5.85 It should be noted these precepts are yet to be formally agreed and if there are changes, an update will be provided at the meeting where this report is considered.

Setting the Tax

5.86 The Council is required to make certain calculations under sections 30, 33, 34 and 36 of the Local Government Finance Act 1992. These calculations are:

- The basic amount of Council Tax for both Slough and the preceptors.
- The basic amount of Council Tax for each valuation band for both Slough and the preceptors.
- The aggregate amount of Council Tax for each valuation band, which includes the basic amount for the Council and the basic amount for the preceptors and parishes.

5.87 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations. The Council Tax for a Band D property under these calculations is £1,334.42. (£1,272.87 in 2008/09) including police and fire but excluding any parish precepts. The full Council Tax for each Band is included within the recommendations. Further detail can be found at Appendix A (i).

5.88 Any amendments proposed to the budget will require a recalculation to be undertaken for the revised figures within the statutory framework.

SECTION D: THE MEDIUM TERM FORECAST

5.89 Slough's financial strategy has consistently identified low increases in Government funding as the key factor for the Medium Term Forecast. It was always acknowledged that the Council either has to find additional income or reduce its cost base to set a balanced budget whilst protecting those services that are priorities or are essential to its ongoing continuity.

Medium Term Financial Strategy

5.90 The Medium Term Financial Forecast for the Council is attached as Appendix A. When it was agreed, in April 2005, the financial strategy set out the following guiding principles for balancing the budget:

- First and foremost, savings have to be found in non-priority areas.
- Growth for the Council's priorities and objectives will be very limited: delivering objectives will either have to be from within cash limits or by identifying new income sources
- All service areas will require examination either to reduce costs and achieve efficiencies, to maximise income or develop new opportunities

5.91 The financial strategy identified the following actions to minimise the risks to the Council's financial position:

- Clear action plans required for savings (and other proposals) following on from PPRG submissions
- Greater scrutiny of major projects and regular feeding back of financial implications
- Changes to the budget monitoring process, such as analytical review of previous year's outturn
- Option appraisal for spending proposals in excess of £100,000

5.92 Members will be aware of the way that these actions have been addressed, especially through the PPRG process.

5.93 Specific grants for social services, supporting people and asylum seekers continue to be a concern for the council. Risks arise because grants are often time-limited with no guarantee of them transferring into the Formula Grant and are subject to changes in conditions.

5.94 Slough continues to operate a policy of seeking to maintain at least £6m in total between general fund balances and unallocated contingencies, which forms part of the Council's risk management strategy.

Council Tax in Future Years

5.95 In response to the Government's current capping agenda, Slough (in common with other local authorities) has set future council tax levels below the predicted maximum allowed by Government. Officers continue to expect this to be around 5%. However, close notice should be paid to the issues raised in paragraphs 5.66 to 5.72 of this report.

5.96 Taking these assumptions into account, the second and third years of the budget strategy contain expectations of further departmental savings, in the form of either efficiencies or service reductions, to be able to deliver a balanced budget.

5.97 Members also to need to bear in mind that year three of the strategy will be first year of the next three year settlement period and although assumptions have been made about the level of central government resource and the Council tax implications, before then a general election will be held and future assumptions might therefore change considerably.

SECTION E: TREASURY MANAGEMENT - 2009/10

5.98 The Treasury Management Strategy, attached as Appendix I, sets out the expected activities of the treasury management function for 2009-10. The strategy accords with the Council's Treasury Management Policy Statement also set out in Appendix I, the CIPFA Code of Practice, the statutory requirement under the Local Government ACT 2003 and the investment guidance issued by the Secretary of State. The proposed strategy is based on the officers' views on interest rates, money market conditions and the Council's capital borrowing requirement.

5.99 The Treasury Management Policy Statement, also attached as Appendix I, sets out the Council's strategic objectives and parameters within which the treasury management functions are controlled and operated. A report to the Cabinet on 4th December 2008 (Agenda Item 3) proposed various changes to the policy statement, which are included within the Treasury Management Policy Statement for 2009/10. In particular:

Local Authority Mortgage Interest Rate 2009/10

5.100 Under the Housing Act 1985, the Council is required to charge the higher of standard notional rate, which is set by the Secretary of State and is currently 5.07%, or the local rate based on the Council's own borrowing costs, estimated at 4.92% for 2009-10. Under the Housing Act 1985, the Council is allowed to add 0.25% to the borrowing rate to cover administrative costs. The Council's Mortgage Interest Rate for 2009-10 will therefore be 5.32%.

5.101 The treasury management strategy and policy, contained within Appendix I, should provide flexibility within a controlled framework within which to carry out the treasury function of the Council and should ensure compliance with the CIPFA Code of Practice. The Cabinet is therefore recommended:

- That the treasury management strategy for 2009-10 and the treasury management policy statement be approved; and
- That the Local Authority Mortgage Rate for 2009-10 be approved at 5.32%

Interest Rate Outlook

5.102 The Council's current approved borrowing strategy takes into account various factors such as the overall capital borrowing requirement, general cash flows, current and future forecast of long term interest rates and associated risks. One of the main objectives of the borrowing strategy is to minimise revenue costs to the Council. Public Works Loan Board long term rates normally increase as the Public Sector Borrowing Requirement increases. This is a simple matter of supply and demand for Gilts. With the economy in recession and the long term forecast of downward pressure on inflation, the Bank of England has already reduced the base rate to 1.5% with the prospects of further reductions in the pipeline.

5.103 The overall impact of the above is that the Council's investment income will fall but the long term borrowing costs will increase. To address this situation, it would be advantageous for the Council, where possible, to meet the capital borrowing requirement of £27M for 2008-09 and £40M for 2009-10 by reducing the level of cash deposits instead of carrying out new long term borrowing. This will also act as a risk management factor by reducing the overall level of deposits at potential risk and at the same time address the adverse revenue impact of forecast changes in the long and short term interest rates.

5.104 In recent years the Council has benefited from significant treasury management income, and has used this to directly support the deliver of services to residents. With the reduction in interest rates, as the Council's long term investments can to maturity we will not be able to earn the same level of return and this has had a direct impact in the level of resources for future service delivery.

SECTION F: CAPITAL PROGRAMME

5.105 Cabinet approved the current five-year capital programme on 7th July 2008 (Agenda item 3). The programme has since been further reviewed by the Asset Management Group (AMG) in light of:

a) Progress on delivering current year's capital programme,
b) New capital bids submitted by service departments and the budget scrutiny process,
c) Overall capital resource requirement to fund the capital programme at a prudent and sustainable level,
d) The Revenue Support Grant settlement and its impact on the General Fund (GF) revenue budget

5.106 In preparing the proposed revised capital programme, AMG has considered the overall capital strategy and service priorities to enable delivery of the Council's business plans at a level of capital and revenue resources estimated to be available to ensure the proposed programme is financially prudent and sustainable

5.107 A detailed report, and associated appendices, relating to the Council's Capital Programme 2008/09 – 2013/14 can be found at Appendix J. The main items for agreement by Members are provided below.

New Bids and Reserve List

5.108 The Asset Management Group, following the Policy, Prioritisation and Resources Group (PPRG) process, reviewed capital bids submitted by the service departments, together with the projects on the Reserve list awaiting funding at July 2008. The bids recommended for approval are included within the revised capital programme attached as Appendix J.

Capital Expenditure on Foundation Schools

5.109 The proposed capital programme contains the following provisional funding for the foundation schools, which the Cabinet is recommended to approve. This will be updated and reported back to the Cabinet during the year once final funding allocations have been received.

Table 11 – Assumed Foundation School Capital Expenditure

Foundation School	**2008-09** £'000	**2009-10** £'000	**2010-11** £'000	**Total** £'000
Castleview Primary	80	0	0	80
Cippenham Junior	192	5	0	197
Lynch Hill Primary	250	219	0	469
Pippens Primary	42	0	0	42
Priory School	77	0	0	77
Ryvers School	82	0	0	82
Baylis Court Secondary	213	1,557	2,500	4,270
Herschel Grammar	120	0	0	120
Langley Grammar	253	0	0	253
Slough Grammar	651	12	0	663
Westgate Secondary	434	510	2,500	3,444
Total	**2394**	**2,303**	**5000**	**9,697**

Recommended General Fund Capital Programme 2008-09 to 2013-14

5.110 The revised capital programme recommended for approval is summarised in Appendix J(ii) with individual schemes shown in Appendix J(iv).

Housing Revenue Account (HRA) Capital Programme 2008-09 to 2013-14

5.111 The HRA capital programme is funded from a combination of major repairs reserve (subsidy), capital receipts, capital grants and the ALMO supported borrowing.

5.112 The proposed HRA capital programme recommended for approval is summarised in Appendix J.

5.113 Under the capital finance regulations, all housing capital receipts are subject to the pooling arrangements under which 75% of RTB and 50% of non-RTB housing receipts have to be paid over to the Secretary of State. However, for the non-RTB receipts, a "Capital Allowance" which includes expenditure incurred or planned to be incurred on affordable housing and regeneration projects can reduce the amount. In order to qualify the above expenditure for the capital allowance, the Council is required to pass a resolution approving the amount that can be spent on affordable housing and regeneration projects.

5.114 Cabinet is therefore requested to consider and recommend to the Council to approve the following additional amounts as the capital allowance:

Table 12 – Capital Allowance

Capital Allowance	2008/9 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M	2013/14 £M
Affordable Housing Provision	2,207	2,637	563	970	0	0
Improvement to Stock (HIP)	21,309	13,534	13,623	10,869	5,104	5,090
Additional Capital Allowance	**23,516**	**16,171**	**14,186**	**11,839**	**5,104**	**5,090**

Minimum Revenue Provision (MRP)

5.115 MRP can best be described as provision that has to be made each year (subject to a legal formula) from the revenue budget that is accumulated so that the borrowing can eventually be repaid at a future date. This is in addition to the interest costs. Capital finance regulations require the Council to make General Fund revenue budget provision for MRP at a rate of 4% of the Capital Financing Requirement (CFR) at the end of previous financial year. CFR reflects the Council's underlying need to fund the capital programme from borrowing and increases in line with capital programme funded from borrowing and falls in line with the accumulated MRP. Based on the current MRP regulations and the formula, if the Council's CFR is negative at the end of the previous financial year, then no MRP is required to be provided for in the current financial year.

5.116 The table below shows the estimated revenue impact of Minimum Revenue Provision included in the budgets.

Table 13 – Minimum Revenue Provision

MRP	2008-09 £'000	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000	2013-14 £'000
MRP	0	461	1426	2348	2582	2450

5.117 DCLG proposals also require the Council to approve annually, the authority's policy on MRP and the methods used to calculate it. The Cabinet is requested to consider and recommend to the Council to approve the annual MRP statement as follows:

That the Council's MRP will be sum of:

i) For Supported Borrowing – Annual MRP will be equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations; plus
ii) For Self Financed Borrowing – annual MRP will be made in equal instalments over the useful life of the asset

Prudential Indicators

5.118 The CIPFA Prudential Code for Capital Finance underpins the legislative framework for the capital finance system. The key objective of the Code is to ensure that the capital investment programme of the Council is affordable, prudent and sustainable and in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Council can take timely remedial action.

5.119 To demonstrate compliance, the Prudential Code sets out Prudential Indicators that must be followed and the factors that must be taken into account. The fundamental objective of the Prudential Code is to ensure that in approving the capital programme, the Council has taken into consideration amongst others, affordability, prudence and sustainability.

5.120 Section 3(1) of the Local Government Act 2003 requires the Council to formally approve the authorised borrowing limits for the forthcoming financial years. Prudential Indicators for the authorised limits for external debt and the operational boundary for the external debt are as follows:

Table 14 – Eternal Debt

External Debt	2007/8 Actual £M	2008/9 Est. £M	2009/10 Est. £M	2010/11 Est. £M	2011/12 Est. £M	2012/13 Est. £M	2013/14 Est. £M
Authorised Limit	62,323	78,000	84,000	114,000	123,000	116,000	106,000

5.121 The Cabinet is requested to consider the above borrowing limits and recommend them to the Council for approval.

SECTION G: ASSET MANAGEMENT PLAN 2008-2013

5.122 As part of the AMP in 2008/09, the Council approved the overall an undated asset management plan for the coming 5 years to tie in with the capital strategy.

5.123 The council agreed four key objectives; these can be summarised as meeting statutory obligations, value for money, sustainability and customer focus;

- To ensure the Council meets all its statutory obligations and that buildings are fit for purpose, in terms of location and condition.
- To ensure value for money in the management, maintenance and use of land and buildings.
- That the procurement of works for buildings ensures sustainable design and that buildings are maintained and managed in a way that maximises their energy efficiency.
- To ensure user satisfaction.

5.124 Whilst the Government has removed the requirement to submit these documents for assessment, it has introduced a rigorous test on asset management via one of the key lines of enquiry in the Comprehensive Performance Assessment.

5.125 The Asset Management Plan is not being updated this year as the principles of last years have not changed however members are asked to note the progress made regarding the Council's Asset Management Plan, attached as Appendix L.

6 **Conclusion**

6.1 This report is concerned with the Council's Revenue Budget 2009/10 and associated level of Council Tax for that year. If the recommendations contained within this report are adopted, the Council will set a Revenue Budget of £102.395m in 2009/10 and a basic Council Tax (before precepts) of £1,128.81 at Band D.

6.2 The treasury management strategy and policy should provide flexibility within a controlled framework within which to carry out the treasury function of the Council and should ensure compliance with the CIPFA Code of Practice.

6.3 The proposed capital programme and the associated Prudential Indicators have been prepared within the context of the Council's capital strategy with a view to help enable the Council to deliver its business plan.

6.4 The Capital Strategy and Asset Management Plan is a key document in delivering the capital programme and providing a framework for the better use of the Council's property assets.

6.5 The Prudential Code requires the full Council to set and where necessary, revise the Prudential Indicators on the recommendation of the Strategic Director of Finance and Property Services. The Prudential Indicators resulting from the proposed capital programme together with the interpretation of the Prudential Indicators are set out in Appendix K.

7 Appendices Attached.

A	Slough BC Forward Financial Plan 2009-2012
A(i)	Council Tax Bands
B	Council Priorities 2009-2012
C(i)	Detailed Growth Items
C(ii)	Detailed Savings Items
C (iii)	Brief description of all savings items
D	Directorate Cash Limits - 2009/10 – 2011/12
E	Statement on the Robustness of Budget Estimates, and the Adequacy of Reserves and the Key Budget Risks
F(i)	Budget Assumptions 2009/10-2011/2012
F(ii)	Budget Risk Register
F(iii)	Calculation of Balances and Reserves for 2009/10
F(iv)	General Fund Reserves
G	A Short Guide to Local Government Finance
H	Proposed Fees & Charges Policy
I	Treasury Management Strategy and Policy Statement 2009/10
J (i)	Capital Programme 2008/09 – 2013/14- Summary
J (ii)	Capital Programme 2008/09 – 2013/14- Recommended Bids
J (iii)	Capital Programme 2008/09 – 2013/14
J (iv)	Capital Programme 2008/09 – 2013/14– Reserve List
K	Prudential Indicators 2008/09 – 2013/14
L	Update on Asset Management Action Plan

8 Background papers

Background working papers are available in Finance.

Appendix A

MEDIUM TERM FINANCIAL PLAN

	2009/10 £000	2010/11 £000	2011/12 £000
Previous Year's Base Budget	**98,336**	**101,995**	**105,338**
Transfers in/out Formula Grant Baseline	**(45)**	**(17)**	**0**
	98,291	**101,978**	**105,338**
Balances Requirement	**0**	**0**	**0**
New Growth	8,600	2,250	3,539
New Savings	(7,868)	(1,850)	(640)
NET GROWTH / (SAVINGS)	**732**	**400**	**2,899**
Adjusted Budget	**99,022**	**102,378**	**108,237**
Total Inflation	**3,373**	**2,560**	**2,497**
BUDGET REQUIREMENT	**102,395**	**104,938**	**110,734**
Collection Fund Surplus	(400)	400	
	101,995	**105,338**	**110,734**
FUNDING			
Formula Grant	55,935	56,756	57,324
Council Tax Requirement	46,060	48,582	51,242
	101,995	**105,338**	**108,565**
BALANCING FIGURE (SAVINGS) / GROWTH	**(0)**	**(0)**	**(2,169)**
Council Taxbase	40,804.4	41,008.5	41,213.5
Band D Council Tax equivalent	**1,128.81**	**1,184.69**	**1,243.33**
Council Tax increase	**4.95%**	**4.95%**	**4.95%**

Schedule of Basic Amount of Council Tax for All Areas (Including Police & Fire)

2009/10

Tax Bands	Fractions	SLOUGH	THAMES VALLEY POLICE	THE ROYAL BERK-SHIRE FIRE	SLOUGH *PLUS* POLICE & FIRE	LOCAL PARISHES + SLOUGH + POLICE + FIRE					
						BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
		Council Tax (a)	Council Tax (b)	Council Tax (c)	Council Tax (d) a+b+c	Parish Element (e)	Total Council Tax (f) d+e	Parish Element (g)	Total Council Tax (h) d+g	Parish Element (i)	Total Council Tax (j) d+i
		£	£	£	£	£	£	£	£	£	£
A	6/9	752.54	100.37	36.71	889.62	33.81	923.43	29.87	919.49	26.31	915.93
B	7/9	877.97	117.09	42.82	1,037.88	39.45	1,077.33	34.85	1,072.73	30.70	1,068.58
C	8/9	1,003.39	133.82	48.94	1,186.15	45.08	1,231.23	39.82	1,225.97	35.09	1,221.24
D	9/9	1,128.81	150.55	55.06	1,334.42	50.72	1,385.14	44.80	1,379.22	39.47	1,373.89
E	11/9	1,379.66	184.01	67.30	1,630.97	61.99	1,692.96	54.76	1,685.73	48.24	1,679.21
F	13/9	1,630.51	217.46	79.53	1,927.50	73.26	2,000.76	64.71	1,992.21	57.01	1,984.51
G	15/9	1,881.36	250.92	91.77	2,224.05	84.53	2,308.58	74.67	2,298.72	65.79	2,289.84
H	18/9	2,257.63	301.10	110.12	2,668.85	101.43	2,770.28	89.60	2,758.45	78.94	2,747.79

Appendix Aii

Schedule of Basic Amount of Council Tax for All Areas (Excluding Police & Fire)

2009/10

Tax Bands	Fractions	LOCAL PARISHES						
		SLOUGH	BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
		Council Tax	Precepts	Council Tax	Precepts	Council Tax	Precepts	Council Tax
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
				a+b		a+d		a+f
		£	£	£	£	£	£	£
A	6/9	752.54	33.81	786.35	29.87	782.41	26.31	778.85
B	7/9	877.97	39.45	917.42	34.85	912.82	30.70	908.67
C	8/9	1,003.39	45.08	1,048.47	39.82	1,043.21	35.09	1,038.48
D	9/9	1,128.81	50.72	1,179.53	44.80	1,173.61	39.47	1,168.28
E	11/9	1,379.66	61.99	1,441.65	54.76	1,434.42	48.24	1,427.90
F	13/9	1,630.51	73.26	1,703.77	64.71	1,695.22	57.01	1,687.52
G	15/9	1,881.36	84.53	1,965.89	74.67	1,956.03	65.79	1,947.15
H	18/9	2,257.63	101.43	2,359.06	89.60	2,347.23	78.94	2,336.57

- Based on Total Budget Requirement including parishes of £102,629,346
- Budget Requirement excluding parishes of £102,395,346

Appendix B

Council's Priorities

Cohesive Communities: closing the gaps

We continue to bring together different communities across Slough. We are closing the gap in educational attainment. Further we have played a substantial part in developing and launching "Proud to be Slough".

Health and Wellbeing: adding years to life and life to years

Teenage pregnancy rates are decreasing faster than the national average, we have new sports initiatives such as "Sports for £1", 95.5% of our adult social care indicators are performing at band 3 or higher, health outcomes for Looked After Children are considerably better than national results and the LAA focuses on health inequalities through the Joint Strategic Needs Assessment.

Safer Communities: being safe, feeling safe

The 2007 Annual Attitude Survey shows that 90% of Slough residents feel safe during the day with a 12% increase to 41% feeling safe at night. The Neighbourhood Enforcement Teams have more Community Wardens and a new Safe-Guarding Vulnerable Adults Partnership Board has been established.

Environment: a place to live, work and play

Our "Sustainable Communities Strategy" offers equality and opportunity to all Slough residents. We have improved street cleaning, our ALMO has secured 2 stars in its inspection and an additional £49.5m of funding for housing stock and the number of households in temporary accommodation has reduced to below 150 for the first time in 20 years.

Economy and Skills: prosperity for all

Slough's economy is buoyant contributing close to £7.5bn to the national GDP. Slough is the third most productive town outside of London. We continue to create an economy which fulfils the aspirations and potential of all local people, businesses and other partners irrespective of background or personal circumstances.

Appendix Ci

Growth Analysis by Directorate

Directorate	Title	2009/10 £'000	2010/11 £'000	2011/12 £'000	Staff No's (FTE)	Type	Priorities
ECS	Youth Offending Team Accommodation	40	0	0	0.0	Contractual	Community Cohesion
ECS	Contact Point Grant replacement	25	0	0		Budget Adjustment	VFM
ECS	Increased Youth Opening Hours	75	50	25	0.0	Strategic Growth	Community Cohesion
CWB	Demand led Care Packages for Clients with Mental Health and Learning Disabilities	1,199	357	150	0.0	Demand Led	Health & Wellbeing
CWB	Creative Delivery Team	20	0	0	1.0	Budget Adjustment	VFM
CWB	Establish Safeguarding Team	113	0	0	4.0	Legislative	Health & Wellbeing
CWB	Restoration of the Library Book Fund and extension of opening hours in neighbourhood libraries	35	50	50	3.4	Policy Initiatives	Economy & Skills
CWB	Care Home Reprovision and Extra Care Housing	1,875	(40)	14	0.0	Strategic Growth	Health & Wellbeing
CWB	Participation Officer 2012	40	0	0	1.0	Strategic Growth	Health & Wellbeing
GBE	Waste contract, landfill tax charges	470	(325)	0	0.0	Demand Led	Environment
GBE	Chalvey Transfer Station Business Rates	25	0	0	0.0	Demand Led	VFM
GBE	Concessionary Fares	800	0	0	0.0	Demand Led	Health & Wellbeing
GBE	High Street Cleansing	90	0	0	0.0	Strategic Growth	Environment
GBE	Community Safety/Neigh Enforcement	40	0	0	1.0	Policy Initiatives	Community Safety
GBE	Parks & Open Spaces Maintenance	201	35	0	2.0	Strategic Growth	Environment
GBE	Community Wardens 1 for each ward	70	0	0	4.0	Policy Initiatives	Community Safety
GBE	Youth Transport Provision	100	100	100	0.0	Policy Initiatives	Community Cohesion
GBE	Real Time Passenger Information (See CAP BID 15)	0	0	100	0.0	Strategic Growth	Economy & Skills
GBE	Recycling	300	0	0	0.0	Strategic Growth	Environment
Corporate	Unachievable Savings from previous years	700	0	0		Budget Adjustment	VFM
Central	Commissioning & Procurement Operational costs	9	0	0		Demand Led	VFM
Central	Ongoing Software issues - Experian Data Checking	11	0	0		Demand Led	VFM
Central	Shortfall in Land Charges income	200	0	0		Demand Led	VFM
Central	Electronic Document Record Management System support & maintenance	90	0	0		Strategic Growth	VFM
Central	Creation of second computer room	0	350	0		Strategic Growth	VFM
Corporate	Funding Capital Programme & MRP	335	1,150	2,000		Strategic Growth	All
Corporate	Treasury Management	537	523	1,100		Strategic Growth	All
Corporate	Impact of Harmonisation	1,000	0	0		Legislative	All
Corporate	Council's property requirements	200				Strategic Growth	VFM
		8,600	**2,250**	**3,539**	**16.4**		

Appendix Cii

Savings Analysis by Directorate

Directorate	Service Area	Title	2009/10 £'000	2010/11 £'000	2011/12 £'000	Posts Affected	Potential Redundancies 2009/10 FTE	Potential Redundancies 2010/11 FTE	Potential Redundancies 2011/12 FTE	Type
ECS	Raising Achievement	Renegotiate contract for Home to School Transport Service	(70)	0	0					Efficiency
ECS	Children & Families	Reduce various non-staffing ECS budget lines to reflect efficiency requirements	(177)	0	0					Efficiency
ECS	Inclusion	2% Efficiency Savings to be made across 'Inclusion'.	(61)	(61)	0					Efficiency
ECS	Inclusion	Reconfigure Health Improvement service delivery	(15)	0	0					Efficiency
ECS	Inclusion	Withdrawal of ‘Looked After Child’ (LAC) status, changes authority required to pick up costs	(50)	0	0					Efficiency
ECS	Inclusion	Change to staff turnover level assumptions in Education and Children's Services	(27)	0	0					Service Reduction
ECS	Raising Achievement	National Strategy Income Generation	(20)	0	0					Income Generation
ECS	Raising Achievement	Income generation for delivery of new English teaching materials	(42)	0	0					Income Generation
ECS	Strategy, Information & Resources	Appropriate allocation of overheads to grant funding for Early Years.	(50)	0	0					Income Generation
ECS	Raising Achievement	Income generation for School Crossing Patrol	(18)	0	0					Income Generation
ECS	Children & Families	Reduce placement budgets	(140)	0	0					Efficiency
ECS	Raising Achievement	Effective utilisation of National Strategy, 14-19 Diploma Gateway and Excellence Cluster Grants	(90)	0	0					Income Generation
ECS	Strategy, Information & Resources	Multi Agency Locality Team re-configuration	(50)	0	0					Efficiency
ECS	Raising Achievement	Fundamental Review of Services to Schools	(50)	0	0					Income Generation
ECS	Inclusion	Phased transfer of responsibility for Education secondary resource centre to schools.	(50)	0	0					Income Generation
CWB	Adult Social Care	Renegotiate block contracts others to realise efficiencies - Mental Health, Learning Disability, Home Care, Meals on Wheels and House Work	(216)	0	0					Contractual Negotiation
CWB	Adult Social Care	Require external agencies to pay for own training on mental health issues	(10)	0	0					Efficiency
CWB	Adult Social Care	Ensure staff rigidly apply substantial and critical needs policies currently in place	(60)	0	0					Efficiency
CWB	Community & Cultural Engagement	Minor housekeeping savings in CWB equipment and training budgets	(8)	0	0					Efficiency
CWB	Adult Social Care	Remodel transport to Langley day services	(40)	0	0					Efficiency
CWB	Business Resources	Increase rental charges in Community Centres and transport	(39)	0	0					Income Generation
CWB	Adult Social Care	Cease MH User Consultation Service contract	(7)	0	0					Service Reduction
CWB	Adult Social Care	Cease step forward employment contract	(10)	0	0					Service Reduction
CWB	Adult Social Care	Close Beeches Saturday Service: Cease provision of Saturday day service for older people with mental illness	(10)	0	0					Service Reduction
CWB	Adult Social Care	Cease contract with MIND to provide a Saturday day service for adults (18-65) with chronic Mental Illness	(20)	0	0					Service Reduction
CWB	Adult Social Care	Reduction of 2 community services for people with learning disability	(15)	0	0					Service Reduction
CWB	Adult Social Care	Renegotiate HIV contract and utilise other specialist HIV services	(20)	0	0					Service Reduction
CWB	Community & Cultural Engagement	Closure of Creative Industries Careers Advice service	(10)	0	0					Service Reduction
CWB	Adult Social Care	Reduce funding for the age concern home shopping service by 50%	(22)	0	0					Service Reduction
CWB	Adult Social Care	Reduce Older Peoples luncheon clubs subsidy by 50%	(33)	0	0					Service Reduction
CWB	Adult Social Care	Redesign directly provided and commissioned day services for vulnerable adults (PPSD, MH and LD),	0	(350)	0			?		Service Restructure
GBE	Transport & Planning	Implement existing budget saving -Travel Plan	(30)	30	0					Budget Adjustment
GBE	Environmental Quality	Recover cleansing costs on HRA shopping areas	(25)	0	0					Contractual Negotiation
GBE	Transport & Planning	Highways & Transport consultancy contract - reduce spend	(30)	0	0					Contractual Negotiation
GBE	All Areas	Implement existing budget saving - Major Review of GBE Contracts	(50)	0	0					Efficiency
GBE	Transport & Planning	Highways Planned Maintenance - capitalise	(350)	250	0					Efficiency

GBE	Environmental Quality	Implement charging for Trade Waste and target business abuse	(87)	0	0					Income Generation
GBE	All Areas	Implement existing budget saving - Additional Income across GBE	(30)	0	0					Income Generation
GBE	Transport & Planning	Increased Planning Fee Income due to Government policy	(20)	0	0					Income Generation
GBE	Transport & Planning	Rent from Highways Properties	(15)	0	0					Income Generation
GBE	Transport & Planning	Rationalise Road Safety Schemes	(20)	0	0					Income Generation
GBE	Environmental Quality	Cancel Big Green Day Out	(8)	0	0					Service Reduction
GBE	Environmental Quality	Reduce ongoing recycling - support, publicity & education.	(85)	0	0					Service Reduction
GBE	Public Protection	Public Protection Efficiencies	(50)	0	0					Efficiency
GBE	Transport & Planning	Colne Valley Standing Committee	(5)	0	0					Service Reduction
GBE	Transport & Planning	Reduce Road Safety Schemes	(30)	0	0					Service Reduction
GBE	Transport & Planning	Highways/Transport - reorganisation	(40)	0	0					Service Reduction
GBE	Environmental Quality	Street cleansing - change specification	(30)	0	0					Service Reduction
GBE	Public Protection	Reduce sampling food budget by 50%	(10)	0	0					Service Reduction
GBE	Environmental Quality	Introduction of Wild Meadows and Natural Environment Initiatives	(28)	0	0					Service Reduction
GBE	Transport & Planning	Reduced Slough Travel Guide	(10)	0	0					Service Reduction
GBE	All Service Areas	Housekeeping	(108)	0	0					Efficiency
Corporate	Corporate	Provision against delivery	40	(228)	0					Budget Adjustment
Corporate	Corporate	Utilise increased element of ABG for 2009/10	(550)	(250)						Budget Adjustment
Central	Legal and Democratic Services	Elections - fallow year	(40)	40	0					Budget Adjustment
Corporate	All Directorates	Centralise Marketing budgets to drive out efficiencies	(50)	0	0					Efficiency
Central	Communications	Reduce Marketing Budget across several codes	(10)	0	0					Efficiency
Corporate	All Directorates	Reduction in overall energy consumption	0	(25)	(50)					Efficiency
Corporate	All Directorates	Miscellaneous Housekeeping	(60)	(73)	0					Efficiency
Corporate	All Directorates	Review of Fees and Charges	0	(100)	0					Income Generation
Corporate	All Areas	Generate increased procurement savings	(100)	(100)	(100)					Efficiency
Central	All Areas	Central Housekeeping	(204)	0	0					Efficiency
Central	Chief Executive	Reductions in Memberships & Subscriptions	(32)	(40)	0					Efficiency
Central	Commissioning, Procurement & Shared Services	Part use of savings from Market Place Licence	(33)	0	0					Efficiency
Central	Economic Development & Inclusion	Charge Management Time to Grants & reduce Aurat Support	(57)	0	0					Efficiency
Central	Economic Development & Inclusion	Gen Econ Initiative	(2)	0	0					Efficiency
Central	Transformational Change, Policy & Performance	Efficiency savings across Training Budget (incl catering)	(96)	0	0					Efficiency
Central	Transformational Change, Policy & Performance	Reduce Spend on Best Value	(30)	0	0					Efficiency
Central	Transformational Change, Policy & Performance	Reduce Strategy Development Funding	(30)	0	0					Efficiency
Central	Borough Secretary & Monitoring	Reduce Civic Functions	(5)	0	0					Efficiency
Central	Strategic Management	Reduction in External Audit Charges	(25)	0	0					Efficiency
Central	All areas	Review of Fees and Charges	(121)	0	0					Income Generation
Corporate	Treasury	Treasury Management Interest on Investments	(100)	0	0					Income Generation
Corporate	Corporate	Implement Business Improvement Districts (BID)/ and Supplementary Business Rates	0	(500)	0					Income Generation
Central	Audit & Risk Management	Seek efficiencies and generate additional income from council's health and safety service	(38)	0	0					Income Generation
Central	Communications	Drop Printed version of Grapevine	(5)	0	0					Service Reduction
Central	Economic Development & Inclusion	Reduce Translation Service	(8)	0	0					Service Reduction
Central	Transformational Change, Policy & Performance	Reduce Attendence at Conferences	(5)	0	0					Efficiency
			(4,051)	**(1,407)**	**(150)**	**0.00**	**0.00**	**0.00**	**0.00**	

Appendix Cii (Contd)

Savings Analysis by Directorate

Directorate	Service Area	Title	2009/10 £'000	2010/11 £'000	2011/12 £'000	Posts Affected	Potential Redundancies 2009/10 FTE	Potential Redundancies 2010/11 FTE	Potential Redundancies 2011/12 FTE	Type
ECS	Children & Families	ECS development post and further Management savings actions	(57)	0	0	(1.0)	0.00			Service Reduction
ECS	Children & Families	Restructure fostering / adoption carer recruitment & retention post along with training support	(25)	0	0	(0.5)	0.00			Service Reduction
ECS	Children & Families	Restructure of Social Work and social work Assistant Post in Children's services	(113)	0	0	(4.0)	0.00			Service Reduction
ECS	Children & Families	Reduction in ECS administrative posts	(59)	0	0	(2.8)	0.00			Service Reduction
ECS	Raising Achievement	Reconfiguration of Governor Training Service	(15)	0	0	(1.0)	(1.0)			Efficiency
ECS	Children & Families	Resturcutre ECS expert practitioner role	(48)	0	0	(1.0)	0.00			Service Reduction
ECS	Inclusion	Restructure Educational Psychologists posts and review charging structures with schools	(160)	0	0	(2.6)	(2.0)			Income Generation
ECS	Raising Achievement	Phased transfer of Student Support Service based on existing strategy	(30)	(30)	(22)	(1.0)	0.00			Legislative Change
ECS	Youth	Reduction in Youth Worker Provision	(84)	0	0	(3.1)	0.00			Service Reduction
ECS	Inclusion	Delete Case Manager Post	(42)	0	0	(1.0)	(1.0)			Service Reduction
ECS	Inclusion	Reduce number of Participation Workers	(30)	0	0	(1.0)	(1.0)			Service Reduction
ECS	Raising Achievement	Key stage 2 English 0.5	(30)	0	0	(0.5)	0.00			Service Reduction
CWB	Community & Cultural Engagement	Match Lifelong Learning Information Advice & Guidance Service to take-up and increase fees	(10)	0	0	(0.2)	0.00			Income Generation
CWB	Adult Social Care	Social Care IT Project savings	(99)	0	0	(2.0)	0.00			Efficiency
CWB	Adult Social Care	Restructure CWB - Merging Heads of Service to release efficiencies	(50)	0	0	(1.0)	(1.0)			Efficiency
CWB	Adult Social Care	Require 50% match-funding from PCT for 'joint' Mental Health CDW post	(17)	0	0	(0.5)	0.00			Income Generation
CWB	Adult Social Care	Delete AGENCY Social Work Post from Community Social Work Team	0	(35)	0	(1.0)	0.00	0.00		Service Reduction
CWB	Adult Social Care	Amalgamate the supervisory tier of the sensory and long term conditions team	(25)	0	0	(1.0)	(1.0)			Service Reduction
CWB	Adult Social Care	Restructure Head of Service Posts	(40)	0	0	(1.0)	(1.0)			Service Reduction
CWB	Adult Social Care	Delete Agency Social Worker	(35)	0	0	(1.0)	0.00			Service Reduction
CWB	Adult Social Care	Delete Vacant Housing Support Worker post	(29)	0	0	(1.0)	0.00			Service Reduction
CWB	Adult Social Care	Restructure Supported Living Team for people with learning disability	(25)	0	0	(1.0)	0.00			Service Reduction
CWB	Community & Cultural Engagement	Close Slough UK Online and Co-ordinator role	(18)	0	0	(1.0)	(0.6)			Service Reduction
CWB	Community & Cultural Engagement	Transform West Wing into Arts Facility only	(113)	0	0	(5.0)	(1.0)			Service Reduction
CWB	Community & Cultural Engagement	Restructure CWB at 4th tier management to delete 2 manager posts	(37)	0	0	(2.0)	(1.0)			Service Restructure
CWB	Community & Cultural Engagement	Restructure of Lifelong Learning customer service	(24)	0	0	(1.0)	(1.0)			Service Restructure
CWB	Adult Social Care	Redesign Wexham House Day Service	(100)	0	0	(3.5)	0.00			Service Restructure
CWB	Community & Cultural Engagement	Reprovision of Central Library services for the future with initial closure at poor usage times to develop capacity for transformation	(112)		(250)	(9.0)	0.00		0.00	Service Restructure

GBE	Transport & Planning	Planning - restructure	(70)	0	0	(2.0)	(1.0)			Efficiency
GBE	Transport & Planning	Building Control - restructure	(30)	0	0	(1.0)	0.00			Efficiency
GBE	Highways	Restructure Highways inspectors	(25)			(1.0)	(1.0)			Efficiency
GBE	Environmental Quality	Restructure Energy Conservation post	(37)	0	0	(1.0)	(1.0)			Service Reduction
GBE	Environmental Quality	Waste Enforcement - restructure	(44)	0	0	(1.0)	0.00			Service Reduction
GBE	Transport & Planning	Planning - Efficiencies	(25)	0	0	(1.0)	0.00			Service Reduction
GBE	Public Protection	Trading Standards - restructure	(37)	0	0	(1.0)	(1.0)			Service Reduction
GBE	Public Protection	Env Health - restructure	(28)	0	0	(0.8)	0.00			Service Reduction
GBE	Resources & Business Support	Reduce P.A. support in GBE	(12)	0	0	(0.5)	0.00			Service Reduction
GBE	Environmental Quality	Streetscene Client - restructure	(37)	0	0	(1.0)	0.00			Service Reduction
GBE	Public Protection	Restructure licensing	(78)	0	0	(2.0)	(2.0)			Service Reduction
GBE	Resources & Business Support	Restructure - IT systems support	(32)	0	0	(1.0)	(1.0)			Service Reduction
GBE	Public Protection	Technical Neighbourhood Enforcement - noise officer	(25)	0	0	(1.0)	(1.0)			Service Reduction
Central	Chief Executive	Communications Restructure	(190)	0	0	(3.9)	(3.9)			Efficiency
Corporate	Corporate	Centralise Commissioning services and merging 3 AD roles into 2.	0	0	(100)	(1.0)	0.00		(1.0)	Efficiency
Central	Borough Secretary & Monitoring	Reduce 2 posts in Land Charge Team reflecting current market conditions.	(53)	0	0	(2.0)	(2.0)			Efficiency
Central	Legal and Democratic Services	Restructure Legal and Democratic Services	(175)	0	0	(7.0)	(6.0)			Efficiency
Central	IT	Review of IS/IT Services	(255)	0	0	(2.1)	(2.1)			Efficiency
Central	Resources	Restructure Resources	0	(205)	(45)	(4.0)	0.0	(3.0)	(1.0)	Service Reduction
Central	Transformational Change, Policy & Performance	Rationalise Improvement Department based on Fundamental Review	(75)	0	0	(2.5)	(2.5)			Fundamental review
Central	Property Services & Regeneration	Review of Property Services based on Fundamental Review	(488)			(3.0)	(3.0)			Fundamental Review
Central	Finance	Rationalise Finance Department based on Fundamental Review	(222)	(100)	0	(11.1)	(8.1)	(3.0)	0.00	Fundamental review
Central	Economic Development & Inclusion	Rationalise Voluntary Sector Team and Funding	(150)			(1.0)	(1.0)			Service Reduction
Central	Customer Services Centre	Reduce CSC Staff Numbers by 3.6 FTE per annum	(73)	(73)	(73)	(10.8)	0.00			Service Reduction
Central	Human Resources	Reduce Union Representation	(43)	0	0	(1.0)	(1.0)			Service Reduction
Central	Housing Benefits	Restructure Housing Benefits	(25)	0	0	(2.0)	(2.0)			Service Reduction
Central	Finance and HR	Immediate Finance & HR Savings arising from Shared Services arrangement	(162)	0	0	(5.0)	(5.0)			Shared Services
			(3,817)	**(443)**	**(490)**	**(121.4)**	**(56.2)**	**(6.0)**	**(2.0)**	

Appendix Ciii

Savings

ECS Renegotiate contract for Home to School Transport Service

Non impact expected. Current levels of service expected to be maintained for reduced cost.

ECS Development post and further Management savings actions

Use funding other than traditional core budget to fund SMT posts working with schools.
Risk: sustainability in future years.
Mitigation: Alternative sources of funding other than the traditional core funding have been sought via the Dedicated Schools Grant (DSG).

ECS Reduce various non-staffing budget lines to reflect efficiency requirements

Minor efficiency savings

ECS Restructure fostering / adoption carer recruitment & retention post along with training support

Will reduce recruitment of foster carers, pressure placed on remaining workforce to cover this role alongside existing responsibilities.
Adverse effect on the preparation and development of carers' skills. Risk of poor outcomes for children in care. Likely impact on inspections.

ECS Restructure of Social Work and social work Assistant Post in Children's services

Increased workload for qualified social workers. Impact on outcomes for children in care. Impact on performance

ECS Reduction in ECS administrative posts

Increased workload for remaining admin staff. Impact on outcomes for children in care. Impact on performance information.

ECS 2% Efficiency Savings to be made across 'Inclusion'.

Existing Budget Saving

ECS Reconfigure Health Improvement service delivery

Less specialist service for substance abuse but greater control over delivery and more response to local needs.

ECS Withdrawal of 'Looked After Child' (LAC) status, changes authority required to pick up costs

No impact on children, as they have moved to another local authority area, but 'receiving' LA may resist responsibility and challenge Slough.

ECS Change to staff turnover level assumptions in Education and Children's Services

Temporary and short term service withdrawal to some schools and service users.

ECS Reconfiguration of Governor Training Service

None. Strategy agreed following recruitment difficulties. Service continuity through service level agreement.

ECS National Strategy Income Generation
None anticipated. Indications are that schools willing and able to pay.

ECS Income generation for delivery of new English teaching materials
Risk of insufficient or stable demand to generate income generation. Therefore requires capacity for marketing to minimise level of risk.

ECS Appropriate allocation of overheads to grant funding for Early Years.
The application of grant to meet the cost of overheads e.g cost of accommodation previously funded from core budget.

ECS Income generation for School Crossing Patrol
None. Charge for existing service already signed up to by schools.

ECS Restructure ECS expert practitioner role
Reduction in funding to the Emergency Duty Service, and increased income targets in adoption.
Risks: a rise in demand for the Emergency Duty Service could lead to a request for additional funding. Lower than predicted number of adopters could result in income not being recovered.
Mitigation: close management of contracts.

ECS Reduce placement budgets
No impact on current activity levels and in line with current strategy but carries an element of risk as this area remains volatile. Higher levels of placement may mean drawing on central contingency budget

ECS Restructure Educational Psychologists posts and review charging structures with schools
Reduction of 2.6 FTE posts in the Psychology Service
Risk: There are 12 posts in the Psychology Service. This amounts to 6.8 FTE which are core funded, and 4.5 FTE grant funded (11.3 FTE). The money for the 2 posts that are being saved would come from the 6.8FTE, and represent a 41% reduction on these posts, which would leave 4.2 psychologists to cover statutory duties across the 50 schools, and external out of authority placements. The 4.5 FTE grant funded have specific responsibilities which have to cover and account for to the funders (Health and DCSF). The conditions of the new grant mean that it can't be used to appoint psychologists. The impact is a significantly reduced service to children, young people, their parents and schools in and outside the borough; a probability that the service will not meet statutory assessment targets; a reduction in support at key transition points for children, and less capacity to attend rapid response meetings or respond to critical incidents. It will also threaten the delivery of key areas of nationally required work, including CAF and lead practitioner work .
Mitigating actions: prioritising services to meet highest levels of need within entirely statutory service.

ECS Effective utilisation of National Strategy, 14-19 Diploma Gateway and Excellence Cluster Grants
Reduced scope to spend grant funds on activities in working with schools and young people.

ECS Phased transfer of Student Support Service based on existing strategy
None. Strategy already in place.

ECS Multi Agency Locality Team re-configuration
Reduced ability to respond to similar one-off projects.

ECS Reduction in Youth Worker Provision
Currently strategic review being carried out looking at the entire youth service offering, so to see if there is a more efficient and effective way of providing the service.

ECS Delete Case Manager Post
Result in 6% reduction in staff establishment and the renegotiation of staff contracts
Impact upon holiday periods- service would not be able to meet customer demand
Reduction in events and programmes within the library

ECS Reduce number of Participation Workers
Risks: Participation targets listed in the action plan approved by the CT Board would have to be reduced by 50%. Distribution of YOF & YCF grants following GOSE guidance is a significant part of one post and this work has to be completed otherwise GOSE funding would be reduced/returned and projects in Slough would not be funded. Savings in other areas would therefore have to be made including:

- Developing participation work across E & CS and other agencies and establishing a databank of good practice
- Development of the Young People's Cabinet.
- Involvement of young people in recruitment procedures
- Completing the hear by rights assessment work that the shadow CT board is leading

This would have an impact on how SBC and partners are judged in promoting participation
Mitigation: reduce level of work to compensate, or find alternative source of funding from external sources

ECS Fundamental Review of Services to Schools
Seeking increased income to better reflect council costs.

ECS Phased transfer of responsibility for Education secondary resource centre to schools.
Withdraw 50% of funding from local authority to support newly arrived children's assessment and move children into relevant school places with need assessed.
Risk: We have seen no decrease in the number of new arrivals into secondary schools – if early assessments are not undertaken, then schools will have insufficient information to accept new arrivals. Delay in allocating school places, lack of knowledge about the young person thus delay in making impact upon their educational progress. Unable to cope with number of new arrivals – backlog of assessments resulting in further delay of them being placed allocated to a school.
Mitigation: Grant funding will be used on a one-off basis to compensate for the 50% in 2009-10. From 2010-11 onwards, the centre will be funded through grants or, with the agreement of Schools Forum, become an additional commitment against the DSG.

ECS Literacy Post
This post has been vacant since 1 Jan 09, but had been filled by a secondment during 2008. Half the post was to be used for income generation. The post holder is returning

there will be no income, thus the half the post to be retained but not recruited so that it can offset income generation and the other half as a saving. We will not have the ability to generate materials for schools, thus we will need to rely upon national strategy materials.

Risk: reduced level of literacy work with schools
Mitigation: use of national strategy materials

CWB Renegotiate block contracts others to realise efficiencies - Mental Health, Learning Disability, Home Care, Meals on Wheels and House Work
Seeking same service levels for reduced costs.

CWB Require external agencies to pay for own training on mental health issues
May see a reduction in demand for training courses.

CWB Ensure staff rigidly apply substantial and critical needs policies currently in place
Insufficient capacity to review all clients by beginning on April 09. Dissatisfied users of services. Pressure on non third sector. Could be more costly in medium term

CWB Minor housekeeping savings in CWB equipment and training budgets
Efficiency saving.

CWB Match Lifelong Learning Information Advice & Guidance Service to take-up and increase fees
No Staffing Implications .Reduce opening times of service by 25%. Last year 540 adult learners accessed the service.
Fees up by between 20p and 30p per session for non concession learners. And 10p and 15p for 50% concession learners on benefits

CWB Social Care IT Project savings
Existing Budget Saving

CWB Restructure CWB - Merging Heads of Service to release efficiencies
The deletion of this post will be the second HoS post deleted in this budget setting round-resulting in a total reduction in HoS capacity across the directorate of 26.6%. H&S and other functions requiring regular communication & joint working with corporate resources will no longer be provided by the Directorate. This will impact on capacity elsewhere in the Council. Transport and Community Centre functions could be retained within a wider Directorate restructure'.

CWB Remodel transport to Langley day services
Limited impact on customers- new routes will apply

CWB Require 50% match-funding from PCT for 'joint' Mental Health CDW post
New income to contribute 50% to existing post required to deliver NSF

CWB Increase rental charges in Community Centres and transport
Increased income.

CWB Cease MH User Consultation Service contract
Impact negatively upon capacity and resources to ensure effective user participation in service design/planning

CWB Cease step forward employment contract
To provide new opportunities through MIND contract redesign

CWB Delete AGENCY Social Work Post from Community Social Work Team
Statutory Duty post. This equates to 7% reduction in posts. Team recently undergone restructuring to meet the growing demographic demand on assessment and intervention services. This restructuring achieved 1.5 post savings for last savings round

CWB Amalgamate the supervisory tier of the sensory and long term conditions team
Loss of management and supervisory capacity at front end of service

CWB Close Beeches Saturday Service: Cease provision of Saturday day service for older people with mental illness
Up to 20 older people with high levels of need and their unpaid carers benefit from this service per week.

CWB Restructure Head of Service Posts
May reduce capacity required to deliver change agenda including OP re-provision programme and CSCI inspections of non residential care services.

CWB Cease contract with MIND to provide a Saturday day service for adults (18-65) with chronic Mental Illness
An average of 12 service users with chronic and enduring mental illness will lose service at weekends. Users have high dependency needs Remainder of budget to contribute to day service redesign proposal

CWB Delete Agency Social Worker
Vacant Post, but may impact on ability to deliver statutory duties. Reduction in cases allocated will be about 30 at any one time. Significant potential for delayed discharge fines being incurred at cost of 44k per client pa.

CWB Delete Vacant Housing Support Worker post
Vacant Post. Greatest impact will be the reduction in specialist MH capacity to avoid tenancy breakdown of people with chronic MI.NSF target will not be achieved.

CWB Restructure Supported Living Team for people with learning disability
Deletion of vacant Post. Greatest impact will be increased vulnerability and crisis of service users as support available is reduced

CWB Reduction of 2 community services for people with learning disability
Reduced options for direct payment services and alternatives to day services.

CWB Renegotiate HIV contract and utilise other specialist HIV services
Poor publicity from service provider. Potential issues regarding the Race Relations Amendment Act.

CWB Close Slough UK Online and Co-ordinator role
Cease access to IT training skills service provided at Central Library. 242 learners accessed this service last year. Impacts on a range of Council LAA priorities and PIs.

CWB Closure of Creative Industries Careers Advice service
Cessation of bespoke careers advisory service for young people wishing to pursue the arts as a profession

CWB Reduce funding for the age concern home shopping service by 50%
Reduction will affect approximately 20 vulnerable older people will be affected. May result in more costly options needing to be considered in mid term

CWB Reduce Older Peoples luncheon clubs subsidy by 50%
128 OP people attend these preventative services each week Many rely on service for hot meal and to reduce isolation Possibility clubs will not be viable in longer term

CWB Transform West Wing into Arts Facility only
Possibility Arts Council may require return of £1.2m capital to Arts Council. Impacts upon community cohesion, engagement in arts & culture particularly for children and young people.

CWB Restructure CWB at 4th tier management to delete 2 manager posts
Equates to 8% efficiency Reduced capacity to deliver strategic programmes e.g. play, heart of slough, cultural offer, 2012

CWB Restructure of Lifelong Learning customer service
Restructure life long learning services, to deliver savings and to invest in additional sessional tutor hours

CWB Redesign directly provided and commissioned day services for vulnerable adults (PPSD, MH and LD),
Possible TUPE transfer or redundancies. 250 services users affected. TUPE legislation may apply significantly raising costs, of alternative service contract.

CWB Redesign Wexham House Day Service
Community expecting to go to new extra Care facility as designated Asian Elders service. However, alternative providers not willing to engage. May be unaccceptable to communities, possibility of challenge under Race Relations Amendment Act.
CWB Reprovision of Central Library services for the future with initial closure at poor usage times to develop capacity for transformation

GBE Implement existing budget saving -Travel Plan
Existing Budget Saving

GBE Recover cleansing costs on HRA shopping areas
Commercial tenants in housing currently not charged for this service. Recover costs from HRA

GBE Highways & Transport consultancy contract - reduce spend
Reduction means fewer schemes for road safety, traffic calming, traffic congestion and modal shift will be commissioned through our transport consultants' contract.

GBE Implement existing budget saving - Major Review of GBE Contracts
Existing budget saving.

GBE Highways Planned Maintenance – capitalise
This gives a total of £250k of highway maintenance work to be funded from capital rather than revenue. 1 year only-and to be reinstated in 2010/11 so therefore minimal impact

GBE Planning – restructure
Service reduction – 1 post out of 3
Limited impact as planning applications reducing due to economic climate

GBE Building Control – restructure
Service reduction. Loss of 1 post
Limited impact as Building Regulation applications reducing due to economic climate.

GBE Restructure Highways inspectors
Possible impact on future costs – eg defects not identified/rectified early.

GBE Implement charging for Trade Waste and target business abuse
Assumes high levels of demand and income

GBE Implement existing budget saving - Additional Income across GBE
Existing budget saving

GBE Increased Planning Fee Income due to Government policy
Fees raised in April 2008 by central government.

GBE Rent from Highways Properties
Highways Properties are managed by SBC Property Services. Rent increases over the past 12 months make increase achievable.

GBE Rationalise Road Safety Schemes
Ability to respond to road casualties in the borough with junction improvements and traffic calming schemes will be impaired. Trend of reducing casualties we have achieved in previous years may be slowed down or even halted.

GBE Cancel Big Green Day Out
No event. Key event in delivering and measuring behavioural change.

GBE Reduce ongoing recycling - support, publicity & education.
The recent increase in recycling growth, if continued, will generate this saving in waste disposal costs.

GBE Restructure Energy Conservation post
No service. “Energycare” grant aided scheme will stop. No advice for public. Recent work on baselining council energy use will stop. No work on Home energy Conservation Act, or Fuel Poverty Indicator within LAA.

GBE Waste Enforcement – restructure
No control/education/use of red bins / maintenance of red bin service / enforcement of side waste issues / permit scheme for Chalvey / waste minimisation work. Abuse of facilities may continue or grow – clear up costs and disposal costs as well as ability to reach targets may be affected.

GBE Public Protection Efficiencies
Existing Budget Saving

GBE Planning – Efficiencies
Minor efficiencies

GBE Trading Standards – restructure
Service reduction – 1 out of 9 posts in Trading Standards
Reduced capacity of enforcement work including under aged sales, loan shark initiatives.

GBE Env Health – restructure
Reduction in the level of food & health & safety inspections and enforcement activity undertaken

GBE Reduce P.A. support in GBE
Reduced support

GBE Colne Valley Standing Committee
Of the subscriptions paid to outside bodies the one to Colne Valley standing committee is the least relevant to the future of the town.

GBE Reduce Road Safety Schemes
Ability to respond to road casualties in the borough with junction improvements and traffic calming schemes will be impaired. Trend of reducing casualties we have achieved in previous years may be slowed down or even halted.

GBE Highways/Transport – reorganisation
Service reduction – loss of 2 posts and remainder of savings will be achieved through reorganisation of the services.

GBE Reduced capacity to survey highways and footways and respond to complaints.
Possible higher insurance payouts.

GBE Streetscene Client – restructure
Likely criticism from Audit, internal and external - damages ability to check contractor activity against invoices etc. Redundancy costs. Damaged ability to respond to casework and corporate complaints. Significant impact on service

GBE Street cleansing - change specification
Depends on the numbers of staff contractor can shed as a result. Potential redundancy costs to SBC.

GBE Restructure licensing
Reduction in the level of Licensing inspection and enforcement activity undertaken. Significant impact on service

GBE Restructure - IT systems support
Reduced IT support for staff.

GBE Technical Neighbourhood Enforcement - noise officer
Reduced ability to investigate residents complaints.

GBE Reduce sampling food budget by 50%
50% reduction in budget. Impacts on preventative sampling programme and educational/promotional work on food safety.

GBE Introduction of Wild Meadows and Natural Environment Initiatives
Possible resident complaints.

GBE Reduced Slough Travel Guide
Produce bus and train information on the web site only.

GBE Housekeeping
Minor efficiency savings

Corporate Provision against delivery
Small provision against non-achievement of savings

Corporate Utilise increased element of ABG for 2009/10
Use increased element of non-ringfenced grant.

Central Elections – fallow year
Budget not required for 2009/10.

Corporate Centralise Marketing budgets to drive out efficiencies
Efficiency savings

Central Reduce Marketing Budget across several codes
Efficiency savings

Corporate Reduction in overall energy consumption
Efficiency savings

Corporate Miscellaneous Housekeeping
Efficiency savings

Corporate Generate increased procurement savings
Efficiency savings

Central Central Housekeeping
Efficiency savings

Central Reductions in Memberships & Subscriptions
Cease Council's membership of external bodies (eg LGA)

Central Communications Restructure
Loss of a number of the Slough events.
Less ability to support campaigns & initiatives on behalf of frontline services.

Corporate Centralise Commissioning services and merging 3 AD roles into 2.
Reduced strategic input into services. Impact on retained staff.

Central Part use of savings from Market Place Licence
System no longer used, replaced by i-Procurement

Central Charge Management Time to Grants & reduce Aurat Support
Increase income from service providers

Central Gen Economy Initiative
Efficiency savings

Central Efficiency savings across Training Budget (incl catering)
Efficiency savings

Central Reduce Spend on Best Value
Reduction in Strategic Development.

Central Reduce Strategy Development Funding
Reduction in Strategic Development.

Central Reduce 2 posts in Land Charge Team reflecting current market conditions.
Reduction to reflect loss of income

Central Restructure Legal and Democratic Services
Loss of strategic input. May result in costly use of outside advisors.

Central Reduce Civic Functions
Number of civic functions reduced.

Central Review of IS/IT Services
Reduced IT support for staff.

Central Reduction in External Audit Charges
Efficiency saving

Central Restructure Resources & Rationalise Improvement Department based on Fundamental Review & Review of Property Services based on Fundamental Review & Rationalise Finance Department based on Fundamental Review
Some initial restructuring to centralise capacity and therefore maximise the opportunity for best practice and consistent working across the Council.
However due to financial circumstance in some areas there is also a reduction in overall capacity, which will impact on what can be delivered in total, so prioritisation of these resources will be aligned with Council's priorities.

Corporate Treasury Management Interest on Investments
Increased returns on Council investments

Corporate Implement Business Improvement Districts (BID)/ and Supplementary Business Rates
Implement Government policies,

Central Seek efficiencies and generate additional income from council's health and safety service
Efficiency saving and income generation. Possibility savings based on income may not materialise.

Central Drop Printed version of Grapevine
Publication on intranet only.

Central Reduce Translation Service
Reduced service for residents.

Central Reduce Attendance at Conferences
Reduced staff training.

Central Rationalise Voluntary Sector Team and Funding
Reduced funding for 3rd sector.

Central Reduce CSC Staff Numbers by 3.6 FTE per annum
Predominantly vacant posts – possible increased workload on existing staff.

Central Reduce Union Representation
Unions will be displeased.

Central Restructure Housing Benefits
Possible increased errors in Housing Benefit grant submissions.

Central Immediate Finance & HR Savings arising from Shared Services arrangement
Savings achieved through entering into Shared Services agreement.

Appendix D

SLOUGH BOROUGH COUNCIL
Cash Limits
2009/10 to 2011/12

	2009/10 Base Budget	2010/11 Budget	2011/12 Budget
	£'000	£'000	£'000
Education & Childrens Services	24,065	24,007	24,010
Community & Wellbeing	32,337	36,123	36,087
Green & Built Environment	25,503	25,593	25,793
Central Directorates	22,196	22,168	22,050
Corporate	(205)	(205)	(205)
Inflation to be allocated	3,373	2,560	2,497
Total Service Directorates	107,269	110,246	110,232
Treasury Management	1,924	4,347	6,298
Earmarked Contingencies & Other	1,514	2,541	6,401
Area Based Grant	(8,312)	(12,196)	(12,196)
Transfer to/(from) Balances	0	0	0
Budget Requirement excluding Parishes	102,395	104,938	110,735
Collection Fund Surplus	(400)	400	0
	101,995	105,338	110,735
Funding	101,995	105,338	108,565
Balance to find	0	0	(2,169)

Appendix E

The Strategic Director of Resource's report on reserves and robustness of budgets

Introduction

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992. Authorities are required to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement, that is to have a balanced budget.

Section 25 of the Local Government Act 2003 requires that an authority's chief financial officer reports to the authority on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. It also requires the Council to take account of this report in setting its budget and Council Tax for the year. There are a range of other safeguards in place that help to prevent local authorities over committing themselves financially. These include:

- Legislative requirement for each local authority to make arrangements for the proper administration o their financial affairs and that the chief finance officer has responsibility for the administration of those affairs

- The requirements of the Prudential Code

- Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based

These requirements are reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget.

In setting its budget, the Council needs to take account of the level of risk and uncertainty regarding its budgetary estimates and the planned levels of contingencies and reserves. There is no correct answer to this - it is a matter of judgement. However, in general, the greater the level of risks and uncertainty (both now and in the future) the greater the level of contingencies and reserves that can be considered prudent. The Council needs to balance the need for reserves as a cushion against unbudgeted financial pressures against the immediate impact on Council Taxpayers. It needs to arrive at a level it considers adequate and prudent but not excessive.

Robustness of Estimates

The Council has a well established policy and expenditure process for budget setting for revenue based around the three year Medium Term Financial Plan (MTFP). The aim of the MTFP is to provide a realistic and sustainable plan that reflects the Council's priorities within the estimated resources available.

This process takes into account:

- The service scenario, including the Council's overall objectives, priorities and performance, pressures to increase budgets (eg due to client growth, increased demands for services, new legislation) and the scope for reducing budgets (eg efficiency savings, proposals for additional income, service reductions etc).
- The financial scenario including likely pay & price increases, capital financing costs and income from government grants and Council Tax.

Alongside this, a five year rolling capital programme is planned, based on an assessment of overall affordability, taking into account central government capital funding, current and projected levels of debt, the scope for further borrowing, the level and timing of usable capital receipts, third party contributions and the availability of direct revenue funding. For 2009/10 borrowing levels have also been guided by the prudential indicators for 2009/12 and formulated within the approved Treasury Management Strategy.

The budget process has involved Members, Chief Officers and their staff and senior finance staff in a thorough examination of the budget now recommended to Cabinet.

The budget has been the subject of extensive consultation and challenge. Chief Officers have worked with Lead Commissioners through the Policy, Performance Review Group challenge exercise, then with Cabinet Members and members of the Overview and Scrutiny Committee. Consultation also has taken place with key stakeholder groups including staff and residents. The staff and residents were able to take part in an online budget simulator which asked participants to choose whether to switch resources or increase or decrease levels of spending across council services. Information was then shown about how this would effect council tax levels.

Each year the plans are revised and updated with the focus given to the first year of the plan. In arriving at the total revenue budget estimates for 2009/10, account has been taken of the following factors:

- Adjustments to reflect changing responsibilities, funding transfers, use of partnership working and other technical factors
- The level of Central Government funding
- Emerging issues from the 2008/09 outturn which have a known and quantifiable permanent impact.
- Money has been aside for likely pay awards , other price changes have been partly funded, directorates being expected to find the balance from efficiencies within their directorates.

The key planning assumptions are highlighted in Appendix Fi, with details of the factors taken into account in arriving at the assumptions and the level of risk associated with this.

A large number of factors can affect individual financial performance in year. The Council takes a number of steps to minimise the risk of over/underspends including:-

- Promoting a robust approach to financial planning
- Exploring the full implications & achievability of policy and expenditure options before the budget is set
- A requirement for directors and service mangers to monitor expenditure and income against budget, to take action on any projected variances and to report the position regularly to the Director of Resources
- Regular reporting to Members on the projected budgetary outturn and proposed remedial action by Officers as part of the Performance report.

In addition the Council has
- A strong internal control environment which includes well established Financial Procedural Rules and Codes of Practice which are regularly revised.
- Robust budget monitoring arrangements

- Effective financial advice and support to Managers from both directorate and corporate finance staff
- An assessment of the Internal Control environment as part of the Annual Governance Statement which is included within the Statement of Accounts
- Insurance arrangements in place to cover various specified risks. These are a mixture of risks placed with external insurers and risks covered by internal insurance provisions and reserves
- Robust and embedded risk management arrangements

Taking all these factors into account and the proposed level of the General Fund balance, I consider the Council is setting a rigid but adequate Budget for 2009/10.

In providing this assessment, I would point out that there is limited capacity to meet unforeseen cost or income shortfalls, In addition, directorates have to make efficiencies to meet the full costs of inflation for several years; therefore careful monitoring and early corrective action will be essential for next year and it is essential to maintain an adequate level of reserves.

Adequacy of Reserves

The Council has 2 types of reserves:-

1. Earmarked reserves
    - means of building up funds to meet known or predicted liabilities

2. General reserves
    - working balances to cushion uneven cashflows and to avoid unnecessary temporary borrowing
    - Contingency to cushion the impact of unexpected events or emergencies

<u>Earmarked Reserves</u>

Earmarked reserves remain legally part of the General Fund although they are accounted for separately. These reserves are regularly monitored by officers and reported to Members as part of the Financial Report during the year, at budget time and year end. The responsible officer is requested to provide evidence to the Director of Resources on:

- the continued reason for/ purpose of the reserve
- how and when the reserve can be used
- procedures for the management & control of the reserve
- the process and timetable for review of the reserve to ensure continuing relevance and adequacy

New reserves are established where it is considered prudent based on a high risk score. A full list of earmarked reserves currently held is attached at appendix F iv.

Local Authorities also hold other reserves where the accounting results in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation. These reserves, which are not resource –backed and can not be used for any other purpose include:

- Pensions reserve

- Revaluation of assets reserve
- Capital adjustment account
- Available for sale Financial Instrument account
- Major repairs reserve

In addition the Capital receipts reserves can only be used for capital purposes in accordance with regulation.

Schools Balances

From the 2006-07 financial year schools have been provided with multi-year budgets and in return are required to prepare 3-year budget plans. The budget plans include projected balances. The Authority also asks schools to provide information on the proposed use of budget balances.

A school's balance sits with the school and it is the responsibility of the Governing Body to approve use of the funds. The DCSF permits amounts above a declared percentage of current year's budget share, not deemed to have been assigned for a specific purpose or to be unspent Standards Fund grant, to be taken back into the local authority's Schools Budget. The nationally agreed percentages are 5% for secondary schools and 8% for special and primary schools. Following consultation, a series of categories against which balances can be used were established and work is continually undertaken to monitor schools balances and subsequent budget plans to against these headings. At present no unassigned funds have been identified.

General Reserves

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for dealing with unforeseen or other circumstances. The consequence of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem or a series of events, the Council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The recommendation on the minimum prudent level of reserves has been based on the robustness of estimate information (see above) and the risks faced by the Council. The authority needs to take into account strategic, operational and financial risks. The assessment of risks includes external risks as well as internal risks. The effects of the problems experienced by the global financial markets is wider that recouping any losses in investments. If local authorities have to invest only with institutions with the highest credit ratings, lower levels of investment income may be generated which in turn would put more pressure on reserves and budgets.

As part of the budget process, Directorates are expected to supply to the Director of Resources details of all the financial risks they face for the forthcoming budget year. Copies are attached in appendix F ii. The Director has reviewed all these risks with his Strategic Finance Managers' Group. Any risk which has been identified as high risk, (7,8,9) has either had growth built into next year's budget or an earmarked reserve has been established to cover the possible eventuality.

The results from the review and also for capital have been included for the calculation of required balances and reserves – appendix F iii - and form the basis for the schedule of reserves in appendix F iv

For the calculation the following should be noted:

- Account should be taken of the key financial assumptions underpinning the budget and financial strategy alongside a consideration of the authority's financial management arrangements and the other budget assumptions mentioned in paragraph above and full details in appendix Fi

- Emergency financial assistance may be available for dealing with the immediate consequence of major unforeseen events, normally through the Government's Bellwin Scheme. However, there is no automatic entitlement to emergency financial assistance and, where financial assistance is given, it will not cover all the costs incurred by the Council in tackling the unforeseen event. Authorities are expected to have access to sufficient resources (through reserves and/or insurance) to cover the costs of recovering from events that are likely to be unavoidable.. Following last year's floods the Pitt review recommended that "Local authorities should continue to make arrangements to bear the cost of recovery for all but the most exceptional emergencies, and should revisit their reserves and insurance arrangements in light of last summer's floods" The Government position remains that it is primarily the local authority's responsibility to bear such costs and authorities should note this position when considering the appropriate level of reserves.

- Part of the risk management process involves taking appropriate action to mitigate or remove the risks, where this is possible. Where appropriate measures are in place, a lower level of reserves will be required. A balance has to be found between adequate levels of reserves and investing in risk reduction measures.

- Budgets are set on the current level of client activity. A sudden increase from a demand led area, eg one special need child taken into care, places a large financial pressure immediately on a service. Under the current system of cash limits, a directorate is expected to contain any pressure within their directorate. Each year directorates have efficiency savings built into their base budgets. The achievement of staying within budget when a large pressure is identified will increasingly mean taking drastic measures which could have a big impact on service delivery. It is prudent, therefore, for the Strategic Director of Finance to hold a corporate contingency that any directorate facing such a pressure could seek approval from Cabinet to use under the powers of virement.

- The balances act as a general contingency to provide for any unforeseen circumstance which may arise

- The need to retain reserves for general day to day cash flow requirements

- The 3 year forecast should include restoration of any sums taken from reserves to balance the budget in the following financial years.

- If in-year pressures are being faced directorates are expected to put forward action plans to manage these. If this is not possible and management action or policy actions across other Directorates are not sufficient to cover the pressure, then the reserves may have to be used to address the shortfall in income temporarily. It is assumed that general fund reserves will be restored in the following year to at least the minimum prudent level.

The Recommendations of the Strategic Director of Resources (SDR) are:

The Council approves the following Policy for Reserves:

Earmarked Reserves

- Sufficient sums should be set aside in earmarked reserves as is considered prudent
- The SDR will be authorised to establish such reserves as are required
- The SDR to review them for both adequacy and purpose on a regular basis and to report regularly to Cabinet.

General Reserves

- To maintain general reserves at a level to cover exposure to known risks
- If the level of balances is lower than above, to build back to the required level in the medium term in the budget strategy
- To build a contingency sum into the annual budget for demand led pressures
- To review and report the level of balances regularly to Cabinet
- The SDR to give his recommendations on balances to Council for their review as part of the budget process

Recommendation of the Strategic Director of Resources

It is the professional judgement of the Strategic Director of Resources that:

- Based on the budget and risk assessment outlined in this report and appendices and the resulting calculation in Appendix 3, that the minimum prudent level of general fund reserves the Council should maintain for 2009/10 is £5m
- A Contingency sum be held which can be drawn on by directorates to offset demand led pressures rather than cut other services.
- Any surplus which arises as at the 31st March 2008, be set aside to offset pressures identified as high risks in the next year.

Appendices

	Directorate and corporate revenue and capital risks
	Calculation of Balances and Reserves required
	Schedule of all reserves

Appendix Fi

Budget Assumptions 2009/10 to 2011/12

The factors taken into account for the budget setting process are:

	Budget assumption	**Financial standing and management**
1	Level of general non-schools funding expected from Central Government	The Authority is at “the floor” and therefore has received an increase for 2009/10 and 2010/11 of 1.75% and 1.5% respectively. The MTFS assumes a 1.0% floor in 2011/12.
2	Population figures used to calculate funding	The Authority continues to challenge the Government on the ONS population data which suggests a declining population in Slough. Prudently, no allowance has been made for an improvement in the data for the next financial year.
3	The Council tax base	The Council Tax Base for 2008/09 is 40,804.4 band D equivalents, with an expectation that this will rise by 0.5%, year on year, over the medium term.
4	The treatment of inflation	2.5% has been set aside for pay awards for staff in the 2009/10 budget. All directorates have a built in Turnover factor. Inflation has also been set aside for contracts, utilities etc. These will be distributed in April based on the latest rates.
5	Interest rates	The investment and borrowing strategies contained within the budget report assume that the Bank of England will have to further reduce the base rate to generate consumer and money market confidence and thus help a softer landing for the economy. Market forecast are for the base rates to be reduced from the current 5.50% (December 07) to a range of 4.75% to 5.0% by the end of December 08. Due to the current money market credit squeeze, government gilts are seen as a “safe haven” and as a result of supply and demand, government borrowing costs are currently at the lower end which, in turn reflect on the current Public Works Loan Board lending rates. Council’s long term investments currently total £23M. This will partly cushion the impact of the forecast base rate reductions on investment income. The effect of each 0.25% change in interest rates is approximately +/-£23k for borrowing and +/-£233K for investment in a full year.
6	The capital programme and resources	The Council’s capital programme is fully integrated with the revenue budget strategy as evidenced by the revisions to the currently approved capital programme. The capital borrowing requirements recommended

		ensures the long term capital programme is prudent, sustainable and affordable in light of the revenue budget strategy. The proposed capital programme has been fully reviewed, both for annual expenditure and resources levels, particularly capital receipts to part replace reduction in the capital borrowing. In addition, Individual schemes spend profile has also been reviewed ensuring that the provision is included in the financial year in which the scheme will be delivered The annual borrowing requirements, capital receipts and grants assumptions are set out in the capital estimates summary page (Annex CAP1) contained within the Budget Report.
7	Fees and charges	Directorate budgets include income levels where fees and charges are applied to service users. This budget as set is based on trends in income receipts over previous years and adjusted for any know change in legislation or local policy. Delivery of this level of income is therefore subject to both demand and if means assessed individual's ability to pay for the service.
8	Emerging growth pressures & Savings 2009/10 to 2010/11	Directorates identify any service pressures as part of their PPRG bids. Growth bids were discouraged and Directorates were requested to manage any pressure within their Cash limit where possible. Each Directorate initially received a savings target. All growth and savings items have undergone a rigorous review by Officers and Members, including option appraisals, consultation and a exercise before final agreement by Cabinet and Council.
9	The authority's capacity to manage in year budget pressures	All Directors have reviewed their base budgets including demand led pressures. Budgets have been built on existing levels of demand or known variations. Directorates are expected to put forward action plans to manage any additional demand during year if possible either within the relevant service or to reprioritise within their Directorate budgets. If this is not possible a contingency reserve has been created which can be drawn on with Cabinet approval.
10	The treatment of efficiency savings	All Directors have a responsibility to ensure the efficient delivery of services and when efficiency savings are proposed that those savings are both realistic in terms of the level of savings and timing. Should the level and/or timing vary due to unforeseen events and management action or policy actions within the directorate and corporately are not sufficient to cover the variation, then reserves may be needed.

11	The financial risks inherent in any significant new funding, partnerships or major capital developments	The Council gave a 15 year contact for integrated environment services currently which commenced in 2002/3. Allowance is included in reserves for any possible repayment of goodwill. A PFI agreement to provide 3 schools and a range of community facilities with PFI credits of £48M was signed in August 2006 at a interest rate that was within the Council's affordability limit The Council has transferred the management of its housing stock to People 1st Slough and, with the achievement of a 2 star rating from the Housing Inspectors, gained access to government supported capital funding of £45.4M from 2007/08 to 2011/12.
12	The availability of other funds to deal with major contingencies	Contingency items are included in base budget for known likely events, the largest being for harmonisation and the pay award for 2009/10. These items are reviewed during the budget process and monitored regularly throughout the year, being released to services when appropriate. A contingency reserve has been set aside for unknown demand led pressures from directorates Other specific earmarked reserves have also been set aside for liabilities which are considered high risk per appendix A.
13	The overall financial standing of the authority • Debt outstanding • Council tax collection rates • NNDR	The assumed Council Tax collection rate for 2008/09 remains at 99%. Debt levels are monitored regularly and reported to Members.
14	The authority's track record in budget and financial management	The Council's recent track record in budget and financial management shows potential variations of either over or under spending the net budget. Year | | Variance £'000 | % of Budget 2006/07 | Underspend | 30 | 0.03% 2007/08 | Underspend | 46 | 0.05%
15	Financial Management	The Council's financial information and reporting arrangement are sound. For the Revenue Budget: • Directorates produce monthly monitoring returns to a strict timetable. The report discussed at their DMT before being consolidated into regular reports for CMT and each Cabinet meeting

		• The External auditor following the 2006/07 audit gave an unqualified opinion on the accounts For the Capital Budget: • The Asset Management Group meets each month to consider and review the overall capital budget delivery and requirements • The capital monitoring process is enhanced by the AMG sub-Group which has the responsibility for detailed monitoring of individual schemes. • The capital monitoring including Prudential Indicators are reported monthly to the Strategic Director of Finance and Property Services and quarterly to the Scrutiny and Overview (S&O) Committee and the Cabinet.
16	The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level	There is a tight procedure for agreeing Virements and the levels are reviewed regularly as part of Financial Procedural Rules, The Director of Finance reviews the year end procedure in relation to under/overspends every year in light of the expected outturn position and impact on balances and considers whether there should be carry forwards or clawback in the following year.
17	The adequacy of the authority's insurance arrangements.	The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self- insure" some areas. By its nature, insurance is a service to manage unforeseen risks and reserves levels must be kept under constant review. Every 5 years there is a external tender of all insurance policies and annually officers reviews the risks for each policy with Insurers.

Appendix Fii

DECS Budget 2009/10 to 2011/12 Risk Register

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
Financial Risks						
Disengagement by cost centre managers from their budgetary responsibilities – Centralisation of Finance function may 'dilute' the robustness of budgetary control over budget holders within departments and see a worsening outturn position.	5	Reinforcement of current budget monitoring roles and responsibilities and continuation of monthly budget process including finance presence on monthly divisional management tam meetings. Ensure that relevant finance staff are located geographically with service managers.	2	Continue current mitigations. Senior management intervention to be implemented if necessary, i.e. if budgetary projections indicate a significant adverse position.	ECS	
Client Numbers increasing - Demand led service and increase in demand for services – particularly in response to issues arising from Haringey review.	9	Developing local solutions to provision; promoting inclusive placements in mainstream schools; Our focus on developing effective preventive services should address	5 9	Increased monitoring and scrutiny of placements out of authority with a view to returning young people to local provision; developing more within Slough placements Ongoing management oversight of activity data to provide early alert to changes. Clear and robust	ECS	Over the next three years, through to March 2011

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
		this. However, initially this may lead to identification of more children in need of specialist services and so maintain the risk		thresholds for service provision.		
Migration - Increase in demand for basic services e.g Asylum Seekers	9	This risk is mainly outside the control of SBC. Ongoing lobbying of government re financial impact. Joint working with other agencies to address specific issues when they arise	9	Continue current mitigations. Ongoing management oversight of activity data to provide early alert to changes. Clear and robust thresholds for service provision.	ECS and wider corporate management team	
Client Needs changing - SBC unable to meet specific needs	4	Working with Slough partners to develop local provision and developing residential provision within Slough; improving the level and quality of support made available Service planning projects and plans for future needs of	3 4	Predicting needs over the next ten years; Planning and implementing further service and provision development within Slough Continue current mitigations Ongoing management oversight of activity data to	ECS	

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
		current and expected population		provide early alert to changes. Clear and robust thresholds for service provision		
Sure Start client numbers decreasing - Shortfall in users and the non achievement of specific income target - to ensure a self funding service	4	The service is currently recruiting sufficient children. Penn Wood is highest risk but due to income generated from other centres, the risk is minimised	4	To ensure that ALL centres are self sufficient thus becoming financially independent. This is an area that will require close monitoring over the next 2-3 years.	ECS	
Contractual Obligations – The funding of PFI Unitary Charge is subject to inflationary pressures and changes in pupil numbers	3	Submit inflationary bid during budget build process to ensure funds keep pace with price increases.	2	Prolonged receipt of insufficient inflationary growth may require re-configuration of other budgets or additional growth bids to meet any funding gap should it develop.	ECS	
Lack of funding - Partner agencies failure to fund joint working projects / services e.g. health authority	6	Robust pursuit of funding from other partners Joint planning through the Children's Trust and LSP	3	Working through Joint Strategic Commissioning Group and Children's Trust to secure discrete and join funding. Continue the enhancement of the robust governance arrangements for the children's trust, including partners' financial and other resource commitments	ECS	
Remodelling of Services -	4	We have	2	Evolutionary approach	ECS	

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
New ways of working i.e. implementation of the MALT's agenda will inevitably result in changes in practice and emergence of differing cultures and ethos between localities. Overall outturn harder to manage as individual MALT's 'compete' for same scarce resources.		Introduced local implementation managers who are directly accountable and working in close partnership with Directorate Senior Management Team; Strategic lead for each MALT overseen by Assistant Directors		drawing on pilot work to shape practice and developments. Clear accountability related to funding in each area.		
Implementation of ABG 'below the line' – Removes previous expectation and culture of automatic c/fwds for underspends – may lead to unnecessary spend against some £5m now allocated in this way, particularly as new process and role of LSP is unclear.	5	Communicate the consequences of the accounting treatment of ABG following move away from specific grant to budget holders at earliest opportunity and ensure that they have a robust budget plan in place at start of financial year.	3	Continual monthly monitoring of spend and commitments via the monthly budget monitoring process.	ECS	
Implementation of ABG 'below the line' – Removal of 'grant' status sets a precedent that inflationary pressures will be met by LA rather than from within grant cash envelope –	5	Manage the expectations of budget holders by reinforcing the limited availability of financial	3	Continual monthly monitoring of spend and commitments via the monthly budget monitoring process.	ECS	

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
thus resulting in a thinner spread of already depleted inflationary funds / core budget.		resources to allow for real terms growth to keep pace with price increases. Require that medium term budget planning allows for the impact of this within existing resources				
IT Risks						
Children & Family IT System/Contact point - Failure to meet implementation deadlines for 'upgrades' - and impact on smooth service delivery	4	Ongoing management oversight and performance monitoring	4	Innovative use of short term grant funding.	ECS	
Political Risks						
Shortfall of statutory places – Projected shortfall of reception places by Sep 2010. Live births in 2006-7 were 2,457 a rise of 10.0% in one year and 31.7% over 5 years.	5	Additional forms of entry being added in Cippenham and Wexham plus funding being explored for further increases in places.	3	1. Primary Strategy for Change document being resubmitted for final approval by DCSF. 2. Capital bid submitted to PPRG to adapt an empty junior school building to a new community primary school.	ECS	1. March 2009 2. February 2009
Reducing cash envelope - Impact on service delivery-weaker services and inevitable political impact	2	Forewarning managers of reduced funding for considering how to maintain quality and effectiveness	1	Slimming down services and provision and ensuring they are providing best value;	ECS	

Risk	Inherent Risk Score	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
		with key areas of delivery. Prioritising statutory and statutory contributors for maintenance;				
Staffing Risks						
Staff Turnover - Failure to recruit appropriately qualified staff and the need to use agency staff to deliver a combination of basic and specialist services.	4	Attractive advertisements; using Slough's good reputation; Encourage transfer of agency staff to core staffing;	2	Review remuneration to attract candidates; Strengthen career progression and succession planning	ECS	

CWB Budget 2009/10 to 2011/12

Risk	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Responsible	By When
Care Home Reprovision & Extra Care Housing Two planned major operational initiatives are due to become fully operational next year. Both have serious financial risks attached to them. The successful management of these risks will be crucial in order to avoid these impacting significantly on the Department's budget.	The risks of these initiatives are well known and documented within the department. An option appraisal and consultation have been undertaken and reported to Cabinet (Sept 08) resulting in the allocation of additional financial resources.	9	Several high level working groups are in place looking at all aspects and working to achieve a successful outcome.	Jane Wood/Vicky Cooper	Over next 3 years
Inflation Strategy The inadequate allocation of funding to cover inflationary pressures on pay, utility costs, contracts and care packages. Whatever is agreed, will need to ensure services are delivered for less in real terms, which will be very difficult.		7	C&WB SMT to approve strategy to identify and contain unfunded inflationary pressures. Compensating savings/efficiencies will have to be found to avoid overspends.	All Service Managers	31/3/10
Insufficient resources Savings Health & Social Care faces several areas where in order to maintain performance and meet need, spending could increase above 08/09 levels, including additional funding. Other compensating savings will have to be found to avoid overspends.	The service has achieved the top performance rating despite financial challenges in the past. However, it will find it hard to achieve both financial balance and top performance going forward.	7		Named Service Manager(s) with responsibility for saving item.	31/3/10
Failure to achieve savings Full implementation of 09/10 efficiency savings will be essential plus the full	Each efficiency saving proposal has been carefully considered and costed. There is clear	4		Named Service Manager(s) with responsibility for saving item.	31/3/10

Risk	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Responsible	By When
implementation of some 08/09 savings will be needed in order to balance the budget.	ownership at officer level for implementation.				
Customer demand Many of the department's services are demand led with varying degrees of volatility. Service demands could either drive up costs or result in clients needs not being met	The service has a good record to proactively managing demand.	4		Named Service Manager(s) with responsibility for saving item.	31/3/10
Working with partners - Local NHS/PCT pressures The Continuing Care budget has been identified as an area where spend will be constrained by the PCT. This will directly affect H&SC as this Division will have to contribute more that they would have done before this "clampdown".		4	The service will continue to discuss the implications of this "clampdown" with Health colleagues. It will also continue to refer deserving cases for continuing care funding in line with its obligations.	Named Service Manager(s) with responsibility for saving item.	31/3/10
Inherent Cultural & Community Services financial pressures There are several long standing financial pressures present within the Cultural & Community Engagement budget due to previous underfunding.	Various actions, including the allocation of additional budget resources, have been implemented to contain these pressures but rigorous monitoring needs to be maintained to ensure budget parity.	4	Efforts over the past 2 years to tackle long standing budget gaps and achieve budget parity have been encouraging. These efforts will need to continue going forward.	Named Service Manager(s) within Community & Wellbeing.	31/3/10
Implementation of ABG ('Below the line') Removal of 'grant' status sets a precedent that inflationary pressures will be met by LA rather than from within grant cash envelope – thus resulting in a thinner spread of already depleted inflationary funds / core budget.	Communicate the consequences of the accounting treatment of ABG following move away from specific grant to budget holders at earliest opportunity and ensure that they have a robust budget plan in	3	Continual monthly monitoring of spend and commitments via the monthly budget monitoring process	All Service Manager(s) within Community & Wellbeing where previous specific grant funding is now funded through ABG.	31/3/10

Risk	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Responsible	By When
	place at start of financial year.				
Financial Risks Disengagement by cost centre managers from their budgetary responsibilities – Centralisation of Finance function may 'dilute' the robustness of budgetary control over budget holders within the department and see a worsening outturn position.	Reinforcement of current budget monitoring roles and responsibilities and continuation of monthly budget process including finance presence on monthly divisional management tam meetings. Ensure that relevant finance staff are located geographically with service managers.	2	Continue current mitigations. Senior management intervention to be implemented if necessary, i.e. if budgetary projections indicate a significant adverse position.	All Service Manager(s) within Community & Wellbeing & Finance Services Central Support team.	Ongoing
Staffing Risks Failure to recruit appropriately qualified staff and the need to use agency staff to deliver a combination of statutory, specialist and basic services.	Recruitment drives; attractive advertisements; using Slough's good reputation; encourage transfer of agency staff to permanent contracts.	2	Review remuneration to attract candidates; strengthen career progression and succession planning.	All Service Manager(s) within Community & Wellbeing.	31/3/10

GBE Budgetary 2008/9 to 2010/11 Risk Register

Risk	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
Contractor Performance – APCOA = loss of income, Accord = CPA/CAA rating, Atkins = failure to deliver highway improvement schemes etc	Regular monitoring Meetings and Reporting mechanisms	7	Further Development of reporting data mechanisms Benchmarking / analysis of trends/compliance	GBE Transport Environmental Services Highways	Ongoing Ongoing
Increased Costs Concessionary Fares – lack of funding due to increased operator charges plus other costs beyond our control (inflation, fuel prices)	Annual Negotiations with all service operators	5	National benchmarking, continued negotiations with service operators Assessment of trends in demand for new service Bid for funding made in Budget Exercise	GBE Transport Service	Ongoing Ongoing Dec 08
Increased Demand Landfill Costs and Tax - Costs of sending waste to landfill increase dramatically over the next few years Increased waste from increased population Delay in commissioning EfW plant Increased demand on housing advice/homelessness services due to economic situation	Strategy in place to reduce amount of waste going to landfill, increased recycling etc… Action plan produced and reported to Economic task force	5	Implementation of improved recycling scheme and further negotiations with Grundons EFW Contract Roll-out of red bin scheme to increase recycling rates On going assessment and consideration of additional resources	GBE Environmental Service GBE Housing	Ongoing Nov 08 Nov 08 onwards
Loss of Income		5			

Risk	Current Mitigations	Residual Risk Score	Further Actions Required	Dept/Section Resp.	By When
Income from Demand Led Services – reduction in income generation = On and Off Street Parking, Planning, Building Control, Cem & Crem, Registrars due to reduced service demand.	Robust service plans in place, monthly budget monitoring, regular reporting mechanisms No noticeable impact as at Dec 08		Continuous monitoring and reporting Ongoing appraisal of general economic climate	GBE All Service Areas	June 08 onwards
Working with Partners DAAT/DIP further reductions in funding from Government grant and PCT	Ongoing Negotiations / lobbying with PCT and other partners to help fund the gap Funding issues to be revisited for 2009/10 and 2010/11	3	Conclude Negotiations with partners Restructure DAAT to achieve savings Complete procurement Improve DAAT performance (impacts on level of funding received)	GBE/Public Protection	March 08 Revisit in March 09

CAPITAL PROGRAMME RISK REGISTER - December 2008

Risk	Current Mitigations / Actions Required	Likelihood	Impact	Dept/Section Responsible
Delays in securing capital receipts *Either for economic, political or planning reasons. Current capital programme is heavily reliant on capital receipts. Will impact MRP and therefore revenue budget.*	Monitored by Resources with regular updates to AMG.	9	9	C/D
Accomodation Strategy *Delay in delivering proposed accomodation strategy may impact on borrowing requirement/size of the capital programme/MRP*	Monitored by Resources with regular updates to AMG and the Cabinet.	9	9	C/D
Adverse revenue position incl MRP *Overall overspends on the service revenue budgets and future projections of service demands, potential impact of MRP if capital borrowing is increased.*	Revenue budget monitoring and corrective action recommeded. Capital programme re-assessed and adjusted.Any additional borrowing requirement will increase the level of MRP required.	9	7	D
Adverse movement in interest rates *Higher interest rates impact on long term borrowing costs mitigated by short term investment income*	Although PWLB rates have decreased, the Public Sector Borrowing requirement and the pressure on £ exchange rate will mean PWLB rates will rise next year. Base rates already reduced to 2% with forecast to fall to near "ZERO%" next year. As a result the tre	10	8	C
Customer Services Centre *Project overspend and/or revenue savings not achieved.*	Monitored by the Board. Post implementation reviews undertaken.	8	8	D
Delays in securing capital grants . *Either the grant claim not submitted on time or changes to the grant conditions.*	Scheme must not be approved until grant confirmed.	7	6	D/C
Partnership commitment not met *Increased Partnership working and therefore any change in partners or their commitment not fully met.*	Regular Monitoring includes high level monitoring for big projects such as the Heart of Slough.	6	7	D/C
Incomplete Estimates *Scheme/s missed out completely.*	Thorough bidding and PPRG process. However, until project management and monitoring improves in all departments, risk remains.	5	8	D/C

Risk	Current Mitigations / Actions Required	Likelihood	Impact	Dept/Section Responsible
Project Management Problems *Includes lack of scheme monitoring, lack of scheme planning, quality of both.*	Monitoring improving. Stricter rules for carry forward of slippages implemented. Service Depts report slippages to O&S Cttee. Post project implementation reviews carried out.	8	7	D
Britwell and Northborough Regeneration *Committed to proceed on launch of scheme without cost certainty and issues of the capital funding gap being resolved.*	Clear project plan and close project management, break clauses and member lead reviews at key stages.	6	7	D/C
Capital spend - both under and over *Could be either overall or individual schemes.*	Regular monitoring by AMG sub group. Scheme overspends in the year met from following years capital provision. Service Departments report on scheme overall spends.	7	5	D/C
Investment default (Treasury) *Counterparty gone into administration with loss of deposits. Impact on both revenue and capital budgets, not to mention adverse publicity.*	£2.5M in Icelandic bank already frozen (Administration). Changes to future lending strategy and limits already by Cabinet on 4th December.	10	6	C
Capacity / Staff turnover *Over reliance on same staff for new Initiatives*	Depts and CMT must consider capacity issues prior to project approval.	7	9	D/C
VAT partial exemption impact *VAT exempt income generated following capital spends resulting in the overall 5% VAT threshold breached.*	VAT implications included in the bidding forms. Grant funded projects need to be formaly assessed and approved by the group. Pro-active advice being provided on individual proposals.	5	8	D/C
Change in legislation / proper accounting practices *includes capacity to understand, interpret and apply new legislation. Accounting practices and changes may have potential changes/impact on revenue i.e. MRP, premiums, off balance sheet treatment of PFI project.*	CIPFA carries out initial consultation. Further guidance notes to be published.	9	4	C

C= Corporate
D= Service Department

Scoring Matrix

Severity	Critical	4	7	9
	Significant	2	5	8
	Noticeable	1	3	6
		Low	Medium	High
		Probability		

Appendix Fii

Calculation of level of reserves required for 2009/10

Area of risk		Controllable budget or max exposure	Assessed risk level	Factor	Value	Earmark reserves	General reserve	Contingency budget
		£			£000	£000	£000	£000
Inflation								
Sals & wages		51,349,615	Low	0.00%				
Other inflation to be funded from efficiency gains		1,934,000	6	10%	193		193	
Vacancy factor							-	
DECS		360,000		10%	36		36	
CWB		385,310		10%	39		39	
GBE		395,000		10%	40		40	
Central		501,000		10%	50		50	
incremental drift							-	
	DECS	200,000		5%	10		10	
	CWB	328,000		5%	16		16	
	GBE	148,000		5%	7		7	
	Central	305,500		5%	15		15	
Movement in interest rates							-	
- investments - reduction from average rate of 1%		43,213,055	7	0.25%	108			108
- Borrowing - increase in average rate of 5.15%		35,724,000	5	0.50%	179			179
Investment default - Icelandic Banks		2,000,000			500			500
Capital Progra)								
Revenue impact of £1m Capital Spend								
- £1m over spend (taken 10% of figures below)		3,436,500		5.15%	177	177		
MEMO: Major components of the Capital Programme								
	Delays in securing Cap Grants	3,351,000					-	
	Delays in securing Cap Receipts	2,435,000					-	
	- New Community Centre - New	1,500,000					-	
	- New Community Centre - Reprovision	3,000,000					-	
	- Heart of Slough	5,000,000					-	
	- Voluntary Sector Accommodation	1,500,000					-	
	- Crematorium EPA	1,300,000					-	
	- Accommodation Strategy	2,925,000					-	
	- ALMO	13,354,000					-	
		34,365,000						
Other Revenue Risks								
Demand led pressures							-	
GBE	Landfill Costs and Tax		5		120	120		
CWB	Adult Social Care	24,900,000	4	1%	249	125	125	
ECS	Children's Services	4,500,000	7	8%	360	180	180	
ECS	Asylum Seeker Services	200,000	6	10%	20		20	
Income							-	
GBE	car parking	2,380,000	5	10%	238		238	
GBE	planning	590,000	5	10%	59		59	
GBE	building control	440,000	5	10%	44		44	
GBE	Cem & Crem	1,030,000	5	5%	52		52	
GBE	Registrars	260,000	5	5%	13		13	
GBE	Wexham Nursery	150,000	5	5%	8		8	
GBE	Trade Waste	640,000	5	5%	32		32	
GBE	Licensing	400,000	5	5%	20		20	
GBE	Temp Accom Rents	290,000	5	5%	15		15	
Central	land charge income	185,200	6	5%	9		9	

Appendix Fiii (Cont)

ECS	Rents and Lettings	118,000		5%	6		6	
ECS	SLA Services to Schools	28,000		5%	1		1	
ECS	Other fees and charges to schools	60,000		5%	3		3	
ECS	Income from Other LA's	137,000		5%	7		7	
ECS	Risk of partners failure to fund joint working	181,000	6	5%	9		9	
ECS	Section 28A Income	142,000		5%	7		7	
ECS	Surestart	1,605,000		3%	40		40	
							-	
							-	
Financial guarantees& contractual obligations							-	
ECS	PFI Unitary Charge	45,000,000	?	1%	450		450	
	Interserve	6,000,000		5%	300		300	
GBE	Slough Enterprise guarantee				700		700	
Cent & Corp	Landlord responsibilities/ planning appeals	300,000			300	300		
other risks							-	
	<u>disengagement of cost centre managers</u>						-	
	DECS (Cash limits)	23,902,000	5	0.5%	120		120	
	CWB	31,591,000		0.5%	158		158	
	GBE	32,312,000		0.5%	162		162	
	Central	22,269,000		0.5%	111		111	
Cent & Corp	ABG Increases held corpartely	520,000	5	5%	26		26	
Cent & Corp	Shared Services	1,830,000			162		162	
Cent & Corp	Shared Services	1,030,000						
Cent & Corp	procurement & general budget savings not a	160,000		10%	16		16	
Cent & Corp	Emergency Planning (external risks ref: Bell	375,220	absolute		375	375		
Cent & Corp	ICT Continuity plan	150,000			150		150	
Cent & Corp	Redundancy costs not able to capitalise / ea	750,000			750	750		
Cent & Corp	Restructure savings	1,386,000		10%	139		139	
Cent & Corp	Capital Disposal & Feasibility Costs	300,000			300	300		
Cent & Corp	benefits	51,776,080	5	1.00%	518		518	
Cent & Corp	Harmonisation over 3 years	6,100,000		2.5%	153		153	
Cent & Corp	CSC BPR savings	350,000		25%	88		88	
Cent & Corp	Lobbying/census				225	225		
Cent & Corp	berkshire - claims from fomer BCC	786,000			786	786		
Cent & Corp	equal pay' Back pay claims	1,000,000			1,000	1,000		
Cent & Corp	SLA lost income from HRA	500,000	8	5%	25	25		
Cent & Corp	SLA lost income from People 1st	570,000		15%	86	86		
Cent & Corp	Funding from HRA re: K450 (Held BTL)	250,000			250	250		
CWB	ISC controc	100,000			100		100	
ECS	Shortfall of statutory reception places	80,000	5		80		80	
CWB	Care home reprovision in 2009/10 (SEE NC	2,000,000	9	10.00%	200		200	
CWB	extra care housing	250,000			250		250	
					10,659	4,698	5,174	787

Appendix Fiv

SLOUGH BOROUGH COUNCIL

General Fund Reserves

*(Will be reviewed in Nov)

	2007/08	2008/09		2009/10	20010/11	2011/12
	Actual	Committee Approved	Projected Out-turn as reported to Cabinet Feb08	Projected Postion*	Projected Postion*	Projected Postion*
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Balance						
Balance as at 1st April	5,126	5,080	5,126	5,126	5,126	5,126
Planned Contribution to/(from) Revenue Account	0	0	0	0	0	0
	5,126	5,080	5,126	5,126	5,126	5,126
Balance as at 31st March	**5,126**	**5,080**	**5,126**	**5,126**	**5,126**	**5,126**
Earmarked Reserves						
Balances as at 31st March:						
Department Services	450	0	0	0	0	0
Miscellaneous Reserves:						
Future Debt & Capital Requirements	2,769	3,500	4,979	3,491	1,254	166
Property fund/ Feasibility& Capital Disposal	715	500	600	300	150	0
Continegncy	1,650	1,000	425	420	500	500
Lobbying	0	80	225	0	0	0
Finance System Upgrade	100	0	0	0	0	0
Berkshire Liabilities	785	500	785	515	400	300
Emerging Issues	940		360	0	0	0
Redundancy & Retirement Costs	0	0	750			
Harmonisation	1,000		1,000	0	0	0
Emergency Planning	180	100	0	0	0	0
LABGI	910		0	0	0	0
PFI	1,273	100	0	0	0	0
Sure start	200		200	0	0	0
	10,523	5,780	9,324	4,726	2,304	966
Trading Accounts	221	0	100	0	0	0
Insurance Reserves	636	500	375	375	375	375
Capital Reserves	119	0	2,574	0	0	0
Total Earmarked Reserves	**11,949**	**6,280**	**12,373**	**5,101**	**2,679**	**1,341**
Total General Fund Reserves	**17,075**	**11,360**	**17,499**	**10,227**	**7,805**	**6,467**

Appendix G

A SHORT GUIDE TO LOCAL GOVERNMENT FINANCE

1. The General Fund and the Housing Revenue Account

1.1 All local authorities have a **general fund**, which they use to account for all **general fund services.** The services included within the general fund will depend on the nature of the local authority, i.e. whether it is a unitary, metropolitan, London Borough, county or district authority. The table below provides an overview of the typical general fund services provided by the different types of authority:

Table 1: General Fund Services

	Unitary, London Borough and Metropolitan Authorities	**County Councils**	**District Councils**
Education	√	√	
Social services	√	√	
Libraries and culture	√	√	
Trading Standards	√	√	
Waste Disposal	√	√	
Transport	√	√	
Strategic Planning and land use	√	√	
Housing	√		√
Leisure, sports & parks	√		√
Culture and arts	√		√
Environmental health	√		√
Waste collection & recycling	√		√
Street cleaning	√		√
Council tax and Business Rate collection	√		√
Electoral and Births, marriages & Deaths registration	√		√

1.2 The Local Government and Housing Act 1989 (Part 6) requires all local councils who possess and manage their own stock of councils houses to account separately for the income and expenditure relating to acting as landlord to those properties by means of a **Housing Revenue Account**. Therefore, authorities that possess housing stock are required by law to operate a Housing Revenue Account separately from its General Fund. Authorities with no housing powers (i.e. county councils) or those councils that have transferred their housing stock to an external organisation such as a housing association, do not own housing stock, and so are not required to operate a Housing Revenue Account.

1.3 It should be noted that the legal duties and powers of housing authorities (i.e. unitary, district and metropolitan councils) are wider than providing council houses, for example, the duty to maintain a homelessness register. As a result, care must be taken to ensure that only income and expenditure relating to the landlord function of the council housing stock owned by the authority forms part of the Housing Revenue Account. Other housing related services form part of the General Fund.

2. Capital and Revenue Defined

2.1 All local authorities must also separately account for revenue and capital income and expenditure within their General Fund.

2.2 **Revenue** income and expenditure is defined as income raised and expenditure incurred in the general running of the authority. Therefore, staff costs, premises running costs, transport costs, supplies and services and contracted services costs are all revenue expenditure.

2.3 **Capital** expenditure is more explicitly defined in legislation and accounting practice. The Local Government Act 2003 requires local authorities to separate capital income and expenditure from revenue income and expenditure and Section 21 of the 2003 Act requires all authorities to follow “proper practice” in their accounting with related regulations identifying *CIPFA’s Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice* (commonly known as the “SORP”) as forming proper practice. The SORP is, therefore, the central document that determines how local authorities account for their capital income and expenditure and draw up their annual financial statements.

2.4 The SORP defines capital expenditure as *“all expenditure on the acquisition, creation or enhancement of a tangible fixed asset” and “expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised as a tangible fixed asset, provided that it yields benefits to the authority and the services it provides are for a period of more than one year” (CIPFA SORP 2008 para 3.108)*

2.5 Therefore, any expenditure on the purchase and enhancement of assets is defined as capital expenditure. Any expenditure that does not add to the value or the substantially increase the useful life of the asset is **not** capital expenditure and so must be treated as revenue. Therefore, expenditure on repairing and maintaining assets is revenue expenditure.

2.6 Whilst most items of expenditure can be classified as either revenue or capital without significant problem, the definition is not absolute and so “grey areas” do occur. In such instances it is the responsibility of the Director of Finance, possibly with advice from the authority’s external auditor, to ensure that the item is correctly classified in the accounts.

2.7 Authorities receive funding to pay for their capital and revenue expenditure from a variety of sources which will be considered in more detail below. However, the overall rule is that an authority **can** use revenue income to pay for capital expenditure, but **cannot** use capital income to pay for revenue expenditure. For example, a council could, at least in theory, fund building a new library using savings in staff costs, but could not fund staff salaries through the proceeds of sale of the library building.

3. Sources of Revenue Finance

3.1 This section will provide an overview of the major sources of revenue funding for local authorities. It will consider revenue funding for both the General Fund and the Housing Revenue Accounts. Capital funding will be considered in the next section.

General Fund

Council Tax

3.2 Council Tax is the tax raised by local councils from their residents. It was introduced in April 1993 as a replacement for the Community Charge / Poll Tax, which, in turn, replaced the rating system for domestic premises in April 1990.

3.3 The level of Council Tax is a based on the value of domestic property, placed into eight valuation bands. Valuations were undertaken prior to the commencement of the Council Tax system, based on the market value of domestic premises on 1 April 1991. This valuation is still used today, with properties built after April 1991 being valued as if they were in existence on 1 April 1991.

3.4 The higher the Council Tax band, the more Council Tax is paid. Councils set their standard Council Tax charge for Band D properties, with those in Bands A – C paying proportionately less, and those in Bands E – H paying proportionately more. This is illustrated in the following table:

Table 2: Council Tax Bands (England)

Council Tax Band	Value of property as at 1 April 1991	Proportion of Band D Council Tax Paid
A	< £40,000	6/9 (i.e. 2/3rds of the Band D charge)
B	£40,000 - £52,000	7/9
C	£52,000 - £68,000	8/9
D	£68,000 - £88,000	9/9 (i.e. the Band D charge)
E	£88,000 - £120,000	11/9
F	£120,000 - £160,000	13/9
G	£160,000 - £320,000	15/9
H	>£320,000	18/9 (i.e. Double the Band D charge)

3.5 Various discounts, exemptions and reductions in valuations are available, the most common being a 25% discount on Council Tax for single person households. The Council Tax charge is also reduced by 25% if there is only one qualifying person in the household. Those who are not under 18 - where child benefit is payable; full time students; those detained in prison or under the Mental Health Acts; are severely mentally impaired or patients in hospitals and care homes do not qualify for Council Tax purposes. Therefore, a lone parent family with school age children will qualify for the 25% single person discount.

3.6 **Council Tax Benefit** is available to people on low incomes, subject to means testing criteria. Benefit is payable to the council that bills the Council Tax and so effectively reduces the total of the bill and, therefore, the sum actually paid by the individual in receipt of benefit.

3.7 Whilst councils (including police and fire authorities) are, by statute, free to levy Council Tax in accordance to their budget requirements, central government have reserved the right to limit the increase in Council Tax for each individual authority. The current system, known as **Council Tax capping**, was outlined by the Minister for Local Government in his statement regarding the provisional local government finance settlement 2009/10. He stated:

"for 2009/10, the Government again expects the average council tax increase in England to be substantially below 5%".

3.8 Councils ignoring this 'expectation' run the risk of having their Council Tax level reduced by central government, with the consequent possible inconvenience and cost of rebilling all domestic properties at the lower tax level.

Billing and Precepting Authorities

3.9 For simplicity, only one Council Tax bill is sent to a household by the **billing authority**. The bill will include the Council Tax demand for themselves and every other local authority operating in their area. Authorities not producing their own Council Tax bills are known as **precepting authorities**, and will inform the relevant billing authorities in their area of their Council Tax requirement, known as the precept.

3.10 For example, in Slough, the borough council is the billing authority and sends out council tax demands on behalf of itself, the Thames Valley Police Authority, the Royal Berkshire Fire Authority and the parishes of Britwell, Colnbrook with Poyle and Wexham Court.

National Non Domestic Rates

3.11 Prior to April 1990, local councils were responsible for setting the business rate payable by local businesses. However, from 1 April 1990, the Local Government Finance Act 1988 (Part III) made central government responsible for setting non-domestic rates, with the creation of the National Non Domestic Rate (NNDR).

3.12 Each non domestic property is valued by the Valuation Office Agency, an agency of the Inland Revenue, to produce a **rateable value** for the property. The 1988 Act states that the rateable value is *"an amount equal to the rent at which it is estimated the **hereditament** might reasonably be expected to get from year to year if the tenant undertook to pay all usual tenant's rates and taxes and to bear the cost of repairs and other insurance and the other expenses (if any) necessary to maintain the hereditament in a state to command rent"* . The 1988 Act also states that rateable values must be revalued every five years. The latest valuation was carried out in 2008 and will affect actual bills from 1 April 2010. There is a transistional relief scheme which limits large increases in NNDR between years. Business owners can appeal also against their premises rateable value.

3.13 The NNDR is calculated by multiplying the premises **rateable value** by the **non-domestic rating multiplier**. The multiplier is set by central government each year, and is currently 46.2 pence in the pound. Reductions and discounts are available for small businesses and empty premises. Changes in the multiplier are linked to the Retail Price Index. Therefore, if a business used a factory with a rateable value of £10,000, applying the 46.2p multiplier would mean it paid £4,620 (£10,000 x 46.2p) in NNDR for the year.

3.14 The NNDR due is calculated, billed and collected by billing authorities, but is pooled nationally. The proceeds of the pool are then redistributed back to local authorities as part of their **Formula Grant** allocatation through the local government financial settlement. It is important to note that Slough is a net loser from this process. In 2007/08 local businesses in Slough contributed £79.863m towards the Central Pool, however, the Council only received back £44.254m (54%) in NNDR income. In 2008/09 the Council will receive £48.295m from the Central Pool.

3.15 The NNDR is a national system of business taxation, and so councils that increase the numbers (or size) of businesses in their area do not directly benefit from the increase in NNDR levied. However, because it was argued that this acted as a disincentive for councils to attract new businesses into their area, a **Local Authority Business Growth Incentive scheme (LABGI)** was introduced in 2002. This scheme was intended to act as an incentive to local authorities to promote economic growth in their area by providing a financial reward if the total business rateable value of the council's area grew by more than a certain percentage.

3.16 The first LABGI grants were paid in 2005-6 and then in subsequent financial years. However, Slough BC did not initially receive any allocation and disputed this with central government. Ultimately, the Council took the government to court as part of a judicial review with Corby BC. The court found in Slough's favour – the first successful judicial review of a local government funding policy ever.

3.17 As part of the Comprehensive Spending Review 2007, the government published a consultation paper on a revised LABGI scheme for 2009-10 and 2010-11. The proposals retain the concept of LABGI being a reward and incentive scheme to increase the overall business rateable value, but propose to distribute LABGI on the basis of the increase in rateable value as a "sub-region" rather than on an individual authority basis. The amount of money available for distribution has also been significantly reduced.

3.18 The amount of NNDR paid by a business does not vary according to the cost and level of service provided by the local council. However the Local Government Act 2003 introduced a system of **Business Improvement Districts (BIDs)** to enable councils to raise additional income from sections of its business community to pay for increased service provision. Subject to the agreement of the businesses affected by way of a ballot, a defined area of an authority is designated as a BID, with specified additional services provided by the council paid for by a supplementary business rate locally levied and retained. For example, town centre businesses might agree with the council to become a BID to fund increased street cleaning in the area. All funding raised by the supplementary rate must be separately identified in the council's budgets to ensure that it is used to provide only the services agreed by the BID. According to the National BIDS Advisory Service there were over 60 BIDS operating in England at the beginning of 2008.

<u>Formula Grant</u>

3.19 Local authorities receive a large part of their funding in the form of grants from central government. While some of this is in the form of specific grants (funding streams with a specific set of rules, intended to give authorities the resources to provide a particular service or achieve a particular outcome), over £27 billion of funding is in the form of "formula grant". This is intended to be general funding with no restrictions on what local authorities can spend it on.

3.20 Historically, councils learn their formula grant allocation through the annual local government finance settlement announcement, generally agreed in parliament in January or February. In order to provide more certainty to local authorities, the government has now moved to three year 'fixed' funding settlements, coinciding with the spending review cycle. The first multi-year announcement covered the 2006/07 and 2007/08 finance settlements only. The first 'three-year' announcement was made in December 2007, covering the period 2008/09 to 2010/11.

3.21 Allocations of formula grant at an individual local authority level are, unsurprisingly, determined by a complex set of formulae. However, the main principles underpinning the formulae have remained the same for many years. Authorities that have a higher level of needs, or are likely to experience a higher demand for services, should be entitled to more grant (this is the principle of 'needs equalisation'). Authorities that are better able to raise council tax should also have this ability recognised in the system, and so, all other things being equal, should receive less grant (this is the principle of 'resource equalisation').

3.22 Throughout much of the 1990s, authorities' needs were measured by Standard Spending Assessments (SSAs). Each year changes would be made to the SSA formulae in an attempt to reflect the latest thinking on what issues drove demand for local authority services. In 1998, the Labour Government decided to introduce a formula freeze thus ending the practice of annual changes being made to the local authority funding formulae. After a four year freeze, SSAs were replaced by Formula Spending Shares (FSS's) in 2003/04; and then, following a further three year freeze, FSS's were replaced, in 2006/07, by a new 'four-block model' This new local government funding system represented a radical, and perhaps unwanted , departure from previous systems.

3.23 The key features of the 'four-block model" have continued for 2008/09 to 2010/11 and are as follows:

Table 3: The Four – Block Model

Relative Needs Block	Representing a common amount per head for each type of authority. The amount varies depending on the services for which the authority is responsible. This amount is designed to cover the basic (or common) level of funding required in all local authorities across the country. Each major service has its own separate formula, known as the Relative Needs Formula. Broadly speaking, each formula provides a sum per client or per population, plus additional sums based on the local circumstances of the individual council, for example deprivation and area costs.
Relative Resources Amount	This block takes into account that local councils can raise funding locally, ie by raising Council Tax. This sum is then deducted from the Relative Needs Block to reflect the additional funding for services that cannot be raised locally. It should be noted that the size of the Relative Resources Amount is a calculated figure and as such may not reflect the actual Council Tax raised locally.
Central Allocation	The remaining funding available after the Relative Needs Block has been calculated is distributed to local councils based on their local population numbers.
Floor Damping Block	The amount of grant due to be given to local councils from the first three blocks is assessed against funding in past years. If the calculated grant is significantly below funding received in prior years, the authority is protected from the consequences of reduced funding on its service provision by a grant "floor" that guarantees a certain minimum increase in funding. The additional funding provided to councils by the grant floor is raised from local authorities receiving funding increases "above the floor". In effect, councils above the grant floor receive a reduction in their grant in order to protect those councils below the grant floor.

3.24 By announcing fixed-year settlements, for 2006/07 and 2007/08; and 2008/09 to 2010/11, the government wanted to achieve two objectives.

- To provide more stability and certainty to local government about funding levels.
- To focus the Settlement on the allocation of grant rather than on notional funding for services and on notional taxation

3.25 However, the new system also greatly increased Ministers' power to direct grant towards political priorities. As part of the old FSS system they could only decide on the overall size of grant pot, the needs formulae and the floor levels. Under the new 'four-block' model they can also decide on the split of the pot between needs, resources and the central allocation in a direct way; unconstrained by scrutiny of assumed council tax levels and service-by-service FSS totals and their comparison to actual spending levels.

3.26 In summary:

Calculation of Formula Grant = Relative Needs Block – Relative Resources Amount + Central Allocation + Floor Damping Block

Formula Grant comprises of **Allocation from the NNDR Pool + Revenue Support Grant** (Balancing figure)

<u>Area Based Grant</u>

3.27 Area Based Grant (ABG) was introduced on 1 April 2008 to assist local authorities to fund their responsibilities as part of the **Local Strategic Partnership**. ABG is not limited to being spent on specific services or functions, but can be used in whatever manner the receiving council thinks is the most appropriate way to help it achieve its targets detailed in its Local Area Agreement. Similar to the RSG, central government has provided indicative figures to individual councils on the level of ABG funding they should expect for the three financial years 2008/09 – 2010/11.

3.28 ABG is not new funding, but is the product of government withdrawing a series of other grants and amalgamating this funding into the new ABG. The intention behind this was to reduce the amount of ring-fencing of specific grants to local authorities, thereby increasing the flexibility of local councils to allocate government grant funding in the best possible way at local level.

<u>Specific Grants</u>

3.29 Central government and other bodies provide funding to local councils through a variety of grants and allocations, known as specific grants. There are two broad types of specific grant; those whose funding is tied (or ring-fenced) to a specific function or service (e.g. Concessionary Fares Grant) and those that are based on the performance of the local council or one of its functions (e.g. Housing and Planning Delivery Grant).

<u>Education Funding – The Dedicated Schools Grant</u>

3.30 Prior to April 2006, schools were funded through Formula Grant, but from April 2006 the government introduced the Dedicated Schools Grant (DSG), a specific grant provided to education authorities to fund their spending on schools. It should be noted that there is a difference between "education" and "schools", the former being wider than the latter and including other youth activities such as the youth service or other activities for children and young people. In theory, DSG can only be used to support spending on schools and, therefore, cannot be used to fund wider non-schools activities.

3.31 DSG is provided to local authorities on a per pupil basis, with top ups for local circumstances. Whilst it can only be used to fund schools' activities, an authority can, with the agreement of its **School Forum** retain a proportion of the DSG centrally to provide centrally based schools services such as peripatetic teachers.

3.32 The DSG provides a “lump sum” to local authorities to fund all of its schools, but then the local authority must have a basis of dividing funding between individual schools and so all education authorities will operate and maintain a formula to distribute funding to individual schools . There is only limited local discretion on how this formula operates, as there is a national requirement to ensure that every school receives a minimum level of funding, known as the minimum funding guarantee, which is largely based on pupil numbers. The formula will also determine the amount of schools funding that is centrally retained (there is a nationally determined maximum, which can only be exceeded with the agreement of the Schools Forum) and allocate additional funding in addition to the minimum funding guarantee, known as “headroom”.

Fees and charges

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

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

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

Investment Income

3.36 Surplus cash can be generated from a variety of sources, including reserves and balances and general timing differences between the receipt of income and payment of expenditure leading to temporary surplus cash. Councils invest such surplus cash (which could be either revenue or capital in nature) in a variety of interest bearing accounts and can use all of the interest received to support their revenue spending on services.

3.37 Many councils have significant sums of reserves, in particular capital reserves generated from asset sales such as transferring housing stock to a housing association. Therefore, the interest generated from investments forms a significant part of their available revenue funding. Councils are subject to prevailing interest rates along with all other investors and so in times of low interest rates, councils will be faced with particular budgeting challenges as investment income drops.

3.38 The “credit crunch” together with the failure of a number of Icelandic banks has brought into sharp focus the need for local councils to balance their desire to protect their investments and their desire to ensure that maximum returns are generated from such investments. Every council will have a Treasury Management strategy and Code of Practice that defines the parameters of its borrowing and investment activities. These documents are based on national best practice advice issues by CIPFA.

Revenue Reserves and Balances

3.39 Reserves are funds set aside to provide for specific spending needs that may arise in future financial years. Whilst reserves and balances are not new money, they can be used to fund spending on services and so form part of the council’s overall sources of funding.

3.40 As part of their overall budget, councils make contributions to a variety of reserves, which are intended to fund spending in future financial years. For example, many councils will have an insurance reserve to provide the means to finance un-insured risks. In addition, should the council find that it has under spent its budget at the end of the financial year, it may transfer the under spent amount into its reserves.

3.41 There is no specific obligation on councils to have reserves or balances, and consequently, no legislation specifies maximum or minimum level of funds that a council should hold in its reserves and balances. Therefore, each authority should determine for itself as part of its overall financial planning what level of reserves it needs to maintain, and what its minimum level of balances should be. The Local Government Act 2003 specifically requires the **Responsible Financial Officer** (known as the “**Section 151 Officer**”) to make specific reference to whether reserves and balances are robust in the annual budget report that agrees the budget and Council Tax for the forthcoming financial year. Further details of how Slough BC sets its budget can be found below.

Funding in Future Years

3.42 Over the medium term there are a number of potentially significant changes to local government finance, which could have a major bearing on the Council’s funding position.

- **Supplementary Business Rates.** The government announced, at the time of its Comprehensive Spending Review 2007, that it was minded to allow, subject to certain restrictions, local authorities to raise additional income by adding up to 2p in the £ to local businesses NNDR bills from 2010/11. A supplement on this scale could potentially raise over £3.5m per annum for Slough BC.
- **Formula Review.** The government is currently reviewing the local government funding formulae with a view to making changes in 2011/12. In his statement, at the provisional settlement 2008/09, the Minister for Local Government announced that the government would review the Area Cost Adjustment within the funding formulae and that National Statistician would “now bring together central and local government to work on ways to improve population survey data and make greater use of administrative data”.

Housing Revenue Account

3.43 All councils that possess council housing stock must maintain a separate Housing Revenue Account separating both the income and expenditure relating to managing and maintaining the housing stock.

3.44 Local authority housing, along with other Registered Social Landlords, has been significantly influenced by government policy for many years, particularly the policy and target introduced by the 2000 Spending Review to ensure “Decent Homes” are provided by 2010. This policy has been developed over time and has greatly influenced the way local authorities provide and fund council housing. It should be noted that a central government review of the operation of the council housing finance, including the HRA Subsidy system was commenced in April 2008, and is due to report in March 2009. The following paragraphs provide information on the current system of HRA funding, but all of this is subject to change by the review.

<u>Housing Rents and Service Charges</u>

3.45 Rents charged to council house tenants are an important source of income to the HRA. However, local councils, along with other Registered Social Landlords, are currently subject to **Rent Restructuring**. Rent Restructuring is a ten- year government programme, which commenced in April 2002, designed to equalise rents between local councils and RSLs. Councils are expected to use rent restructuring to all dwellings in their HRA, with the aim to apply a common formula to calculate rents, so that rents are similar between all local social housing providers.

3.46 Formula rents were calculated as at April 2000 and have been increased by nationally determined percentage increases annually. The overall aim of rent restructuring is to move actual rents to match the formula rent level over a ten year period to April 2012. However, for the years 2006/07 and 2007/08, the government introduced some protection from rent increases to individual tenants by limiting annual rent increases to a defined percentage (5%). Some authorities received additional financial support (known as Rental Constraint Allowance) as part of their Housing Subsidy (see the next section) if rent restructuring would have led to an increase of rents above the 5% limit.

3.47 The Government consulted on the overall operation of rent restructuring during the summer of 2007 and subsequently announced the removal of the Rental Constraint Allowance and the requirement to limit rents to a centrally defined percentage for 2008/09. In order to limit the potentially significant increases in rents that may result, the government also announced an extension to the period over which rents will be equalised by an additional 5 years to 2016/17. They also reserved the right to make further amendments to the entire system as part of their overall review of local government housing finance.

<u>Housing Revenue Account Subsidy</u>

3.48 HRA Subsidy is a grant payable to councils who retain ownership of their housing stock, and payable via a formula system. Councils provide factual information on the nature of their housing stock (e.g. the number of different types of house or flat owned) and this is used in a central formula operated by the Department of Communities and Local Government to calculate how much the council should spend on operating and maintaining such a housing stock. An equivalent formula approach is used to calculate the amount of income by way of housing rents should be generated from such a housing stock. Therefore, the HRA Subsidy formula calculates theoretical expenditure and income levels for every council owning housing stock.

3.49 If the formula calculates that expenditure is higher than income for an individual authority, the balance is payable in HRA Subsidy. However, should the formula calculate that income is higher than expenditure for the authority, the authority is in a “negative subsidy” position and is required to pay over to a national pool operated by DCLG a sum equivalent to the calculated negative subsidy.

3.50 In summary:

- If calculated expenditure from the HRA Subsidy Formula is **greater than** calculated income, then **positive HRA subsidy** is paid to the authority

- If calculated Expenditure from HRA Subsidy Formula is **less than** calculated income, then the council is said to be in **"negative subsidy"**, and pays an equivalent amount from its HRA into the national pool

3.51 Therefore, HRA Subsidy is a redistribution formula between local authorities and can yield either income or the need to pay local funding over to the national pool depending on how the formula calculates HRA income and expenditure give national circumstances.

4. Sources of Capital Finance

Capital Receipts

4.1 Capital receipts are the proceeds of the sale of assets. It is important that the council tracks whether the assets it sells are either general fund or housing revenue account assets as the availability of the consequent capital receipts for use by the council varies between the two classifications.

4.2 General Fund capital receipts are fully available locally, meaning that the council can either reinvest the capital receipts in further capital assets or invest the capital receipts and use the interest to support its revenue spending, or any combination of the two possibilities.

4.3 In the past, the ability to use general fund capital receipts was limited by a central government "set-aside" system whereby any council that had debt outstanding was required to "set-aside" a proportion of their capital receipts to provide for debt repayments. Councils were not specifically required to pay off debt, and so some councils retained the set-aside sums in a capital receipts reserve, which was invested. The interest generated from this reserve could be used by the council to support its revenue budget. Even though the set aside system ended in 1997, local authorities are still prevented from using the capital receipts previously set aside for anything other than the repayment of debt, and so some councils still have such set-aside capital receipts invested and earning interest for the authority.

4.4 The capital receipts generated from HRA asset sales are subject to different regulations. Capital receipts generated by council housing sales under "right to buy" legislation are subject to a national system of "pooling", meaning that individual councils are required to pay to central government 75% of the capital receipts generated. Sales of other HRA assets, such as bare housing land, shops, garages and other community facilities, are subject to 50% pooling, unless the council can demonstrate that it uses the capital receipts locally for affordable housing or regeneration projects. If so, pooling can be avoided altogether. Large and small scale voluntary transfers of housing stock to Registered Social Landlords are not subject to pooling.

Borrowing and the Prudential Code

4.5 Councils can borrow money for capital expenditure, but cannot borrow to fund revenue expenditure. Prior to 2003, the amount of money councils could raise by borrowing was restricted by a system of central government credit approvals, but the Local Government Act 2003 abolished credit approvals and central control of borrowing in favour of a system of self regulation, known as the Prudential Framework. The Prudential Framework is supported by a Code of Practice prepared and maintained by CIPFA, known as the Prudential Code.

4.6 Under the Prudential system, every council should prepare its estimates of likely capital spending for three forward years, including how the spending will be financed. As part of the financing of such capital expenditure, councils should explicitly estimate whether it will need to borrow to fund its capital expenditure plans, and if so, how much it is likely to borrow. These estimates are published by the authority and are known as **Prudential Indicators**.

4.7 Councils are free to borrow as long as they consider that the borrowing is both affordable and prudent. Affordability is the ability to pay back the borrowing, together with any interest payments, from its revenue budgets. Prudence is more difficult to define, but will include consideration of whether it is wise to invest in such projects and to fund them through long term borrowing. Some councils choose not to borrow at all, or have paid back all of their historic debt, possibly as a result of the large capital receipt generated from the sale of their council housing stock and are known as debt-free authorities.

4.8 Councils are free to borrow money from the money markets, but mostly use the Public Works Loans Board (PWLB), part of the Debt Management Office of HM Treasury. The PWLB provides debt finance specifically for local authorities and offer competitive long term fixed interest rates.

Specific Grants (National Lottery and European Funding)

4.9 In a similar way that specific grants are available for revenue expenditure, capital grants may be available to fund capital projects. For example, the Building Schools for the Future programme is an example of government, working with private sector partners making approximately £2.5 - £3billion of capital funding available annually to rebuild and remodel every secondary school in England.

4.10 Councils can apply for National Lottery funding from one of the 14 national lottery funders (e.g. the Heritage Lottery Fund). Whilst lottery grants can be either capital or revenue in nature, funding is usually tied to specific projects and so care should be taken in ensuring that funding is only spent on items covered by the grant. This is true of all ring-fenced specific grant funding.

4.11 The European Union supports poorer regions of its member states by providing to assist in economic regeneration and job creation. The most important funding programmes are collectively known as “Structural Funds” and can usually only be applied for if the area has previously been designated as “Objective 1”, or in some cases “Objective 2” in terms of the area’s relative economic position compared to other member states. European Union funding is a highly complex area, and not generally available to all local councils.

4.12 One important consideration when considering capital specific grants is how the asset will be maintained and operated into the future. Specific capital grants, by their very nature, cannot be used for on-going revenue expenditure and so councils will need to ensure that they have the revenue funding available to ensure that the asset funded by grant remains financially viable into the future.

Planning Contributions

4.13 Under the Town and Country Planning Act 1990, Section 106, local councils can enter into agreement with private developers for them to make financial contributions to the council for the provision on public assets and services. These are known as Section 106 Agreements. Such sums can be capital, revenue or elements of both, depending on the actual agreement. Most are specifically restricted for use in a certain area or development, and many are subject to a time limit, whereby if the council has not used the funding by a specified date, the developer has the right to claim back the money.

The Private Finance Initiative

4.14 The Private Finance Initiative (PFI) is a procurement model for local councils and other public sector bodies to deliver assets and services through agreement with the private sector rather than directly themselves. PFI is designed to be a method for local councils to procure large scale assets, such as waste disposal facilities, schools and social housing.

4.15 The key difference between the PFI and a council directly funding a capital project is that under the PFI, the private sector Designs, Builds, Finances and Operates the asset on behalf of the public sector over the life of the PFI contract (also known as a DBFO scheme). Therefore, the public sector purchases the use of the asset in terms of the service it can provide rather than directly owning the asset itself. Generally, PFI contracts are agreed over a long period of time, usually 25 – 30 years, over which the private sector will recover their investment in charges to the council for the service delivered. If the contractor fails to deliver the agreed service at the agreed quality, no payment is made, thus risk is transferred from the public to the private sector.

4.16 It should be noted that PFI contract payments cannot be funded from capital budgets, as it does not meet the rules set out above (because the council does not own the asset). Therefore all PFI payments are funded from the council's revenue budget.

4.17 Government supports approved PFI schemes by providing PFI Credit, which is a form of specific grant available to certain PFI projects. PFI Credits totalling £3.6billion per year over the current three-year Comprehensive Spending Review period have been agreed and have been allocated to individual government departments, including the Department of Children Schools and Families, Department of Communities and Local Government and Department of the Environment, Food and Rural Affairs. Individual government departments publish criteria for deciding which individual schemes will be supported. Councils wanting support will then enter a process of submitting business cases which are used to ensure the project is viable and meets the criteria set out for allocation of PFI Credit.

<u>Direct Revenue Financing</u>

4.18 Councils can use revenue funding for capital purposes (but not capital money for revenue purposes). Where councils budget to allocate revenue funding to capital, it is known as a Direct Revenue Financing (DRF), or sometimes by its former name Revenue Contribution to Capital Outlay (RCCO). Clearly the main constraint on DRF as a mean of funding capital expenditure is the availability of revenue funding that can be used for capital. Put simply, the more DRF, the less funding for revenue services. However, DRF can be a useful source of funding for projects that will yield revenue savings or where other forms of capital funding are unavailable.

5. Financial Planning and Control

<u>Introduction</u>

5.1 This section considers the revenue and capital budgeting process in Slough.

5.2 Robust financial planning and control processes are essential for a local authority to demonstrate good governance over public funds and to achieve value for money. As such, the quality of the council's financial processes and decision making have for some years been assessed as part of the Use of Resources element of the Comprehensive Performance Assessment. From 2009, the Comprehensive Area Assessment will develop the overall inspection agenda into how local strategic partnerships work together to achieve value for money service outcomes for their communities. The Use of Resources element of the inspection process has also been developed to consider the wider partnership agenda, however, sound systems of financial planning and control at individual authority level are still essential and the Use of Resources continues to inspect and assess such processes.

5.3 Each year, the Council must prepare a budget that fulfils five main purposes:

- To set the level of Council Tax for the forthcoming financial year;
- To prioritise resources;
- To authorise expenditure;

- To provide a base to control expenditure and income;
- To establish targets against which performance and achievements can be measured.

5.4 Frequent monitoring of Council expenditure against the budget is important to ensure financial stability is maintained throughout the year. Consequently, regular monitoring reports are submitted to the Cabinet and to Overview & Scrutiny Committee, where necessary. Service Directors are also well aware of their duty to control their departmental budgets within the cash limits that are set for them.

5.5 The Council begins its budget setting process early in the financial year to enable options to be fully considered and explored before decisions are made. As part of this process, assumptions are made and built into the budget settling process which later may turn out not to be accurate. Year on year assumptions also become less sustainable so it is important that these risk are quantified and that the Council has appropriate levels of balances to manage unforeseen circumstances.

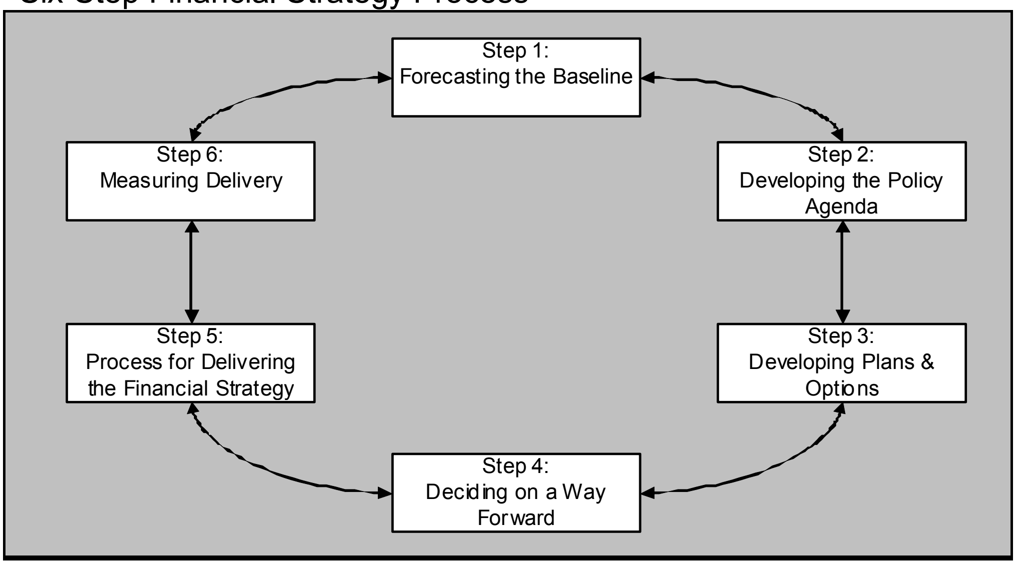
5.6 In determining the level of budgets for each Directorate, the Council must take into account the following factors:

- The level of funding it receives from Central Government.
- Inflationary requirements and commitments.
- New statutory responsibilities and/or transfers of function away from Council.
- Changes in demographics and levels of service demand.
- Growth requirements arising from the Corporate Plan.
- Changes in levy and precepting bodies requirements.

5.7 Each of these factors has a major impact on the level of resources required or available to the Council.

5.8 The Council has adopted a six-step Financial Strategy Process to ensure the Revenue Budget it ultimately agrees is robust, effective and linked to Members' priorities.

Figure 1 – Six-Step Financial Strategy Process



Forecasting the Baseline

5.9 The first step in developing a new Revenue Budget is to forecast the Council's finances over the medium term. Forecasting is undertaken on the basis of "current plans and current priorities" i.e. the budget position based on existing decisions and assuming no corrective action is taken. This provides a context for setting priorities and making decisions later in the financial strategy.

Developing the Policy Agenda

5.10 SBC's vision and priorities have been determined by Members, as follows:

Slough has a shared vision and priorities to inspire our town, bind communities and instill pride.

Vision

- a shared vision to inspire our town, bind communities and instil pride
- clear leadership to drive and inspire within and outside the council
- a place where people want to come to work
- making the most of shared resources and partnerships
- universal customer focus
- community focus and engagement
- lifting performance in priority areas
- effective systems and processes
- Priorities

Our 5 priorities are:

- Community Cohesion
- Health and Wellbeing
- Community Safety
- Environment
- Economy and Skills

5.11 Obviously underpinning all of these is the understanding that all services provide Value for Money & are of appropriate quality.

5.12 It must be noted that Members have been required to take hard decisions when prioritising expenditure. These decisions arise due to the 'loss' of funding the authority has experienced caused by the Government's continued reliance on inaccurate population estimates to allocate funding. It is essential that, within a finite funding envelope, statutory, demand-led and contractual requirements are met. Therefore, although all growth items are robustly challenged to ensure cost effectiveness, due to the loss of funding, highlighted above, Members have either been required to make reductions in service expenditure or chosen not to invest in the areas that would, in other circumstances, have been their priorities.

Developing Plans and Option

5.13 Slough operates an annual process within its medium-term financial planning cycle. Priorities and objectives are set for the medium-term whilst departmental plans are submitted, considered and updated on an annual basis. The main focus of this process is the Policy and Performance Review Group (PPRG) meetings, held in July and October and November 2008. PRG meetings provide an opportunity for service departments to put forward new service proposals for Members to consider, refine their existing plans and demonstrate how they will balance their budget in the coming years. The PPRG process also gives Members the opportunity to engage with Service plans and to re-prioritise resources where appropriate.

5.14 Members and Service Departments are well aware of the constant need to provide Value for Money (VFM) in the services provided to the Council's residents and the financial restraints inhibiting the Council. Alongside the constant in-year review of VFM, the PPRG process enables existing priorities to be challenged by Lead Commissioners and Officers and ensures all growth and savings options are scrutinised and perceived to be robust.

5.15 Following the first round of PPRG, in July 2007, a number of growth and savings options were selected for further examination under an Option Appraisal process due to their perceived financial value or impact on policy. The Option Appraisal process consequently examined these issues options in more detail.

Budget Consultation

5.16 As part of the Council's commitment to listen to local people the council consults annually as part of its budget process. The consultation seeks to establish what local residents think about council services and priorities and how this should be reflected in the annual budget.

5.17 This year residents have been consulted through a wide range of qualitative and quantitative consultation methods including: day and evening meetings with local community groups; an on-line budget simulator; an article in the Citizen (Slough's free newspaper);and a dedicated consultation officer to deal with telephone and e mail enquiries. Residents were also invited to write or email the Council with any comments.

5.18 The consultation process was designed to be as inclusive as possible, seeking the views and opinions of residents, stakeholders, the business and voluntary sectors. Understanding the views and opinions of local people will assist cabinet as it develops and finalises the budget for the financial year ahead. The feedback obtained will also be used by council services alongside other sources of customer intelligence and feedback when developing service plans and in continued implementation of the council's vision.

5.19 In 2008, the government published a National Strategy on Participatory Budgeting. The government's ambition is for all local authorities to use participatory budgeting by 2012, with pilot studies being established in 34 local councils. Participatory budgeting differs from budget consultation as the intention is to allow local people to become more fully involved in the development of budgets, rather than being asked their opinion on the council's budget priorities and plans. For example, some councils provide a budget for individual councillors or wards to spend on local initiatives and participatory budgeting could be use to determine how such budgets are allocated.

<u>Deciding on a Way Forward</u>

5.20 In July and October 2009, Commissioners considered and made preliminary decisions based on Service Directorates' PPRG submissions and the outcomes from the Option Appraisal process.

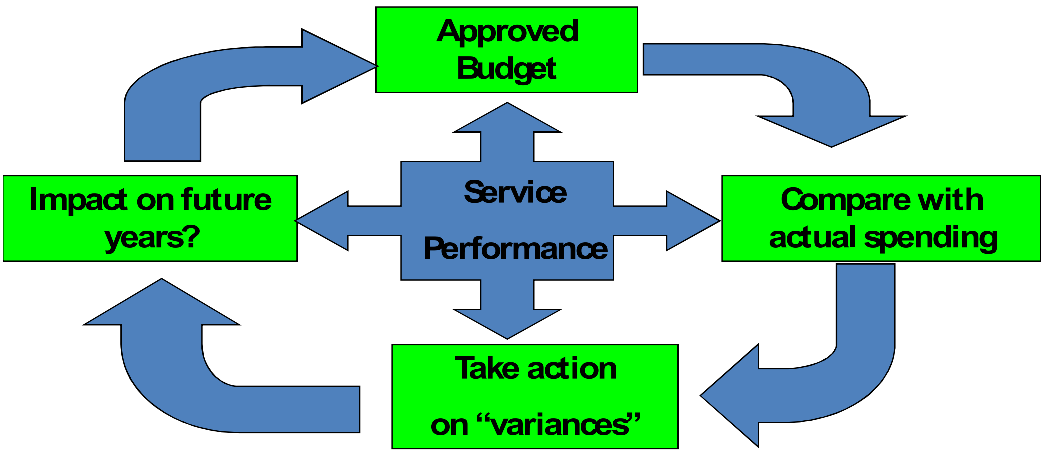
5.21 The Labour Group made use of the electronic PPVoting system to facilitate discussions around the relative priorities for growth and savings options put forward by Service Departments. The PPVoting system allowed members to reach a consensual view by ranking growth priorities from the most to least desirable and savings options from the most to least acceptable.

<u>Process for Delivering Financial Strategy</u>

5.22 Officers developed and regularly updated an over-arching Action Plan that was used to drive forward the delivery of the Financial Strategy. The Action Plan set out key tasks, delivery dates and identified lead officers for each item.

<u>Measuring Delivery</u>

5.23 The budget monitoring process is illustrated in the following diagram:



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5.24 Budget monitoring is the continual process of comparing actual income and expenditure with the budget and forecasting the likely expected out turn at the end of the year. Over or under spending (variances) will be addressed as they arise with the aim of ensuring that the council ends the year within its budget. The budget monitoring process will also inform future updates of the MTFS where changes in expenditure and / or income patterns impact on future years.

5.25 Regular monitoring of Council expenditure against the appropriate budget is undertaken by Service Directorate budget managers, supported by finance professionals. As noted previously, regular monitoring reports are submitted to the Cabinet and to Overview & Scrutiny Committee, monthly, throughout the year.

5.26 The Council has managed to deliver a balanced bottom line of its budget for the last five years. Slough has very pro active arrangements for monitoring and control to deliver at a high level of financial management, ensuring the Council manages within its resources.

Setting the Council Tax

5.27 Council Tax billing authorities are required by law to set their budget and Council Tax by 11th March prior to the start of the new financial year on 1st April. Precepting authorities have the slightly earlier deadline of 1st March, to enable information to be included on the overall bill prepared by the billing authority. Additional supplementary Council Tax demands designed to raise additional funding during the year are illegal, and so it is essential that the council ensures that the annual budget adequately funds services as mid-year financial pressures will largely have to be addressed within the overall total funding generated at the time the budget was set.

5.28 The legal deadlines on Council Tax setting form the end to the budget setting process at all local authorities. By law, the budget must be agreed by full Council, and so it is usual for a full Council meeting to be held towards the end of February or very early March to agree the budget and Council Tax demand for the forthcoming year.

5.29 The council is required by law to set a “balanced budget”, defined as a budget that ensures that planned expenditure is no greater than the income expected during the year together with the council’s available revenue reserves. However, the Local Government Act 2003 requires the council’s “Section 151 Officer” to specifically report on the adequacy of the budget and robustness of the council's reserves. As such, the council must balance its desire to spend on service provision with the need to ensure that an adequate minimum reserve level is maintained. There is no legislative basis to establish a minimum level of reserve, and so the council, on the advice of its Section 151 officer and, possibly, the external auditor, will agree a minimum level of reserves as part of its MTFS and annual budget.

Roles and responsibilities

5.30 All elected members and officers have an important role to play in the overall financial planning and monitoring processes. This section will consider the roles and responsibility of various elected member and officer groups.

5.31 **Full Council**. Under the Local Government Act 2003, the budget and consequent Council Tax demand must be agreed by Full Council regardless of the political structure in operation at the authority. Ultimately, therefore, the agreement of the budget is determined politically.

5.32 The Local Government Finance Act 1992 also requires precepting authorities to agree and issue their precept to billing authorities before the 1st March, with billing authorities being required to set the Council Tax by 11th March prior to the commencement of the new financial year on 1st April. Slough BC's budgeting process, therefore, culminates in a meeting of full Council, in February each year, to approve the budget for the forthcoming year.

5.33 Full Council has less of a role in budget monitoring, due to the more detailed nature of the information, but receives regular information highlighting key budget and service performance issues, including details on the planned action by either officers or Cabinet to address the issues raised.

5.34 **Cabinet.** The Cabinet is responsible for presenting a budget to full Council for approval. Clearly, whilst much of the detailed work is undertaken by service officers and the finance department, the Cabinet will provide oversight to the budget construction process, establishing and monitoring systems and processes to ensure that the draft budget is acceptable and will deliver the Council's agreed policies, aims and objectives.

5.35 Whilst detailed budget monitoring will be carried out by service managers, Commissioners will maintain an overview of budget and service performance issues and challenges within their area of responsibility, and the Cabinet will receive and review regular reports detailing overall service and budget performance and highlighting any particular challenges. These reports will be debated in order to develop and agree appropriate strategies to ensure that performance and spending are brought back on plan.

5.36 **Overview and Scrutiny.** The Local Government Act 2000 establishes the role of scrutiny as one of holding the Executive to account and to ensure that decision making is efficient, transparent and accountable. Effective scrutiny can add value to the budget making process by challenging the financial planning process to ensure that it is sufficiently integrated with the corporate and service planning process and examining how resources are allocated, making recommendations as to how resource allocation and value for money could be improved.

5.37 Overview and Scrutiny will receive the service and budget monitoring reports discussed by Cabinet, and can conduct their own reviews and investigations to add value to the overall performance monitoring process as part of their on-going work load.

Glossary of terms

Billing authority: The council that bills and collects both Council Tax from local residents and Business Rates from local business premises. For Council Tax, the bill issued will include the precepts from other authorities operating in the area. Slough BC is a billing authority.

Business Improvement Districts (BIDs): A local agreement between local councils and the business community to provide additional services paid for via a locally collected and retained Business Rate. BIDs were introduced by the Local Government Act 2003.

Capital: Income received and funding spent on the creation and enhancement of the council's assets (e.g. land, buildings, infrastructure, equipment). What counts as capital has to meet specific criteria set out in legislation and accounting practice. Councils cannot use capital income for revenue purposes.

Comprehensive Area Assessment (CAA): The new inspection method for local authorities to be introduced from April 2009. The CAA has two main parts; the Area Assessment which evaluates and reports on the quality of all public services with the local area, and the Organisational Performance Assessment, which evaluates the performance of individual local authorities. The Organisational Performance Assessment contains two parts; the Use of Resources Assessment and the Managing Performance assessment.

Comprehensive Performance Assessment (CPA): The previous method used to inspect the performance of individual local authorities. The CPA is to be replaced with the Comprehensive Area Assessment (CAA) from April 2009.

Comprehensive Spending Review: The central government mechanism for establishing three year expenditure plans for all public spending, resulting in three year Settlements for local councils. The CSR 2007 covers the financial years 2008/09, 2009/10 and 2010/11.

Discretionary Services: Services where the council has the power to provide a service, but has no specific legal obligation (e.g. leisure and cultural services). Under the Local Government Act 2003, enhancements to statutory service provision which are over and above what is required by law (e.g. pre-planning advice) is defined as a discretionary service, thus allowing the council to levy a charge.

Formula Grant: The funding provided to local authorities by central government as part of the Local Authority Financial Settlement. Formula Grant is made up of Revenue Support Grant plus an allocation of the National Non Domestic Rate pool.

General Fund / General Fund Services: All services provided by the local authority, with the exception of the provision of council housing are defined as General Fund services.

Hereditament: Essentially meaning property, but used in local government to mean houses and other living accommodation, such as flats.

Housing Revenue Account (HRA): All councils that own and manage council housing are required by law to budget and account for the resulting income and expenditure separately. The separate account is known as the Housing Revenue Account (HRA)

Housing Revenue Account Subsidy: The government grant for the provision of council housing. The grant is calculated via a formula which allocates grant to some local councils to support their HRA. It is a national redistribution formula and as such, individual authorities can receive funding via grant or be in "negative subsidy", meaning funding has to be returned to central government from the local council.

Local Authority Business Growth Incentive scheme (LABGI): A government scheme to encourage local councils to promote economic growth in their area by providing a financial reward if the total business rateable value of the council's area grew by more than a defined percentage. LABGI was first paid during 2005/06. The Government are currently consulting on a revised LABGI scheme for 2009/10 and 2010/11.

Local Authority Financial Settlement: The process, and announcement, of the amount of funding local councils will receive in Formula Grant. The Settlement is announced annually, but is now linked to the government's Comprehensive Spending Review process,

meaning that local councils receive notice of funding over a three year period. Annual settlements during the three year period have, up to now, been simply confirmed by the Government.
Local Strategic Partnership (LSP): Non statutory bodies comprising of representatives all bodies delivering public services (including the health and voluntary sectors) in a local area.
Mandatory Services: Services which a local authority is required to provide specifically by law.
Negative Subsidy: The Housing Revenue Account Subsidy grant models income and expenditure in a council's Housing Revenue Account. If the model calculates that income is greater than expenditure, the council is said to be in negative subsidy, and has to pay over this sum to central government.
Non domestic rating multiplier: Business rates are calculated by multiplying the rateable value of the business premises by an amount set annually by central government, known as the Non domestic rating multiplier. For 2008/09 the multiplier is 46.2p in the £. For small business with rateable values below £5,000, this is reduced to 45.8p in the £.
Precepting authority: A local council that levies Council Tax but does not directly bill local residents. Precepting authorities include county councils, police authorities, fire and rescue authorities, parish and town councils and other local bodies such as the Norfolk Broads Authority. Precepts are added to the overall Council Tax bill produced by the Billing authority(ies) in the local area.
Prudential Indicators: The Prudential Framework introduced by the Local Government Act 2003 requires local authorities to prepare information on planned capital expenditure, borrowing and treasury management over a three year period, known as the prudential indicators. Detailed requirements are set out in the Prudential Code for Capital Finance prepared by CIPFA.
Section 151 Officer: Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should "...make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs." In most authorities the Director of Finance (or equivalent) is designated as the Section 151 Officer to fulfil this statutory role.
Schools Forum: Schools forums were set up by the government to give schools greater involvement in the distribution of funding for education in the local authority. Forums have a consultative and advisory role on key aspects of strategy and budget while having regard to wider education issues. The forum is made up of members representing primary, secondary and special schools, including schools governors and Head Teachers.
Statement of Recommended Practice (SORP): The Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (more generally known as the SORP), defines proper accounting practice for local authorities in the UK. Accordingly, it informs all local councils on various technical accounting matters, including the structure of their annual financial statements. It is prepared by a joint committee of the Chartered Institute of Public Finance and the Accountancy / Local Authority (Scotland) Accounts Advisory Committee (CIPFA/LASAAC).
Rateable value: The rateable value is the annual rent a property would command if it was available on the open market at a set date. The business rate levied on a business property is calculated by multiplying the rateable value by the non domestic rate multiplier. Rateable values are determined by the Valuation Office Agency (VOA), an executive agency of HM Revenue & Customs. Revaluations are carried out every 5 years. The current rateable values are as at 1 April 2003, but a revaluation was carried out on 1 April 2008 which will be used for business rate bills from 1 April 2010
Revenue: Income received and expenditure allocated to support the general running costs of the council.

Rent Restructuring: A long term Government initiative commenced in 2002/03 to require all social landlords to have a single approach to setting rent levels, based on a single formula. All local authorities are required to calculate housing rents for their HRA properties in accordance with the nationally determined Formula Rent system.

Revenue Support Grant (RSG): A government grant, forming part of the Formula Grant that is provided to local councils to support their general revenue expenditure.

Appendix H

DEVELOPMENT OF CORPORATE CHARGING POLICY

1. Background

1.1 On 22 January 2008, the Audit Commission published its report, "Positively charged". The report sets out the findings of research carried out by the Audit Commission in 2007 into authorities' use of charging in relation to their services. The research has also developed on-line tools to assist authorities in comparing income from charges with other authorities and to identify the financial impact of charges on different households, through examining household disposable income. The last time the Audit Commission undertook a wide-scale review of charging was in 1999, in its report, "The Price is Right".

1.2 The key, more recent, pieces of legislation relevant to charging include Section 2 of the Local Government Act 2000, in relation to authorities having the power to undertake activities they consider are likely to promote the economic, social or environmental well-being of their areas. This could include the introduction of discretionary charging. In addition, Section 93 of the Local Government Act 2003 provided a new general power to charge for discretionary services.

1.3 This discretionary power to charge is subordinate to all others, does not override previous powers to charge for either statutory or discretionary services, and does not disapply any statutory bar to charging. The power was therefore intended to rectify any imbalance, where a power to provide a service existed, but to charge for it did not. Authorities are under a duty to ensure that the income from such discretionary charges does not exceed the cost of provision (although there is flexibility over the costs that can be included and the period of time over which this needs to be the case).

1.4 The Audit Commission's 2007 report identifies that, nationally, income from charging (excluding housing rents) stood at £10.8bn in 2006/07, representing around 8% of total income (this compares to the £22.4bn raised through council tax in 2006/07). Despite the significance of charging as a potential source of income, however, the report found that:

- The 2003 discretionary charging powers have not been not widely used.
- Only 1 in 5 authorities surveyed believe that they are using charging to its full potential.
- 40% of authorities do not have a corporate charging policy, setting out their approach to using charges.
- Information on charging is often not presented transparently e.g. budget information being presented net of charging income.
- Levels of charges are rarely determined by an awareness of the impact upon service users/the use of services, but are most often driven by the need to achieve corporate income targets and are based upon historic charges/levels of charges in neighbouring authorities.
- There are wide variations in charging across the country; for example, in 2006/07, district councils generated income from charging ranging from 2% to 67% of total service expenditure.

1.5 The purpose of this paper is to therefore consider the recent work undertaken by the Audit Commission, identify the benefits of developing a corporate charging policy and establish a set of key principles for charging for Slough BC.

2. Why is a Corporate Charging Policy Important?

2.1 There are a range of reasons why authorities should have a corporate charging policy in place:

- The Audit Commission's 2009 Use of Resources assessment will take account of the extent to which authorities are using charging to further their aims. This will include: the impact on service use by different user groups, whether charging objectives are clearly communicated to the public, and authorities evaluating whether charging policies are having their intended effect and that appropriate action is being taken, if not. An authority's corporate charging policy is therefore likely to be a key factor in this assessment.
- Charging has a significant role to play as a policy instrument, contributing towards the achievement of corporate and service objectives.
- Charges can be used as a tool to manage demand, through encouraging/discouraging the use of services and/or the patterns of use of services.
- The policy can provide clarity over why different charges are set for different user groups e.g. through the use of discounts/concessions.
- Charging can contribute towards the achievement of financial objectives, linked to the Medium Term Financial Plan.

3. Principles for Charging

3.1 The corporate charging policy needs to initially establish the Council's key principles in relation to charging. Once agreed, these principles should be adhered to by all directorates, with any deviations from the charging principles set out requiring appropriate approval.

3.2 There are a range of principles which could potentially be considered, but, as a starting point for discussion, the following 8 summary principles are considered to be those which are most relevant. It should be noted that these principles will generally apply to services for which the Council has discretion over the level of charging, rather than services where charging is prevented or where charges are required to be set within statutory limits.

Proposed Corporate Charging Principles for Slough BC

It is recommended that, when setting charges, these are set so as to:

1. *Contribute to the achievement of corporate and service objectives*

2. *Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service*

3. *Be capable of being justified, in comparison with other similar providers*

4. *Take account of the ability of different users to pay, through the use of discounts and concessions*

5. *Differentiated between different levels of the same service being provided*

6. *Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible*

7. *Maximise the ease of collection of charges and minimise the costs of collection*

8. *Be regularly reviewed, using the latest available market information, and revised where appropriate*

The rationale for each of these charging principles is discussed further below.

1. <u>Contribute to the achievement of corporate and service objectives</u>

1.1 Charges are clearly not an end in themselves, but should be used as a means to contribute towards the achievement of specific corporate and service objectives. Managers should therefore be able to identify whether or not a service should be charged for and, if so, clearly articulate how, through charging for the service and in the level and application of the charge, they are contributing towards these objectives.

1.2 As identified above, there will be instances where charging is prohibited or restricted; however, even under such statutory frameworks, it is still good practice to make the link between the level of service provided e.g. basic, enhanced, and the policy objective being addressed.

1.3 LB Islington have developed a useful summary of the types of financial policy for charging that an authority could adopt and the policy objective it is primarily intended to achieve, and this has been adapted and summarised in Table 1 of the attached draft questionnaire, to assist managers in reviewing charges.

Charging Principle 1. *It is recommended that, for each charge set, the manager responsible for the charge identifies the financial policy for charging/constraint (as in Table 1), and relevant policy and service objective(s), in order to ensure that charges are in line with these objectives and that there is clarity over the purpose of the charge.*

2. <u>Maximise potential income, to achieve financial objectives, unless there is an explicit policy decision to subsidise the service</u>

2.1 The Audit Commission's recent work identified that charges are often driven by the need to achieve corporate income targets and do not take sufficient account of policy and service objectives or the impact upon users. Clearly, however, there is also a need for charges to contribute towards the achievement of financial objectives (assuming that these do not conflict with the overall policy framework). Generating/maximising income not only has financial benefits, but can also allow the service to develop capacity, deliver efficiency and sustain continuous service improvement.

2.2 The example financial policies for charging/constraints set out in Table 1 should assist in identifying what financial objective is intended to be achieved from the charge and, as can be seen, there will be a range of circumstances where it is not appropriate to maximise potential income.

2.3 However, the key issue for the Council in financial terms, is to ensure that managers do not inadvertently provide a subsidised service where there is no explicit policy objective to do so. This could take place for a number of reasons, such as:

- Not taking account of the full costs of service provision e.g. capital costs, overheads/recharges, costs of collection, as well as direct costs of provision

- Simply rolling forward historic charges by inflation annually and not taking account of the increased costs of service provision e.g. where fuel costs increase significantly above inflation
- Charging the same amount for different types of service user e.g. a commercial operator and a member of the public
- Instances where the charge is set inappropriately low, resulting in over-use or abuse of the service

2.4 In order for charges to be set at an appropriate level, therefore, this will require managers to have a robust understanding of the full range of costs associated with the provision of the service.

2.5 The Audit Commission also identified a general lack of awareness of the impact of charges upon user behaviour. In addition, therefore, when setting charges, managers will need to be aware of the relationship between the level of charge and the potential impact upon demand, in terms of optimum price sensitivity e.g. as a higher charge may not necessarily maximise total income, if usage decreases disproportionately.

Charging Principle 2. *It is recommended that, the default position for any charge is that it takes account of the full direct and indirect costs of service provision and is set at a level so as to maximise income, taking account of price vs. demand. This will also include setting charges at maximum levels/cost recovery where statutory constraints apply. Where there is an explicit policy objective to subsidise the service, and therefore to deviate from this principle, this reason should be clearly set out, together with the financial consequences of the subsidy, where identifiable.*

3. <u>Be capable of being justified, in comparison with other similar providers</u>

3.1 As identified in the Audit Commission's report, there is considerable variation in the level of charges set by Councils across the country, even amongst those with similar features. For example, the level of income generated from charges within a group of district councils identified using the CIPFA Nearest Neighbours model varied between 8-35% of total service expenditure.

3.2 Clearly, where Councils have discretion over the level of their charges, they are free to exercise local Political and service choice, taking into account factors such as the type and quantity of chargeable services that they provide and therefore the level of charges and associated subsidy. In addition, there may be reasons why charges vary between seemingly similar authorities e.g. the use of alternative models of service provision.

3.3 However, there are equally areas for which authorities are unable to explain why their service charges (or even expenditure as a whole) differ so widely from other, similar providers and where they may not even be aware of such differences in the first instance.

3.4 Slough BC is currently undertaking a review of benchmarking, in order to identify the range of benchmarking groups currently in operation across the Council, authorities compared against, ways in which benchmarking information is used and in order to develop a corporate benchmarking strategy, to ensure consistency of approach. This will include consideration of whether a corporate group should be established to discuss the implications of such data.

3.5 This work therefore links in with the need to compare charges and understand reasons for any differences. Such differences are not necessarily a cause for concern e.g. higher charges may have been levied as a result of a deliberate policy to provide a higher level of service, to seek to discourage excessive use etc., but should be capable of being validated.

Charging Principle 3. *It is recommended that benchmarking information is used by managers to regularly compare their charges against other, similar authorities and providers. Where charges differ significantly from other such comparators, managers should be aware of and be able to explain the main reasons for such differences.*

4. Take account of the ability of different users to pay, through the use of discounts and concessions

4.1 As identified previously, there will be a number of instances where it is appropriate for charges to be subsidised for different types of users. These could include, for example:

- To achieve a specific policy objective e.g. encouraging healthy living through subsidised use of leisure facilities
- Structuring charges differently e.g. a decreasing rate per hour for car parking at off-peak times, to ration service use at peak times when demand exceeds supply
- Where users have limited financial means e.g. as measured by receipt of certain types of benefit and/or reduced rates for children and older people
- To encourage the use of a service by specific groups where take-up is under-represented e.g. ethnic minorities, disabled people
- Applying concessions for certain types of users e.g. free parking for local residents, lower burial charges for residents
- Discounts linked to loyalty/take-up of the service e.g. for frequent users

4.2 The Council may have a corporate policy on service user groups which receive subsidised access to all (or many) services e.g. children and older people's discounts. For certain services, such as Social Care, eligibility criteria for services will also be clearly established. In other cases, there may be a specific area where take-up is particularly low amongst certain groups and a service therefore wishes to increase use e.g. hire of leisure centre halls by clubs encouraging participation from ethnic minorities.

4.3 Key factors that the Council will need to take into account when considering the use of eligibility criteria/discounts/concessions include:

- The link between the discount/concession and the policy/service objective that the charge is intended to contribute towards
- The link between the discount/concession and the Council's diversity/equalities policies
- Whether a generic concession should be applied for all services e.g. those in receipt of means-tested benefits, or whether the concession should be targeted towards a specific user group, depending upon individual service issues
- How the discount/concession will be funded e.g. from other users of the same service, from Council Taxpayers more widely, and the financial implications of the subsidy
- The need to review the degree to which eligibility criteria/discounts/concessions remain appropriate over time e.g. as take-up increases by a previously under-represented group
- Minimising the burden upon those applying for discounts/concessions e.g. ensuring that they do not have to provide duplicate information to more than one Council directorate
- The link between take-up of benefits and maximising overall Council resources e.g. where benefit take-up contributes towards Formula Grant

Charging Principle 4. *It is recommended that managers identify the nature of discounts/concessions that are in place for services where charges are made; the types of users intended to benefit in terms of the link between discounts/concessions and policy/service objectives; the level of subsidy provided; and that discounts/concessions are regularly reviewed, to ensure that they remain appropriate.*

5. Differentiated between different levels of the same service being provided

5.1 Where the Council has discretion over the level of charge and also the level of service provided, it is important that the charge reflects the degree of usage of service resources and value added.

5.2 For example, in the case of Electoral Services, a charge can be made for providing a letter to residents where they are seeking confirmation of proof of residence from the electoral register. Whilst a flat rate could be levied in cases where information is held electronically, there is a case for an increased (e.g. tiered) charge being made where manual searches, involving the physical checking of a number of different registers, needs to take place. Such a system of charging would reflect the additional staff input required.

5.3 Similarly, charges for local land searches may differ between the basic search fee and the fee for a quicker, expedited search. Whilst the same level of staffing resources may be required for both, the service user is receiving higher added value under the latter option and therefore pays a premium for the service.

Charging Principle 5. *It is recommended that charges set are differentiated so as to fairly reflect the differing demand placed upon service resources and the value provided to the service user.*

6. <u>Take account of the views of and minimise the impact upon users, where new or significantly higher charges are proposed, and where this is possible</u>

6.1 Where charges are being regularly reviewed, there will be instances where the review identifies that higher service charges are required e.g. to take account of higher service costs. This may be even more of an issue where service charges have not been reviewed for some time, and have not therefore kept pace with increasing costs.

6.2 It is important that the impact upon service users of any proposed changes to charges is identified, both from an individual perspective e.g. affecting their ability to pay/use the service, and also from a Council-wide perspective e.g. affecting the extent to which policy objectives will now be achieved and the potential demand for, and therefore the level of income received for, the service.

6.3 This will be assisted by an understanding of the impact of previous changes in charges on levels of service use for different groups of service users; although, as such information may not be readily available, it will be important that this is collected in future, whenever such changes are made. In addition, consultations on services (and on Council finances more generally) should take account of user views on levels of charges and the perceived value for money received.

Charging Principle 6. *It is recommended that any significant proposed changes to charges are consulted upon with key service users and groups, in order that their views are taken into account. Managers should seek to ensure that they are aware of the potential impact upon differing service users of changes to charges, considering whether any such changes to pricing policies could potentially be phased in over time, if possible, where the impact is high.*

7. <u>Maximise the ease of collection of charges and minimise the costs of collection</u>

7.1 The efficient collection of charges clearly has significant benefits in terms of minimising potential arrears levels i.e. the easier that it is made for charges to be paid, the more likely that payment will be made in practice.

7.2 In terms of administering charges, there are a number of areas which should be explicitly considered:

- Service charges and the way in which they will be paid/collected should be transparent to users
- The costs of collection should be proportionate to the actual level of income being collected

- A range of alternative payment methods e.g. format, frequency, venues, should be offered to users, with incentives for the most efficient payment methods e.g. electronic payment
- Procedures for the collection of arrears and write-off of debts should be clearly set out and consistently followed for all service users
- Where arrears have built up, this information (e.g. if held by the debtors section) should be shared with managers responsible for providing the service, in order that they are aware of service users experiencing difficulties in paying for the service or who are refusing to pay for the service

Charging Principle 7. *It is recommended that charges should be administered so as to maximise the ease of collection of charges and minimise the costs of collection, considering both the Council and service user perspective, in order to optimise the likelihood of payment.*

8. <u>Be regularly reviewed, using the latest available market information, and revised where appropriate</u>

8.1 As identified previously, service charges should be contributing to the achievement of defined policy, service and financial objectives and it is therefore vital that charges (and eligibility criteria/discounts/concessions) are reviewed on a regular basis to ensure that this continues to be the case.

8.2 The council may wish to distinguish between those fees and charges that need approval by members every year and those that do not. In addition, a de minimis limit could also be set for such a review, although clearly, it will be important that areas not currently charged for (but which could potentially be) are also considered. In terms of scope, all external charges should be considered, and it may also be appropriate to include charges made through external SLAs e.g. to schools or the ALMO (although not internal recharges).

8.3 In order for such review to be effective, managers will need to take into account relevant market information e.g. changes in legislation, patterns of service use, benchmarking data, price sensitivity, opportunities to introduce or extend charges etc.

8.4 This need not necessarily be a detailed exercise, but managers should at least be certain that charges are achieving their intended objective(s) and have been set appropriately. If this is not the case, clearly managers will need to amend charges accordingly e.g. increasing charges if the costs of provision have increased or amending discount/concession schemes if they are no longer relevant.

8.5 A draft questionnaire has been attached for consideration, which could potentially be used to assist managers in reviewing their existing fees and charges and, also, identifying possible new areas for charging (either for existing services not currently charged for, or for new service areas).

Charging Principle 8. *It is recommended that managers review all charges for which they are responsible on at least an annual basis as part of the budget process and confirm that charges have been reviewed on a systematic basis e.g. using a standard template, such as that attached for consideration.*

Appendix I

TREASURY MANAGEMENT STRATEGY 2009-10

1 Introduction

1.1 The Treasury Management Strategy sets out the expected activities of the treasury management function for 2009-10. The strategy accords with the Council's Treasury Management Policy Statement as set out in the Annex, the CIPFA Code of Practice, the statutory requirement under the Local Government ACT 2003 and the investment guidance issued by the Secretary of State. The proposed strategy is based on the officers' views on interest rates, money market conditions and the Council's capital borrowing requirement and covers the following:

- Current borrowing position
- Borrowing requirement 2009-14
- Borrowing Strategy and Objectives
- Investment Strategy and Objectives
- Prospects for interest rates
- Investment and interest rate risks
- Borrowing limits 2009-14
- Prudential Indicators
- Treasury management budget
- Treasury Management Policy Statement 2009-10

2 Current Borrowing Position

2.1 The Council's current debt portfolio at 31st March 2009 (compared to 31st March 2008) is estimated to be as follows:

Borrowing	31.3.2008 £M	Average Rate of Interest	31.3.2009 £M	Average Rate of Interest
Market Loans	24.000	5.11%	24.000	5.11%
Public Works Loan Board	38.587	4.85%	48.507	4.83%
TOTAL DEBT	**62.587**	**4.94%**	**72.507**	**4.92%**

3 Maturity Structure

3.1 The maturity structure of the existing debt is as follows:

Debt Maturity Structure	31.3.2008 £M	% of Total Debt	31.3.2009 £M	% of Total Debt
Up to 1 year	0.080	0.13%	3.064	4.23%
1 to 2 years	3.064	4.90%	8.426	11.62%
2 to 5 years	3.446	5.51%	10.025	13.82%
5 to 10 years	17.007	27.17%	7.003	9.66%
10 years and above	38.990	62.29%	43.989	60.67%
Total Debt	**62.587**		**72.507**	
Average Maturity	**16.22 yrs**		**15.23 yrs**	

4 Cash Flow Management

4.1 At any point in time, the Council has significant amounts of cash flow that is not required to pay the bills immediately. The cash flow comprises of a number of items, both revenue and capital, amongst which are:

- Council tax and business rates collected from April to January each year
- Revenue balances to cope with in year contingencies
- Ear marked reserves for known liabilities that have yet to be settled
- Capital receipts and grants yet to be applied to finance capital expenditure
- Capital borrowing carried out in advance to finance planned capital expenditure
- Accumulated reserved capital receipts from the previous capital legislation which can only be used for either early repayment of existing debt (subject to premiums/penalties), to substitute borrowing for new capital expenditure or to invest to earn a return to reduce the overall borrowing costs (and Council Tax)

4.2 As part of the Council's overall management of cash flows, risk is managed by placing funds with different financial institutions i.e. not all funds deposited with any one or few institutions. Funds are deposited for varying periods depending on future cash flow requirements and its security, principally in the form of credit rating accorded to the individual financial institution by Fitch credit rating agency. Not all building societies have sought credit rating and therefore the current approved treasury management strategy restricts the list to top 20 building societies (out of 59) ranked by value of assets. Following the Icelandic Banking failures and the near collapse of banks and banking systems in other countries, in future Sovereign rating indicators in addition to individual institution risk will also be taken into account. Sovereign indicators provide an informed commentary on key political and economic developments in a country.

5 Risk Management

5.1 The Council’s treasury and cash flow management carry various risks that have to be managed and mitigated and are in the form of Security, Liquidity and yield. These risks apply to both borrowing for capital and investment of surplus cash flows and are summarised as follows:

Risk	Borrowing	Lending
Security:		
- Sovereign	- ability of the State to support the bank	- ability of the State to support the bank
- Counter Party	- Will the banks lend	- Financial standing, - Ability to repay on time, - If in default, loss of principal, - Limit on individual party
Liquidity	- If counter party in administration, then early repayment with potential increased borrowing costs, - Market risks in the form of timing and level of borrowing in any one	- Ability to meet liabilities as they fall due, - Size and periods of deposit, - Form of financial instrument, - Ready access to Council’s funds deposited, - Negotiability of the financial

	period, - Debt restructuring costs, - Negotiability of the loan instrument	instrument, - Legislative and Sovereign environment of the counter party
Yield	- Cost of borrowing and impact on the Council Tax level	- Rate of return achieved commensurate within the level of acceptable risk

5.2 Following the collapse of the Icelandic Banks, the CLG Parliamentary Select Committee and the Audit Commission are currently in the process of conducting an enquiry into the management of Local Authority investments. Any recommendations from the enquiries will be reported once made available.

6 Borrowing Requirement

6.1 The revised five year capital programme recommended for approval elsewhere within the Budget Report results in the capital borrowing requirement as follows:

Year	Maturing Debt	HRA/ ALMO	GF Capital	MRP*	Borrowing Requirement
	£M	£M	£M	£M	£M
2009-10	3.064	8.539	29.260	-0.461	40.402
2010-11	0.391	8.538	26.648	-1.425	34.152
2011-12	6.035	5.692	5.880	-2.348	15.259
2012-13	0.020		-3.279	-2.582	-5.841
2013-14	10.004		-7.221	-2.450	0.333
2013-15					
TOTAL	**19.514**	**22.769**	**51.288**	**-9.266**	**84.305**

6.2 As referred to in the capital programme section of this report, due to the economic conditions, capital receipts that were originally intended to be raised in the current and next financial years have now been re-profiled to be raised in later years staring from 2010-11. As a result the proposed capital programme will be funded in the early years from borrowing (including by reducing the current levels of deposits) which will be repaid once the capital receipts are raised.

7 **Borrowing Strategy & Objectives**

7.1 The Council's borrowing strategy is determined taking into account various factors such as the overall borrowing requirement, risk management processes, general cash flows, current and future forecast of long term interest rates and economic forecasts.

7.2 The overall borrowing objectives are:

- To minimise the risk and the overall revenue costs of borrowing.
- To borrow long term monies at or below the PWLB average rate for the year.
- To identify and appraise new sources of borrowing and debt rescheduling opportunities that would deliver revenue savings at a minimum risk

7.3 The borrowing strategy will be delivered subject to the following criteria:

- It complies with the regulatory framework, currently in the form of Prudential System of capital finance;
- It meets the Council's cash flow requirement for capital finance
- It is done at a minimum possible cost to the Council;
- It produces a stable pattern of maturity to avoid excessively large proportion of debt having to be refinanced / replaced in any one year and thus avoid the risk of higher than normal re-financing costs.

8 Investment Strategy & Objectives

8.1 The Treasury Management Policy Statement for 2009-10 (attached as an annex) sets out the strategic objectives, management practices and the risk management processes that will be followed. In summary, the strategic objectives are effective and efficient management of the Council's cash flow requirements, security of capital, liquidity of investments and optimum return on investments commensurate with appropriate levels of security and liquidity risks resulting in support towards the achievement of the Council's overall business and service plans and objectives.

9 Investments

9.1 The total amount of investments as at 20th January 2009 is £134.18M at an average rate of interest of 5.90%. To mitigate the risk of further future reductions in base rate, £23.2M has been invested on a long term basis for terms of 3 to 4 years at an average rate of interest of 6.18%. As reported to the Cabinet on 4th December 2008 (Agenda item 3), the long term investments include £2.5M deposited with Heritable bank Plc. The remaining balance of investments of £110.98M has been placed on deposits for periods of up to 364 days. As only a residual amount of Council tax and business rates are received during the final two months of the financial year, the level of total investments (including long term) is expected to fall to £93M by the end of the financial year.

10 Long Term Investments

10.1 The investment regulations, subject to liquidity considerations, permit the Council to invest for longer than 12 months, although these will be classified as "non-Specified" investments. It is advantageous for the Council, subject to cash-flow requirements and certainty, to place deposits for longer than 364 days. This allows the Council to balance the investment portfolio and manage the interest rate risks when the interest rates have peaked and begin to fall. The current approved long term investment limits and actual investments are as follows. No further increases in long term investment limits are sought at this stage.

Investments maturing beyond year end	2008-09 £M	2009-10 £M	2010-11 £M	2011-12 £M
Approved Limits (Total)	35.0	30.0	30.0	30.0
Current Deposits	0.0	4.0	16.5	2.7

11 Interest Rate Outlook

11.1 The Council's current approved borrowing strategy takes into account various factors such as the overall capital borrowing requirement, general cash flows, current and future forecast of long term interest rates and associated risks. One of the main objectives of the borrowing strategy is to minimise revenue costs to the Council. Public Works Loan Board long term rates normally increase as the Public

Sector Borrowing Requirement increases. This is a simple matter of supply and demand for Gilts. With the economy in recession and the long term forecast of downward pressure on inflation, the Bank of England has already reduced the base rate to 1.5% with the prospects of further reductions in the pipeline.

11.2 The overall impact of the above is that the Council's investment income will fall but the long term borrowing costs will increase. To address this situation, it would be advantageous for the Council, where possible, to meet the capital borrowing requirement of £27M for 2008-09 and £40M for 2009-10 by reducing the level of cash deposits instead of carrying out new long term borrowing. This will also act as a risk management factor by reducing the overall level of deposits at potential risk and at the same time address the adverse revenue impact of forecast changes in the long and short term interest rates.

12 Prudential Indicators

12.1 The Prudential System of Capital Finance requires the Council, in setting its capital budgets, to review and agree Treasury Management Indicators. The first indicator is the adoption of CIPFA's Code of Practice on Treasury Management, which the Council has already adopted. The other Treasury Indicators are:

(a) Maturity Structure of new borrowing

The Code requires the Council to set upper and lower limits for the maturity structure of its borrowings. It is therefore recommended that the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate is as follows:

	Upper Limit	Lower Limit
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	95%	25%

(b) Fixed and Variable rate of interest

100% of the Council's current long-term borrowing is at a fixed rate of interest. It is recommended that the Council set an upper limit on its fixed interest rate exposures for 2009-10, 2010-11 and 2011-12 of 100% of its net outstanding principal sums. It is further recommended that the Council set an upper limit on its variable rate exposure for the same financial years of 25% of its net outstanding principal sums. This means that the Strategic Director of Resources will manage fixed interest rate exposures within the range 75% to 100% and variable interest rate exposures within the range 0% to 25%.

(c) Overall Borrowing limits

The capital estimates reported elsewhere in this Budget Report set out the overall prudent borrowing limits for external debt as follows:

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
External Debt	£M	£M	£M	£M	£M	£M
Authorised limit	78	84	114	123	116	106
Operational Boundary	76	80	109	118	112	103

13 TREASURY MANAGEMENT BUDGET

13.1 Based on the above strategy and the proposed capital estimates, the treasury management budget is as follows:

	EXPENDITURE/ INCOME	2008-09 Original Est. £'000	2008-09 Revised Est. £'000	2009-10 Original Est. £'000	2010-11 Original Est. £'000	2011-12 Original Est. £000
1	Debt – Interest	4,420	4,067	3,947	4,668	5,625
2	Minimum Revenue Provision (**MRP**)*	0	0	461	1,426	2,348
3	Ex-BCC Premiums	126	112	116	101	104
4	Interest Charge (to)/ from HRA	728	97	-306	-731	-1,179
5	**Gross Costs**	**5,274**	**4,276**	**4,218**	**5,464**	**6,898**
6	Less Interest on deposits	-6,900	-7,215	-2,294	-1,117	-600
7	**Net Cost / (Surplus)**	**-1,626**	**-2,939**	**1,924**	**4,347**	**6,298**

14 Budget Variances

14.1 The main budget variances are as follows:

- Interest on Deposits is mainly due to the high money market rates that have prevailed for most of 2008 with the later years reflecting the current forecast of further reductions in base rate and the reduction in the level of deposits to fund the capital borrowing requirement.
- Increase in debt interest and MRP in later years is mainly due to the proposed increase in the level of capital expenditure and the resulting borrowing requirement.
- The increase in interest charge to HRA reflects the additional debt interest allocated to HRA for ALMO supported borrowing.

15 TREASURY MANAGEMENT POLICY STATEMENT

15.1 The treasury management policy statement sets out the Council's strategic objectives and parameters within which the treasury management functions are controlled and operated. Report to the Cabinet on 4th December 2008 (Agenda Item 3) proposed various changes to the policy statement, which are included within the Treasury Management Policy Statement for 2009-10 and is attached below as an Annex.

16 Local Authority Mortgage Interest Rate 2009-10

16.1 Under the Housing Act 1985, the Council is required to charge the higher of standard notional rate, which is set by the Secretary of State and is currently 5.07%, or the local rate based on the Council's own borrowing costs, estimated at 4.92% for 2009-10. Under the Housing Act 1985, the Council is allowed to add 0.25% to the borrowing rate to cover administrative costs. The Council's Mortgage Interest Rate for 2009-10 will therefore be 5.32%.

17 Conclusion

17.1 The treasury management strategy and policy as set out above should provide flexibility within a controlled framework within which to carry out the treasury function of the Council and should ensure compliance with the CIPFA Code of Practice. The Cabinet is requested to recommend:

(a) That the treasury management strategy for 2009-10 and the treasury management policy statement be approved and
(b) The Cabinet is requested to resolve that the Local Authority Mortgage Rate for 2009-10 be approved at 5.32%.

18 **Appendices**
Annex I a– Treasury Management Policy Statement 2009-10

19 **Background Papers**
‘1’ -CIPFA's Code of Practice on Treasury Management
‘2’ -CIPFA’s Prudential code for Capital Finance
‘3’ -Local Government Act 2003
‘4’ -DCLG Draft Guidance on Local Authority Investments
‘5’ -DCLG letter on Local Authority Mortgage Rates

ANNEX I a

TREASURY MANAGEMENT POLICY STATEMENT 2009-10

STRATEGIC OBJECTIVES

The Council's treasury management policy sets out the framework for the conduct of its treasury management activities and accords with the requirements of:

a. **The guidance formally issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003;**
b. **The CIPFA's Code of Practice on Treasury Management; and**
c. **CIPFA's Prudential Code for Local Authority Capital Finance**.

COUNCIL'S TREASURY MANAGEMENT OBJECTIVES

1. The Council defines its 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 associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management. In addition, the Council attaches a high priority to a stable and predictable revenue costs and investment income from its treasury management activities.

INVESTMENT OBJECTIVES

4. The underline investment priorities for the Council are:
   a) The security of capital;
   b) Liquidity of its investments;
   c) Aim to achieve optimum return on its investments commensurate with appropriate levels of security and liquidity risks; and
   d) The borrowing of monies purely to speculate, invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

BORROWING OBJECTIVES

5. The Council's borrowing objectives are:
   a) To minimise borrowing costs;
   b) To investigate and assess new sources of finance, borrowing instruments and debt rescheduling opportunities in order to achieve revenue savings at a minimum level of risk.

CASH FLOW MANAGEMENT

6. Unless required by statutory or regulatory requirements, all monies in the Council's bank accounts will be under the control of the Strategic Director of Resources and will be aggregated for cash flow and investment purposes. The Cash flow will be monitored on a regular and timely basis by the Treasury Management Panel to ensure liquidity risk is managed.

TREASURY MANAGEMENT PRACTICES (TMP)

7. In achieving the treasury management objectives, the following Treasury Management Practices will be followed, which complement those already contained in the Council's treasury management operational manual:

RISK MANAGEMENT- BORROWING

8. **Liquidity - Borrowing**

a) In accordance with the Local Government Act 2003 and the CIPFA's Prudential Code for Capital Finance, the Council's overall borrowing limits, for financial years 2008-09 to 2011-12 will be as follows:

Prudential Indicator – **External Debt**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Authorised limit for external debt	£78m	£84m	£114m	£123m
Operational boundary - external debt	£76m	£80m	£109m	£118m

Indicator **– Interest Rate Exposure**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
Upper limit -fixed interest rate	100%	100%	100%	100%
Upper limit - variable interest rate	25%	25%	25%	25%

b) The Council will arrange long term borrowing with maturity profile that would enable future renewal or refinancing terms, if required, that would be competitive and as favourable as could reasonably be achieved in light of market conditions prevailing at that time. Therefore, the amount of projected borrowing that will be fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate will be as follows:

Prudential Indicator **– Maturity Structure of Fixed Rate Borrowing:**	**Upper Limit**	**Lower Limit**
Under 12 months	25%	0%
12 months and within 24 months	25%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	95%	25%

c) The Council's approval will be sought for any subsequent adjustment to the above borrowing limits. In addition to the above limits, the Council's bank overdraft limit with the Co-operative Bank PLC will be £750,000.

d) The Council's cash flow will be managed to ensure that in periods of high interest rates the incidence on temporary borrowing is minimised by arranging investment maturities to coincide with known substantial outflows of funds.

9. **Interest Rate Exposure**

a) The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs by arranging capital financing at the minimum cost possible and securing its interest revenues at the highest rate possible. The above are subject at all times to the cash flow requirements and risk control.

b) The Council will manage fixed interest rate exposure within the range 75% to 100% and variable interest rate exposure within the range 0% to 25%. This is a continuation of current practice.

c) The Council will not use any unauthorised financial derivatives such as interest rate swaps for interest rate management.

10. **Sources of Borrowing**

The following sources of borrowing will be utilised:

- i Public Works Loans Board
- ii Institutions authorised for lending money under the Financial Service and Markets Act 2000. For international institutions, Sovereign rating will be taken into account.
- Iii All borrowing will be in £ Sterling.

a) **Approved Instruments**

The following instruments will be exclusively utilised to transact borrowing business:

- i Loans from the Public Works Loans Board (PWLB)
- ii Local Authority Loan Instrument (Bonds)
- iii Sterling Commercial paper / medium term notes
- iv By overdraft or temporary loans from authorised Institutions

RISK MANAGEMENT - INVESTMENTS

11 The Council is at risk when lending/depositing temporarily surplus cash. To manage the risk, investment guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003 and the CIPFA's Prudential Code for Treasury Management will be observed and therefore:

a) All investments and repayment thereof will be denominated in sterling
b) No investment will involve either share capital or loan capital in any corporate body

12 **Specified and Non-Specified Investments**

In accordance with guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003, the following organisations are approved for the making of specified and non-specified investments:

Specified Investments

- i UK government and local authorities
- ii Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with AAA credit rating
- iii Money Market Funds with AAA credit rating

Non-Specified Investments

i. Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with AA(+/-) credit rating,
ii. Top rated (by assets) 20 Building Societies
iii. Long term investments with Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with AA(+/-) credit rating

13 100% of investments can be either specified or non-specified investments.

14 The risk will be further managed by application of credit criteria and lending limits to individual counter parties and Sovereign ratings.

15 **Credit Ratings**

The credit rating of financial institutions will be measured using the FITCH rating lists which, provide long term ratings, short term ratings with time horizon of less than 13 months and support rating (**1 to 5**) indicating the probability of external support if required from the parent company, state, acquisition by some other corporate entity or injection of new funds from its shareholders. The Fitch credit ratings and summary definitions are as follows:

Long Term Ratings

- **AAA** - Highest Credit rating denoting the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments which is highly unlikely to be adversely affected by foreseeable events.
- **AA** - Very high credit quality denoting expectations of very low credit risk with very strong capacity for payment of financial commitments which is not significantly vulnerable to foreseeable events.
- **A** - High credit quality with expectations of low credit risk and with strong capacity for payment of financial commitments. This capacity may be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
- **BBB, BB, B, CCC, CC, C and D** - These rating scale indications range from good credit quality to speculative and default.

Short Term Rating - less than 365 days

- **F1** - Highest credit quality with strongest capacity for timely repayment
- **F2** - Good credit quality with satisfactory capacity for timely repayment
- **F3,B,C,D** - Ranging from fair credit quality to speculative and Default

Support Rating

- **1** - There is an extremely high probability of external support from a provider who is highly rated in its own right
- **2** - There is a probability of external support from a provider who is highly rated in its own right
- **3** - There is a moderate probability of support due to uncertainties about the ability of potential provider of the support to do so.
- **4** - There is a limited probability of support due to significant uncertainties
- **5** - External support cannot be relied upon.

16 The Council will only use counter parties with credit rating of AA (+/-). The Head of Treasury will keep under review the organisations approved for investments and subject to approval of the Treasury Management Panel, either add or remove counter parties in accordance with the market conditions and intelligence including movement in their credit ratings.

17 Following lending limits/ investment restrictions on individual category of institutions will be observed:

No more than:

i £10m will be invested in Gilts
ii £10m be lent to anyone of the top 10 Building Societies
iii £8m be lent to anyone of the Building Societies ranked 11-15
iv £6m be lent to anyone of the Building Societies ranked 16-20
v £6m be lent to the Money Market Funds rated AAA
vi £10m be lent to anyone of the clearing banks (including their subsidiaries) and those categorised as AA (+/-), with the following exceptions:

a. Co-operative Bank Plc, the Council's bankers currently rated "A"

b. Northern Rock Plc is currently rated A- but covered by UK Government guarantee which can be withdrawn with 3 months notice period. The level of Deposits will be limited to £8M with deposit period further limited to a maximum of 3 months.

c. Irish Banks with AA (+/-) rating and Building Societies with both categories covered by the Irish Government Guarantee until 28th September 2010. However, in view of the size of the Irish economy and GDP, the maximum amount limited to £5M and investments to mature before 28th September 2010.

LIQUIDITY OF INVESTMENTS

18 Subject to cash flow requirements and risk control, the long term investments are restricted to following:

Prudential Indicator **– Sums invested longer than 364 days**	2009-10 £M	2010-11 £M	2011-12 £M
Investments maturing beyond year end	30.0	30.0	30.0

MONEY LAUNDERING

19 Money Laundering has the objective of concealing the origin of money generated through criminal activity. In summary, it is an offence to assist anyone suspected of laundering money generated by any crime and it is a defence for an individual if they have reported knowing or suspecting at the first available opportunity. In carrying out the treasury management activities, the Council will maintain procedures for verifying the identity of clients and record keeping procedures for evidence of identity and transactions. Treasury Management staff will be provided with relevant training on procedures including reporting suspicions to relevant officer.

20 **BEST VALUE & PERFORMANCE MEASUREMENT**

a) The Council is committed to the pursuit of best value in its treasury management activities, and to use of performance methodology in support of that aim, within the framework set out in this policy statement.

b) Banking Services - will be tendered every 3 to 5 years depending on the market conditions

c) External Managers/Consultants - the Council does not currently have any of its funds managed on its behalf nor are external consultants appointed to advise on the market conditions and forecasts.

d) Money brokering services - In the course of transacting treasury business, the Council utilises the services of money market brokers. These brokers when performing business on behalf of the Council are acting merely as intermediaries and advice on the security of dealings is not sought from them. A range of brokers is used to ensure accurate market information and competitiveness of bidding. The currently approved brokers utilised by the Council are as follows:

Exco Inter Capital Plc
Prebon Marshalls Yamane
City Deposit Brokers
Martin Brokers (UK) Plc
Sterling Brokers Ltd

It is also proposed that no more than 50% of investment business is placed in the hands of any one broker at any one time. Direct dealing with counter parties may be undertaken from time to time should the circumstances dictate. The direct dealing can be either via the phone or other electronic means such as the internet secure site.

e) Benchmarks and performance rates - For investments, the treasury management performance will be measured against the average three-month Local Authority Deposit rate. In addition, both the investment and borrowing rates will be compared against other peer authorities.

21 **DECISION MAKING AND ANALYSIS**

The Council will maintain appropriate records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

22 **REPORTING & MANAGEMENT INFORMATION ARRANGEMENTS**

The delegation and reporting on treasury management activities will be as follows:

i. The Council -

- Approve annual borrowing limits and interest rate exposure as required by the Local Government Act 2003 and CIPFA's Prudential Code for Capital Finance.
- Approve the Treasury Management Policy statement via the Cabinet

ii. The Cabinet / Scrutiny Committee

- Receive annual report in February/March on the proposed Treasury Management activities including relevant information with regard to Treasury Management policy and Strategy;
- Receive an annual report on Treasury Management activity for the preceding financial year.
- The Cabinet will make necessary resolutions, when required, upon item contained within the reports.

iii. **Treasury Management Panel consisting of:**

- Strategic Director of Resources (Section 151 Officer)
- Assistant Director – Accountancy
- Head of Treasury

- To oversee overall control and management of all monies in the hands of the Council and monitor the cash flow to ensure liquidity risk is managed.
- Deciding on borrowing and investment policies to be undertaken by subordinates
- Advising on the acceptability of financial instruments to be utilised
- Ensure that the organisation of the Treasury Management is adequate to meet current demands
- Undertake regular reviews of the Treasury Management activity examining costs, performance, impact of earlier decisions and economic trends
- Monitoring adherence to approved policy by Treasury Management staff
- Reporting to elected members and advising the monitoring officer and external auditors where appropriate

iv. Head of Treasury -

- Ensuring that day to day activities accord with the Treasury Management Policy
- Managing the overall Treasury Management function including cash flow forecasting and monitoring, training of staff, dealing procedures and maintaining and reviewing the Treasury Management System Document.
- Production of regular performance monitoring reports to the Treasury Management Panel.

Appendix J

CAPITAL PROGRAMME 2008/09 to 2013/14

Introduction

1.1 Cabinet approved the current five-year capital programme on 7th July 2008 (Agenda item 3). The programme has since been further reviewed by the Asset Management Group (AMG) in light of:

e) Progress on delivering current year's capital programme,
f) New capital bids submitted by service departments and the budget scrutiny process,
g) Overall capital resource requirement to fund the capital programme at a prudent and sustainable level,
h) The Revenue Support Grant settlement and its impact on the General Fund (GF) revenue budget

1.2 In preparing the proposed revised capital programme, AMG has considered the overall capital strategy and service priorities to enable delivery of the Council's business plans at a level of capital and revenue resources estimated to be available to ensure the proposed programme is financially prudent and sustainable.

Capital Programme 2008-09 to 2013-14

1.3 The central government supported level of capital resources for the General Fund is as follows:

Table - Central Government Supported Capital Resources

	2008-09 £'000	2009-10 £'000	2010-11 £'000
Supported Borrowing:			
- Education	3,571	3,571	2,377
- Transport	1,409	1,541	1,714
- Children's Services	31	31	31
Total Supported Borrowing	**5,011**	**5,143**	**4,122**
Capital Grants	3,580	2,405	5,405
Total Government Support	**8,591**	**7,548**	**9,527**

1.4 Revenue support for the supported borrowing is via the Revenue Grant System. However, due to the "floors and caps" mechanism, the Council does not gain any additional revenue support grant.

1.5 The overall level of capital resources, including unsupported borrowing are summarised in Appendix A (i). The major variations to the resources and expenditure since the current estimates were approved on 7^{th} July 2008 are as follows:

Resources

1.6 Grants & Contributions. Education Targeted Capital Fund grants of £7M for 14-19 diplomas, SEN and disabilities for 2009-10 and 2010-11 have been included. The Council has been allocated a £1M capital grant over the years 2008-09 to 2010-2011 to develop play areas under the Fair Play Playbuilder grant scheme.

1.7 General Fund Borrowing. In view of the Revenue Grant settlement and as part of the General Fund revenue budget strategy, the borrowing requirement has been reviewed resulting in an increase of £0.6M in 2008-09, £18.8M in 2009-10, £20.6M in 2010-11 and a decrease of £0.8M in 2011-12, giving an overall increase of borrowing over the period of £40.8M, which will be used towards the funding of the bids recommended for approval.

1.8 Capital Receipts. Additional receipts have been included in the forecast of £13.2M in total for the General Fund. Some receipts have been reprofiled into later years resulting in a reduction of £4.3M in 2008-09, £9.4M in 2009-10 and £0.9M in 2010-11, and an increase of £11.7M in 2011-12, £8.1M in 2012-13 and £8M in 2013-14. A decrease of HRA right to buy receipts of £1.1M for the years 2008-09 to 2013-14 are reflected in the estimates.

Expenditure

1.9 Most of the proposed changes to the approved capital programme involve cash flow changes from the current year to future years to reflect the likely profile of estimated spend, plus the increased grant funding shown above.

New Bids and Reserve List

1.10 The Asset Management Group, following the Policy, Prioritisation and Resources Group (PPRG) process, reviewed capital bids submitted by the service departments, together with the projects on the Reserve list awaiting funding at July 2008. The bids recommended for approval are included within the revised capital programme attached as Appendix A(ii).

1.11 The remaining bids will be held in the Reserve list. These will not be approved for funding until additional capital resources are identified. AMG will monitor the capital resources at its regular monthly meetings and will recommend individual new bids for funding as and when new capital resources are identified. The Reserve list of schemes is contained in Appendix A(iv) of the report.

Capital Expenditure on Foundation Schools

1.12 The Schools Standards and Framework Act 1998 transferred assets (and liabilities) of former Grant Maintained schools from the LEA and vested them in the governing bodies of individual foundation schools. The Land and school buildings of foundation schools are therefore not assets of the LEA but of the individual governing bodies.

1.13 Capital funding from DCSF is allocated to the Council and not to the individual schools within the LEA. This funding is a mixture of capital grants and supported borrowing.

1.14 The Education and Children's Services department allocate capital funding to individual schools based on the overall departmental asset management plans. The department does not discriminate against foundation schools on the basis that school places need to be provided for the Council's children and if foundation schools were not able to provide that provision, then the Council would have to find alternative provision. Whilst this may reflect the Council's overall policy in terms of provision of education within the borough, it does not contain explicit Council approval for incurring and financing capital expenditure and consequent revenue budget implications in the form of debt charges on assets that do not belong to the Council.

1.15 The Education and Inspections Act 2006 amended Schedule 22 of the Schools Standards and Framework Act under which "where a school owns its own land (through its governing body, foundation body or trustees) wishes to sell surplus non-playing field land, it must inform the local authority, which can object to the disposal, to the reinvestment proposal, and/or claim a share of proceeds which are attributable to public investment". To allow the Council to show the asset on its balance sheet, it is necessary for the school governors to confirm that the Council is entitled to a share of their assets if a subsequent sale was to happen.

1.16 The proposed capital programme contains the following provisional funding for the foundation schools, which the Cabinet is recommended to approve. This will be updated and reported back to the Cabinet during the year once final funding allocations have been received.

Table – Assumed Foundation School Capital Expenditure

Foundation School	**2008-09** £'000	**2009-10** £'000	**2010-11** £'000	**Total** £'000
Castleview Primary	80	0	0	80
Cippenham Junior	192	5	0	197
Lynch Hill Primary	250	219	0	469
Pippens Primary	42	0	0	42
Priory School	77	0	0	77
Ryvers School	82	0	0	82
Baylis Court Secondary	213	1,557	2,500	4,270
Herschel Grammar	120	0	0	120
Langley Grammar	253	0	0	253
Slough Grammar	651	12	0	663
Westgate Secondary	434	510	2,500	3,444
Total	**2394**	**2,303**	**5000**	**9,697**

Recommended General Fund Capital Programme 2008-09 to 2013-14

1.17 The revised capital programme recommended for approval is summarised in Appendix A(i) with individual schemes shown in Appendix A(iii).

Housing Revenue Account (HRA) Capital Programme 2008-09 to 2013-14

1.18 The HRA capital programme is funded from a combination of major repairs reserve (subsidy), capital receipts, capital grants and the ALMO supported borrowing.

1.19 The proposed HRA capital programme recommended for approval is summarised in Appendix A(i) and contained within Appendix A(iii).

Financial Risks

1.20 Any budget plan is likely to encounter risks. Some of the risks that have been identified that could impact on the proposed capital programme are:

(a) Slippage in the timing of capital receipts, especially as the revised programme is heavily reliant on this source;
(b) Market conditions, current estimates for receipts reflect current market conditions, but changes in this could adversely affect the programme;
(c) Overspending against agreed budgets;
(d) Timing of capital grants;
(e) Unexpected call on the capital resources from unforeseen events.

(f) Change in Accounting Regulations, resulting in adverse impact on the revenue budget.

1.21 Whilst these risks cannot be completed removed, following consideration has been given to mitigate the risks:

i. In addition to stringent monitoring, capital receipts are only included where assets for disposals are identified with a realistic timetable for disposal;
ii. Capital monitoring arrangements currently in place should identify any problems at an early stage. Slippages in capital spend are no longer automatically carried forward into the following year.
iii. Proposed changes to Accounting regulations are reviewed by the officers and assessed for their potential impact on the Council's accounting policies and if necessary responded to as part of the consultation process.

Pooling of Capital Receipts

1.22 Under the capital finance regulations, all housing capital receipts are subject to the pooling arrangements under which 75% of RTB and 50% of non-RTB housing receipts have to be paid over to the Secretary of State. However, for the non-RTB receipts, a "Capital Allowance" which includes expenditure incurred or planned to be incurred on affordable housing and regeneration projects can reduce the amount. In order to qualify the above expenditure for the capital allowance, the Council is required to pass a resolution approving the amount that can be spent on affordable housing and regeneration projects.

1.23 Cabinet is therefore requested to consider and recommend to the Council to approve the following additional amounts as the capital allowance:

Table – Capital Allowances

Capital Allowance	2008/9 £M	2009/10 £M	2010/11 £M	2011/12 £M	2012/13 £M	2013/14 £M
Affordable Housing Provision	2,207	2,637	563	970	0	0
Improvement to Stock (HIP)	21,309	13,534	13,623	10,869	5,104	5,090
Additional Capital Allowance	**23,516**	**16,171**	**14,186**	**11,839**	**5,104**	**5,090**

Minimum Revenue Provision (MRP)

1.24 MRP can best be described as provision that has to be made each year (subject to a legal formula) from the revenue budget that is accumulated so that the borrowing can eventually be repaid at a future date. This is in addition to the interest costs. Capital finance regulations require the Council to make General Fund revenue budget provision for MRP at a rate of 4% of the Capital Financing Requirement (CFR) at the end of previous financial year. CFR reflects the Council's underlying need to fund the capital programme from borrowing and increases in line with capital programme funded from borrowing and falls in line with the accumulated MRP. Based on the current MRP regulations and the formula, if the Council's CFR is negative at the end of the previous financial year, then no MRP is required to be provided for in the current financial year.

1.25 Capital borrowing is split into supported borrowing and self funded borrowing. In theory, a local authority would receive additional revenue support grant in respect of supported borrowing. However, in practice, due to “caps and floors” within the Revenue Grant distribution mechanism, this council does not receive any additional revenue grant.

1.26 Department of Communities and Local Government (DCLG) has changed with effect from 2008-09, the basis of calculating annual MRP so that it has a direct relationship with the useful life of the asset acquired from capital borrowing, with a split method of calculating MRP, one for supported borrowing and the other for self financed borrowing. For supported borrowing, it is to continue with the existing formula to calculate MRP. For self financed borrowing, MRP is calculated based on either the useful life of the asset or the depreciation method. Both of these methods disadvantage the Council in the initial years. The table below shows the estimated revenue impact of Minimum Revenue Provision included in the budgets.

Table – Minimum Revenue Provision

MRP	2008-09 £’000	2009-10 £’000	2010-11 £’000	2011-12 £’000	2012-13 £’000	2013-14 £’000
MRP	0	461	1426	2348	2582	2450

1.27 DCLG proposals also require the Council to approve annually, the authority’s policy on MRP and the methods used to calculate it. The Cabinet is requested to consider and recommend to the Council to approve the annual MRP statement as follows:

That the Council’s MRP will be sum of:

i) For Supported Borrowing – Annual MRP will be equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations; plus
ii) For Self Financed Borrowing – annual MRP will be made in equal instalments over the useful life of the asset

Prudential Indicators

1.28 The CIPFA Prudential Code for Capital Finance underpins the legislative framework for the capital finance system. The key objective of the Code is to ensure that the capital investment programme of the Council is affordable, prudent and sustainable and in exceptional cases, to demonstrate that there is a danger of not ensuring this, so that the Council can take timely remedial action.

1.29 To demonstrate compliance, the Prudential Code sets out Prudential Indicators that must be followed and the factors that must be taken into account. The fundamental objective of the Prudential Code is to ensure that in approving the capital programme, the Council has taken into consideration amongst others, affordability, prudence and sustainability.

1.30 Section 3(1) of the Local Government Act 2003 requires the Council to formally approve the authorised borrowing limits for the forthcoming financial years. Prudential Indicators for the authorised limits for external debt and the operational boundary for the external debt are as follows:

Table – Prudential Indicators – Authorised Limit – Operational Boundary

External Debt	2007/8 Actual £M	2008/9 Est. £M	2009/10 Est. £M	2010/11 Est. £M	2011/12 Est. £M	2012/13 Est. £M	2013/14 Est. £M
Authorised Limit	62,323	78,000	84,000	114,000	123,000	116,000	106,000
Operational Boundary	62,323	75,700	79,700	108,900	118,100	112,200	102,600

1.31 The Cabinet is requested to consider the above borrowing limits and recommend them to the Council for approval.

Conclusion

1.32 The proposed capital programme and the associated Prudential Indicators have been prepared within the context of the Council's capital strategy with a view to help enable the Council to deliver its business plan.

1.33 The Prudential Code requires the full Council to set and where necessary, revise the Prudential Indicators on the recommendation of the Strategic Director of Resources. The Prudential Indicators resulting from the proposed capital programme together with the interpretation of the Prudential Indicators are set out in Appendix B.

Appendices Attached

J (i) Capital Programme 2009/10 – 2013/14 - Summary
J (ii) Capital Programme 2009/10 – 2013/14 - Recommended Bids
J (iii) Capital Programme 2009/10 – 2013/14
J (iv) Capital Programme 2009/10 – 2013/14 – Reserve List
K Prudential Indicators 2009/10 – 2013/14

SUMMARY OF CAPITAL PROGRAMME

Appendix J (i)

Line	Summary	2008/2009 July 08 Estimate	2008/2009 March 09 Estimate	2009/2010 March 09 Estimate	2010/2011 March 09 Estimate	2011/2012 March 09 Estimate	2012/2013 March 09 Estimate	2013/2014 March 09 Estimate	TOTAL March 09 Estimate
	EXPENDITURE	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	GENERAL FUND PROGRAMME								
1	Community and Wellbeing	2,526	2,637	2,340	2,815	0	0	0	7,792
2	Education and Children's Services	16,804	19,279	8,182	5,052	0	0	0	32,513
3	Green and Built Environment	11,531	10,287	7,378	1,548	70	0	0	19,283
4	Green & Built Environment: Affordable Housing	2,547	2,207	2,637	563	970	0	0	6,377
5	Resources/Improve & Development/C. Executive	11,669	9,205	6,741	9,300	6,514	675	779	33,214
6	Sub Total	45,077	43,615	27,278	19,278	7,554	675	779	99,179
7	Capital Bids to be Approved	0	565	9,670	19,046	10,996	4,146	0	44,423
8		**45,077**	**44,180**	**36,948**	**38,324**	**18,550**	**4,821**	**779**	**143,602**
	HOUSING REVENUE ACCOUNT								
9	Housing Revenue Account	21,309	21,309	13,534	13,623	10,869	5,104	5,090	69,529
10		**21,309**	**21,309**	**13,534**	**13,623**	**10,869**	**5,104**	**5,090**	**69,529**
11	**TOTAL CAPITAL PROGRAMME**	**66,386**	**65,489**	**50,482**	**51,947**	**29,419**	**9,925**	**5,869**	**213,131**
	SOURCE OF FINANCING								
	GENERAL FUND PROGRAMME								
12	Capital Grants & Contributions	13,591	14,175	3,351	5,453	0	0	0	22,979
13	Capital Fund	0	2,574	0	0	0	0	0	2,574
14	Prudential Borrowing	15,879	16,529	29,260	26,648	5,880	0	0	78,317
15	Capital Receipts	15,607	10,902	4,337	6,223	12,670	4,821	779	39,732
16		**45,077**	**44,180**	**36,948**	**38,324**	**18,550**	**4,821**	**779**	**143,602**
	HOUSING REVENUE ACCOUNT								
17	Capital Grants & Contributions	91	91	0	0	0	0	0	91
18	Revenue / Major Repairs Allowance	7,917	7,917	4,795	4,885	4,977	4,904	4,890	32,368
19	Prudential Borrowing (Including ALMO)	10,385	10,385	8,539	8,538	5,692	0	0	33,154
20	Capital Receipts	2,916	2,916	200	200	200	200	200	3,916
21		**21,309**	**21,309**	**13,534**	**13,623**	**10,869**	**5,104**	**5,090**	**69,529**
22	**TOTAL FINANCING**	**66,386**	**65,489**	**50,482**	**51,947**	**29,419**	**9,925**	**5,869**	**213,131**

SOURCES OF FUNDING

M = Mainline Resources: Prudential Borrowing, Capital Receipts, Revenue Contributions, Major Repairs Allowance.

G = Capital Grants and Contributions

GENERAL FUND CAPITAL BIDS RECOMMENDED FOR APPROVAL

Appendix J (ii)

Line	CAPITAL SCHEME	Source of Funding	2008/2009 March 09 Bid	2009/2010 March 09 Bid	2010/2011 March 09 Bid	2011/2012 March 09 Bid	2012/2013 March 09 Bid	2013/2014 March 09 Bid	Total March 09 Bid
			£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community and Wellbeing								
1	Age Concern & Voluntary Sector Resource Centre	M	200	0	0	0	0	0	200
2	Day Service Re-Provision	M	0	100	350	0	0	0	450
3	New Community Centre at TVCC Site (Net Bid)	M	0	1,500	5,500	0	0	0	7,000
4	New Facilities at Haymill (Net Bid)	M	0	0	1,500	500	0	0	2,000
5	**Total Community and Wellbeing**		**200**	**1,600**	**7,350**	**500**	**0**	**0**	**9,650**
	Education and Children's Services								
6	Primary Expansion - Phase 1 School	M	0	0	500	2,500	0	0	3,000
7	Westgate School Expansion (Net Bid)	G / M	0	0	1,200	300	0	0	1,500
8	**Total Education and Children's Services**		**0**	**0**	**1,700**	**2,800**	**0**	**0**	**4,500**
	Green and Built Environment								
9	Casualty Reduction and Road Safety Programme	M	0	300	300	300	300	0	1,200
10	CCTV Relocation	M	0	500	700	0	0	0	1,200
11	CCTV Town Centre	M	0	74	0	0	0	0	74
12	Greener Slough	M	0	60	0	0	0	0	60
13	Greener Travel	M	0	0	250	250	250	0	750
14	Highway and Land Drainage Improvements	M	0	0	110	110	110	0	330
15	Highway Reconfiguration & Resurfacing	M	0	0	0	500	500	0	1,000
16	Highways Road and Pavement Resurfacing	M	0	200	0	0	0	0	200
17	Housing Imp. Grants: Disabled Facilities (Discretionary)	M	50	50	50	50	50	0	250
18	Housing Imp. Grants: Disabled Facilities (Mandatory) (Net)	G / M	315	236	236	236	236	0	1,259
19	Hsg Imp Grants for Non Decent Homes (Owner/Private Rent)	M	0	200	200	200	200	0	800
20	ITS - Real Time Passenger Information (Net Bid)	G / M	0	750	500	0	0	0	1,250
21	Neighbourhood Enhancements	M	0	500	400	300	300	0	1,500
22	Parks & Open Spaces	M	0	600	600	0	0	0	1,200
23	Slough Station Forecourt/Brunel Way Enhancement (Net)	G / M	0	0	250	350	0	0	600
24	Street Lighting Improvement Programme	M	0	0	500	500	500	0	1,500
25	**Total Green and Built Environment**		**365**	**3,470**	**4,096**	**2,796**	**2,446**	**0**	**13,173**
	Resources/Improvement & Development/Chief Executive								
26	Corporate Property Fund	M	0	1,000	800	700	1,200	0	3,700
27	Heart of Slough	M	0	3,000	4,500	2,500	0	0	10,000
28	IT - Thinclient /PC / Laptop / PDA Replacement/Unix Server	M	0	500	500	500	500	0	2,000
29	Shared Services	M	0	100	100	1,200	0	0	1,400
30	**Total Resources/Improvement & Development/Chief Executive**		**0**	**4,600**	**5,900**	**4,900**	**1,700**	**0**	**17,100**
31	**TOTAL RECOMMENDED FOR APPROVAL**		**565**	**9,670**	**19,046**	**10,996**	**4,146**	**0**	**44,423**

GENERAL FUND CAPITAL PROGRAMME									Appendix J (iii)
CAPITAL SCHEME	Source of Funding	2008/2009 July 08 Estimate	2008/2009 March 09 Estimate	2009/2010 March 09 Estimate	2010/2011 March 09 Estimate	2011/2012 March 09 Estimate	2012/2013 March 09 Estimate	2013/2014 March 09 Estimate	TOTAL March 09 Estimate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community and Wellbeing									
Boiler/Electrical Replacement - Community Facilities	M	20	20	0	0	0	0	0	20
Care Home Reprovision - Associated Roadworks	M	79	79	0	0	0	0	0	79
Childrens Play Area - Redesign & Upgrade	M	60	60	0	0	0	0	0	60
Children's Play Programme	G	0	247	0	0	0	0	0	247
Cippenham Library Extension	G	621	657	25	0	0	0	0	682
Community Care / Day Care Project	M	459	459	0	0	0	0	0	459
Cornerhouse Works (Sensory Needs Team)	M	24	24	0	0	0	0	0	24
DDA/SEND Act Compliance Works (2005/2006)	G	11	11	0	0	0	0	0	11
Fair Play Playbuilder Schemes	G	0	295	405	405	0	0	0	1,105
Haymill Community Centre Re-provision	M	100	0	100	2,400	0	0	0	2,500
Health & Safety Works	M	28	28	0	0	0	0	0	28
Heritage Lottery Parks Bid (Herschel Park)	M	546	0	200	0	0	0	0	200
Home Care e-rostering System	M	60	60	0	0	0	0	0	60
Home Care e-timesheet System	M	60	60	0	0	0	0	0	60
Kidderminster Park/Mercian Way Changing Rooms	G	12	12	0	0	0	0	0	12
Lascelles Pavilion Refurbishment	G	97	97	0	0	0	0	0	97
Leisure Services Programme	M	100	100	100	0	0	0	0	200
Longcroft Care Home - Install LST. Radiators	M	7	7	0	0	0	0	0	7
Mental Health Centre Car Park	M	0	83	0	0	0	0	0	83
Montem Sports Centre - Replace Cooling Tower	M	6	6	0	0	0	0	0	6
Playground Upgrade / Improvements	M	90	90	0	0	0	0	0	90
Refurbish & Upgrade Community Facilities	M	3	3	0	0	0	0	0	3
Refurbishment Costs - Langley Library	M	54	54	0	0	0	0	0	54
Replace / Upgrade Library Computer System	M	10	10	10	10	0	0	0	30
Social Care IT System	M	26	57	0	0	0	0	0	57
Social Care Project DOH	G	0	65	0	0	0	0	0	65
Speedwell Relocation Project (Wexham Nursery Site)	M	9	9	0	0	0	0	0	9
Voluntary Sector Accommodation	M	0	0	1,500	0	0	0	0	1,500
Weekes Drive Community Centre Modifications	M	29	29	0	0	0	0	0	29
West Wing Arts Centre - Car Park Resurface	M	15	15	0	0	0	0	0	15
Total Community and Wellbeing		**2,526**	**2,637**	**2,340**	**2,815**	**0**	**0**	**0**	**7,792**

	Education and Children's Services									
32	Amalgamation Lea School (Nursery & Childrens Centre)	M	1,584	1,069	2,238	52	0	0	0	3,359
33	Amalgamation Lea School (Slough Islamic School Road Works)	M	0	0	500	0	0	0	0	500
34	Baylis Court - Building Services (heating) Phase 1	G / M	15	0	15	0	0	0	0	15
35	Baylis Court - Building a School for the Future Phase 1 (TCF)	G / M	100	20	1,542	2,500	0	0	0	4,062
36	Beechwood/Arbour Vale - Fibre optic installation diversion	G / M	20	0	20	0	0	0	0	20
37	Castleview Primary - Library improvements	G / M	2	2	0	0	0	0	0	2
38	Castleview Primary - SEN Improvements Phase 1	G / M	2	2	0	0	0	0	0	2
39	Chalvey Y & C. Outdoor Games Area	M	40	80	0	0	0	0	0	80
40	Cippenham Junior - External hardplay/drainage repairs	G / M	41	41	0	0	0	0	0	41
41	Cippenham Junior - Window replacement	G / M	91	91	5	0	0	0	0	96
42	Cippenham Nursery Graduated Childrens Centre	G	117	117	0	0	0	0	0	117
43	Colnbrook Graduated Childrens Centre	G	20	20	355	0	0	0	0	375
44	DDA/SENDA Access works	G / M	247	247	150	0	0	0	0	397
45	Education Capital - Improvements to Schools Portfolio	M	307	207	400	0	0	0	0	607
46	Godolphin Infant - Roof replacement	G / M	359	339	31	0	0	0	0	370
47	Godolphin Infant - Window replacement phase 2	G / M	84	0	84	0	0	0	0	84
48	Godolphin Junior Phase 1 (M&E)	G	56	53	3	0	0	0	0	56
49	Herschel Grammar - M&E services upgrade phase 2	G / M	18	18	0	0	0	0	0	18
50	James Elliman Graduated Childrens Centre (Farnham)	G	39	39	0	0	0	0	0	39
51	James Elliman - Roof Repairs	M	35	35	0	0	0	0	0	35
52	Khalsa Sikh Primary School (Funding Gap)	M	183	183	0	0	0	0	0	183
53	Littledown School - Toilets	M	14	14	0	0	0	0	0	14
54	Lynch Hill Primary - Replacement windows/remodelling	G / M	50	0	0	0	0	0	0	0
55	Lynch Hill School - External Surfaces	M	370	201	219	0	0	0	0	420
56	Marish Children's Centre	G	24	24	0	0	0	0	0	24
57	Our Lady of Peace Infant - Autistic Resource Unit	M	114	114	0	0	0	0	0	114
58	Outside Sports Renovation Orchard Y & C.	G / M	30	46	0	0	0	0	0	46
59	Parlaunt Park Primary - Roof works	G / M	26	26	200	0	0	0	0	226
60	PFI. Safe Routes to School	M	138	40	98	0	0	0	0	138
61	Priority 1 repairs at schools awaiting PFI replacement	G / M	25	25	0	0	0	0	0	25
62	Replace Springboard (TCF)	G	0	0	500	0	0	0	0	500
63	Schools Devolved Capital (2007/08 & 2008/09)	G	2,195	5,304	0	0	0	0	0	5,304
64	Schools Kitchen upgrades - Godolphin Junior Ventilation	G / M	1	1	0	0	0	0	0	1
65	Schools Kitchen upgrades Programme	G / M	68	66	3	0	0	0	0	69
66	Site Controller Accommodation - refurbishment programme	G / M	30	30	0	0	0	0	0	30
67	Slough & Eton CE School (TCF)	G / M	2,651	3,001	117	0	0	0	0	3,118
68	Slough Grammar - Mechanical Services Upgrade	G / M	190	190	0	0	0	0	0	190
69	Slough Grammar - Window replacement phase 1	G / M	71	71	12	0	0	0	0	83
70	Slough Grammar - Window replacement phase 2	G / M	252	252	0	0	0	0	0	252
71	St Mary's Graduated Childrens Centre (Upton)	G	568	568	25	0	0	0	0	593
72	The Crown Relocation (Young Peoples Centre)	G / M	10	10	5	0	0	0	0	15
73	Upton Lea Community Centre/Children's Centre Refurbishment	G / M	0	75	0	0	0	0	0	75
74	Voluntary Aided Schools LEA Liability	M	30	30	33	0	0	0	0	63
75	Westgate School - M&E services upgrade Phase 2	G / M	18	18	0	0	0	0	0	18
76	Westgate School - Replace gym windows and structure	G / M	230	230	10	0	0	0	0	240
77	Westgate Expansion (TCF)	G	0	0	500	2,500	0	0	0	3,000
78	Wexham Court Primary-Correct drains/upgrade external area	G / M	38	79	52	0	0	0	0	131
79	Wexham School for the Future (TCF)	G / M	6,301	6,301	1,065	0	0	0	0	7,366
80	**Total Education and Children's Services**		**16,804**	**19,279**	**8,182**	**5,052**	**0**	**0**	**0**	**32,513**

	Green and Built Environment									
81	20 mph Speed Zones	M	281	281	0	0	0	0	0	281
82	A4 Bath Road / Huntercombe Toucan Crossing (S106)	G	67	67	0	0	0	0	0	67
83	Air Quality Award Grant	G	0	0	19	0	0	0	0	19
84	Air Quality Award Grant (2007/08)	G	0	0	48	0	0	0	0	48
85	Air Quality Management	M	17	3	0	14	0	0	0	17
86	Art at the Centre - Revitalising the High Street	G / M	4,032	4,032	400	0	0	0	0	4,432
87	Britwell & Northborough	M	1,240	1,240	1,000	0	0	0	0	2,240
88	CCTV (Retail)	G	48	48	0	0	0	0	0	48
89	Centre Nurseries Boiler Replacement	G	28	38	0	0	0	0	0	38
90	Chalvey Waste Transfer Station	M	35	1	34	0	0	0	0	35
91	Crematorium EPA	M	0	0	1,300	50	50	0	0	1,400
92	Gas Analysers - Slough Crematorium	M	0	0	40	0	0	0	0	40
93	Greener Travel	M	795	500	853	0	0	0	0	1,353
94	Highway Reconfiguration & Resurface	M	600	600	600	600	0	0	0	1,800
95	Highways/Land Drainage- Rehabilitation/Upgrading	M	100	100	91	0	0	0	0	191
96	Housing Imp. Grants: Disabled Facilities (Discretion)	M	61	61	0	0	0	0	0	61
97	Housing Imp. Grants: Disabled Facilities (Mandatory)	G / M	642	642	0	0	0	0	0	642
98	Housing Imp. Grants: Landlord (Private Rented)	G / M	454	214	586	0	0	0	0	800
99	Housing Imp. Grants: Minor Works	G / M	300	300	300	0	0	0	0	600
100	Housing Imp. Grants: Renovation (Owner Occupied)	G / M	175	175	425	0	0	0	0	600
101	Langley Neighbourhood Offices	G	10	0	0	0	0	0	0	0
102	Local Safety Scheme Programme	M	373	150	300	348	0	0	0	798
103	Parking Strategy	M	82	5	77	0	0	0	0	82
104	Public Transport Cippenham Commitment (S106)	G	30	30	0	0	0	0	0	30
105	Replacement of Cremator Brickwork	M	11	11	14	0	0	0	0	25
106	Road Safety Programme	M	26	0	0	74	0	0	0	74
107	Street Lighting Improvements Programme	M	500	500	500	0	0	0	0	1,000
108	Subway Closure Programme	M	375	0	300	275	0	0	0	575
109	Upton Court Park Changing Rooms-Fire Protection Works	M	10	0	10	0	0	0	0	10
110	Urban Traffic Control System Development	M	164	164	200	147	0	0	0	511
111	Waste & Recycling Containers	M	1,075	1,125	281	40	20	0	0	1,466
112	**Total Green and Built Environment**		**11,531**	**10,287**	**7,378**	**1,548**	**70**	**0**	**0**	**19,283**
	Green & Built Environment: Affordable Housing									
113	A2 Housing - Slough Garages Ph 3 (Swabey Rd)	G / M	65	65	65	0	0	0	0	130
114	A2 Housing - Slough Garages Phase 3 (Other)	G / M	420	420	420	0	0	0	0	840
115	Airways (A2 Housing) - William Hartley Yard	G / M	125	125	0	0	0	0	0	125
116	Land Acquisition Shackleton Road	G / M	40	40	0	0	0	0	0	40
117	New Housing Provision Unallocated (pending funding)	G / M	1,065	745	1,461	563	970	0	0	3,739
118	Paradigm - 1-7 High Street, Slough	G / M	0	0	331	0	0	0	0	331
119	Radian - Slough Ex TVU Student Accommodation	G / M	0	320	0	0	0	0	0	320
120	Sovereign HA - Misc. family homes purchases	G / M	500	160	340	0	0	0	0	500
121	Thames Valley - Slough Garage Site Phase 2	G / M	0	0	20	0	0	0	0	20
122	Warden - Slough Garage Site Phase 1	G / M	332	332	0	0	0	0	0	332
123	**Total Green & Built Environment: Affordable Housing**		**2,547**	**2,207**	**2,637**	**563**	**970**	**0**	**0**	**6,377**

	Resources/Improvement & Development/Chief Executive									
124	Access Control System (T.Hall/W. House/Landmark)	M	120	1	119	0	0	0	0	120
125	Accommodation Strategy	M	3,770	3,770	2,925	0	0	0	0	6,695
126	Air Conditioning Units	M	5	5	0	0	0	0	0	5
127	Asbestos Removal Works	M	100	50	100	100	100	100	193	643
128	Business Objects / Discoverer	M	20	20	0	0	0	0	0	20
129	Computer Hardware & Operating Systems	M	250	200	122	0	0	0	0	322
130	Corporate Property Fund	M	959	959	0	0	0	0	0	959
131	Customer Service Centre	M	1,692	1,692	400	0	0	0	0	2,092
132	DDA Improvement Works	M	500	280	1,000	575	575	575	586	3,591
133	E-government Project (PSA) / Intranet Development	M	71	71	0	0	0	0	0	71
134	E-Purchasing	M	260	260	0	0	0	0	0	260
135	Heart of Slough Project	M	3,670	1,670	2,000	8,600	5,839	0	0	18,109
136	Oracles Financial Upgrade	M	2	2	0	0	0	0	0	2
137	Server Replacement and clustering	M	19	19	0	0	0	0	0	19
138	St Martins Place Fit Out Works	M	80	80	0	0	0	0	0	80
139	Town Hall Computer Room	M	51	51	0	0	0	0	0	51
140	Water Hygine (Legionella Prevention)	M	100	75	75	25	0	0	0	175
141	**Total Resources**		**11,669**	**9,205**	**6,741**	**9,300**	**6,514**	**675**	**779**	**33,214**
142	**TOTAL GENERAL FUND CAPITAL PROGRAMME**		**45,077**	**43,615**	**27,278**	**19,278**	**7,554**	**675**	**779**	**99,179**

	HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME									Appendix J (iii)
Line	**CAPITAL SCHEME**	**Source of Funding**	**2008/2009 July 08 Estimate**	**2008/2009 March 09 Estimate**	**2009/2010 March 09 Estimate**	**2010/2011 March 09 Estimate**	**2011/2012 March 09 Estimate**	**2012/2013 March 09 Estimate**	**2013/2014 March 09 Estimate**	**TOTAL March 09 Estimate**
			£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
	Stock Improvements:									
143	Affordable Warmth / Central Heating	M	59	59	50	50	50	50	50	309
144	Capitalised Essential Repairs	M	197	197	235	322	350	270	150	1,524
145	Digital Switchover	M	281	281	566	552	0	0	0	1,399
146	Environmental Improvements	M	50	50	50	50	50	50	50	300
147	External Improvements	M	0	0	0	0	0	0	0	0
148	Garage Improvements	M	96	96	0	0	0	0	0	96
149	Integrated Housing IT System	M	542	542	150	0	0	0	0	692
150	Kitchen & Bathroom Modernisations	M	50	50	0	0	0	0	0	50
151	Major Aids & Adaptions (C.Tenants)	M	788	788	600	600	663	500	500	3,651
152	Mechanical Systems Upgrading	M	146	146	89	92	128	100	100	655
153	Misc. Modernisations & Health & Safety	M	156	156	228	350	598	300	300	1,932
154	New Projects	M	25	25	25	25	25	25	25	150
155	Package Improvements	M	0	0	0	0	0	0	0	0
156	Parlaunt Shops - Flat Roof Replacement	M	200	200	0	0	0	0	0	200
157	Rewiring Improvements	M	1	1	107	92	130	130	130	590
158	Security & Controlled Entry Modernisation	M	291	291	133	138	313	300	300	1,475
159	Supported Housing DDA Assessment - Essential Repairs	M	171	171	0	0	0	0	0	171
160	Window Replacement Programme	M	685	685	668	0	0	0	0	1,353
161	Winvale Refurbishment	M	749	749	534	0	0	0	0	1,283
162	ALMO - Internal Package Improvements	M	13,096	13,096	7,373	7,779	5,995	1,858	1,940	38,041
163	ALMO - External Package Improvements	M	3,020	3,020	2,270	3,116	2,218	1,521	1,545	13,690
164	ALMO - Improvements for Sustainability	M	615	615	456	457	349	0	0	1,877
165	**Total Stock Improvements**		21,218	21,218	13,534	13,623	10,869	5,104	5,090	69,438
	Other Housing Expenditure									
166	Acquisition of C.P.O Property	G	91	91	0	0	0	0	0	91
167	**TOTAL HOUSING REVENUE ACCOUNT**		**21,309**	**21,309**	**13,534**	**13,623**	**10,869**	**5,104**	**5,090**	**69,529**

APPENDIX B

#	PRUDENTIAL INDICATORS	2007-08 Actual £'000	2008-09 July 08 Estimate £'000	2008-09 Mar 09 Estimate £'000	2009-10 Mar 09 Estimate £'000	2010-11 Mar 09 Estimate £'000	2011-12 Mar 09 Estimate £'000	2012-13 Mar 09 Estimate £'000	2013-14 Mar 09 Estimate £'000
	Capital Expenditure								
1	General Fund	27,507	45,077	44,180	36,948	38,324	18,550	4,821	779
2	HRA	13,781	21,309	21,309	13,534	13,623	10,869	5,104	5,090
3	**Total Capital Expenditure**	**41,288**	**66,386**	**65,489**	**50,482**	**51,947**	**29,419**	**9,925**	**5,869**
	Sources of Capital Financing								
4	Grants & Contributions	13,979	13,682	14,266	3,351	5,453	0	0	0
5	Capital receipts	11,860	18,523	13,818	4,537	6,423	12,870	5,021	979
6	Capital Fund	1,667	0	2,574	0	0	0	0	0
7	Revenue & Major rep. allow.	1,531	7,917	7,917	4,795	4,885	4,977	4,904	4,890
8	Supported Borrowing	12,250	15,396	15,396	13,681	12,659	5,692	0	0
9	Self Financed Borrowing	0	10,868	11,518	24,118	22,527	5,880	0	0
10	**Total**	**41,288**	**66,386**	**65,489**	**50,482**	**51,947**	**29,419**	**9,925**	**5,869**
	AFFORDABILITY								
	Ratio of financing costs to revenue stream:								
11	General Fund	-4.30%	-3.03%	-3.72%	1.41%	3.71%	5.50%	5.33%	4.33%
12	HRA	42.81%	47.04%	46.05%	45.27%	46.56%	47.26%	48.77%	49.56%
	Incremental Impact on:								
13	Council Tax Band D	**-£4.21**	**-£0.25**	**-£0.58**	**-£34.20**	**£33.83**	**£12.83**	**£15.80**	**£37.09**
14	HRA weekly rent	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
15	**Gross Borrowing - Impact on Council Tax**		**£10.84**	**£0.00**	**£11.29**	**£38.20**	**£40.90**	**£7.39**	**-£10.11**
	Capital Financing Requirement (CFR)								
16	General Fund	25,799	41,678	42,328	71,127	96,350	99,882	94,021	84,351
17	HRA	-2,794	7,591	7,591	16,130	24,668	30,360	30,360	30,360
18	**Total**	**23,005**	**49,269**	**49,919**	**87,257**	**121,018**	**130,242**	**124,381**	**114,711**
	PRUDENCE								
	Net borrowing and CFR								
19	Net borrowing	-58,518	-7,571	-14,887	28,565	74,300	89,300		
20	Capital Financing Requirement in year 3	67,194	81,411	121,018	130,242	124,381	114,711		
21	**Does net borrowing exceed year 3 CFR?**	NO	NO	NO	NO	NO	NO		
	EXTERNAL DEBT								
	Authorised Limit for External Debt								
22	Authorised Limit for Borrowing	62,323	107,000	77,000	83,000	113,000	122,000	115,000	105,000
23	Authorised limit for other liabilities	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
24	**Authorised Limit for External Debt**	**62,323**	**108,000**	**78,000**	**84,000**	**114,000**	**123,000**	**116,000**	**106,000**
25	Operational Boundary for External Debt								
26	Operational Boundary for borrowing	62,323	103,600	74,700	78,700	107,900	117,100	111,200	101,600
27	Operational Boundary for other liabilities	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
28	**Operational Boundary for External Debt**	**62,323**	**104,600**	**75,700**	**79,700**	**108,900**	**118,100**	**112,200**	**102,600**
	TREASURY MANAGEMENT (TM)								
	CIPFA Treasury Management Code								
29	Has the Council adopted the TM code?	YES	YES	YES	YES	YES	YES	YES	YES
	External Debt - Interest Rate Exposure								
30	Upper Limit on fixed rate exposure	100%	100%	100%	100%	100%	100%	100%	100%
31	Upper Limit on variable rate exposure	0%	25%	25%	25%	25%	25%	25%	25%
	Maturity Structure of Borrowing								
32	Lower and Upper limits:								
33	Under 12 months	0.13%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%
34	1 to 2 years	4.90%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%	0% - 25%
35	2 to 5 years	5.51%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%	0% - 50%
36	5 to 10 years	27.17%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%	0% - 75%
37	10 years +	62.29%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%	25% - 90%
	Investments longer than 364 days								
38	Limit on amount maturing beyond	£23,200	£35,000	£25,000	£25,000	£25,000			

PRUDENTIAL INDICATORS 2008-09 - DEFINITIONS / INTERPRETATION

CIPFA's Prudential Code for Capital Finance requires local authorities to prepare Prudential Indicators of their intended capital spending plans for the forthcoming and future years. The indicators are intended to help the decision making process within an authority and must be approved by the full Council before the beginning of the financial year. The indicators are neither comparative statistics nor performance indicators. Different Councils will have different figures reflecting their history and local circumstances.

1. **Capital Financing Summary** – Although this indicator is not required by the Prudential Code, it is included within the monitoring so that the capital financing sources can be clearly identified.

2. **Estimated Ratio of financing costs to net revenue stream** - This indicator reflects how much the Authority has to pay for the extra capital expenditure, taking into account debt interest, borrowing refinancing costs, minimum revenue provision, (depreciation for HRA)

3. **Capital Financing Requirement** – This is the "unpaid" for level of capital expenditure (borrowing). The actual **net borrowing** is lower than this due to Treasury Management and Cash Management.

4. **Actual Net Borrowing** – represents actual long term borrowing needs (including forward funding for future years) less temporary investments. This is a key indicator and Section 3 of the Local Government Act 2003 requires the Council to ensure that net borrowing does not exceed the Capital Financing Requirement.

5. **Authorised Borrowing Limit and Operational Boundary for external debt** – The former represents a maximum limit for borrowing, which must not be breached and therefore additional headroom has been included to cater for unplanned cash flow situations. The later is a better benchmark as it represents a more likely scenario.

6. **Incremental Impact on Band D Council Tax** – The impact on Council tax reflects the change in method of funding and the level of the capital expenditure. The indicator calculates the difference between debt charges of approved and actual capital programme over the tax base for council tax.

7. **Treasury Management** – these indicators form part of the treasury management strategy and policy statement approved each year before the beginning of the financial year. The main indicator is the adoption of CIPFA Code of Practice for Treasury Management, which the Council adopted before the current Prudential System was introduced.

Appendix L

ASSET MANAGEMENT PLAN ACTION PLAN 2008/2013 - UPDATE

						2009-2010				2010-2011				2011-2012			
Ref	Corp. vision	Issue	Comments/Progress	Client	Lead	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		COMPLETED ACTIONS															
AMP 06	5.1	Preparation for competing for work from ALMO	Completed	Resources													
AMP 09	5.1	Review process for profiling of capital projects	Completed	Resources													
AMP 16	5.1	Commission asbestos survey and prepare action plan	Completed	Resources													
AMP 18	5.1	Commission legionellas survey and prepare action plan	Completed	Resources													
AMP 20	5.1	Prepare action plan for response to DDA	Completed	Resources													
AMP 22	5.1	Prepare action plan for improving system of post project evaluation (PPE)	Complete	Resources													
AMP 29	5.1	Options appraisal for Hatfield MSCP	Completed	G&BE													
AMP 32	2.2	Develop policy for voluntary organisations in Council property	Completed - policy agreed. Separate action for implementation (AMP44)	C&C													
AMP 36	4.1	Identify and manage property implication of local access points for CSC	Completed	Resources													
AMP 39	5.1	Identify disposals needed to bridge future funding gap in capital programme	Completed	Resources													
AMP 42	5.3	Prepare action plan for approach to procurement (Egan)	Completed - Subsumed within approach to partnering (AMP29)	Resources													
AMP 43	5.1	Review of investment properties	Completed	Resources													
AMP 46	2.3	Develop ALMO asset management and procurement strategies	Completed - with People 1st	People 1st													
AMP 47	2.3	Support preparation of stock related service improvements for the ALMO	Completed	People 1st													
AMP 48	2.3	Support negotiations to develop improved contract conditions for the Building Maintenance Contract	Completed	People 1st													
AMP 52	3.3	Transfer of Langleywood Schools site	Complete	E&CS													
AMP 53	3.3	Transfer of Lea School site for new Muslim Faith School	Complete	E&CS													
AMP 54	3.3	Completion of Western use School,	Complete	E&CS													
AMP 04	5.1	Review current status of asset management software	Complete	Resources	HoAM												
AMP 27	2.4	Lease/sale of land for Sikh Sports Club	Sale completed	Resources													
AMP 28	2.2	Finalise proposals for Slough Deaf Centre/resource centre development	Lease completed, building constructed and tenant in occupation	C&C	HoAM												
AMP 44	5.1	Review current GIS mapping software	MapInfo now in place and operational.	Resources	HoAM												
AMP 45	3.3	Education PFI	Contract completed – three new school completed in 2007	E&CS													
AMP 49	2.4	Reprovision of Langley Library	New library now open	C&C	ADPS												

ONGOING ACTIONS

AMP 01	5.1	Complete transition of asset responsibility to Corporate Landlord	Ongoing work - progressing through Corporate Landlord Project which is now in place and will continue through 2009	Resources	HoAM
AMP 02	5.1	Integrate service asset management arrangements within Corporate Landlord	Ongoing work - progressing through Corporate Landlord Project which is now in place and will continue through 2010	Resources	HoAM
AMP 03	5.1	Maintain effective forum for major service input to the actions of the Corporate Landlord	Programme of monthly meetings is in place to support actions required to delivery of the Corporate Landlord objectives as part of project	Resources	HoAM
AMP 05	5.1	Review and report Key Performance Indicators (KPIs) for each area of Property Services	Being developed as part of Corporate Landlord actions	Resources	ADPS
AMP 07	5.1	Implement Valuation Services improvement plan	Forms part of corporate landlord project actions (AMP 01)	Resources	HoAM
AMP 08	5.1	Implement proposals for the capture, review and reporting of PI data	Ongoing	Resources	PPM
AMP 10	2.5	Britwell and Northborough regeneration	Master Plan options under review	HRA	ADPS
AMP 11	5.1	Office accommodation strategy	Accommodation strategy approved by Cabinet March 2007. Implementation ongoing	Resources	ADPS
AMP 12	2.2	Options appraisal for elderly persons accommodation	Review complete – new dual registered care home to open April '09. One new extra care sheltered housing scheme operational - 2nd due to open April '09	C&C	
AMP 13	5.1	Identify and review property implications of corporate reorganisation	Impact of centralisation and corporate landlord being considered in conjunction with accommodation strategy	Resources	ADPS
AMP 14	5.1	Develop proposals for future investment/disposals strategy and seek member approval	Ongoing. Phase 1 complete . Phase 2 properties for disposal but on hold in view of financial climate	Resources	HoAM
AMP 15	5.1	Ongoing disposals programme	Difficulties with financial climate having significant impact on capital receipts. Alternative disposal options being considered.	Resources	HoAM
AMP 17	5.1	Implement action plan on asbestos	Ongoing	Resources	PPM
AMP 19	5.1	Implement action plan on legionellas	Ongoing	Resources	PPM
AMP 21	5.1	Implementation of DDA action plan	Ongoing	Resources	PPM
AMP 23	5.1	Implement post project evaluation action plan	Ongoing	Resources	PPM
AMP 24	5.1	Preparation of select list for building contractors	Council now has access to potential contacts via partnership work with SECE & Berks authorities.	Resources	PPM
AMP 25	5.1	Preparation of select list for consultants	OGC Framework contacts now successfully in place for a number of strategic projects. Further work is ongoing with Berks Authorities for use of local framework agreements on construction projects	Resources	PPM
AMP 26	2.4	Develop options for Haymill site	Revised options to be prepared to reflect emerging new requirements for site.	C&C	ADPS
AMP 30	5.1	Issue guidance on departmental Asset Management Plans	Superseded by Corporate landlord initiative	Resources	HoAM
AMP 31	5.1	Review procedures for consulting building users (link to DAMP's?)	Now part of Corporate Landlord initiative	Resources	HoAM
AMP 33	5.1	Develop policy/procedures for use of potentially surplus sites by community groups	Community Strategy review (approved by Cabinet) being undertaken in conjunction with Corporate Landlord project.	C&C	ADPS
AMP 34	5.1	Work with 2nd/3rd tier to promote AMP "message"	Ongoing / Corporate Landlord Project Team meets regularly - attended by representatives from all service departments.	Resources	ADPS
AMP 35	2.3	Develop policy for offering sites to RSLs	Garage Strategy for disposal of site to RSLs being successfully implemented.	C&C	HoAM
AMP 37	5.1	Proposals to tackle maintenance backlog	Planned maintenance programme approved as part of capital programme	Resources	PPM
AMP 38	4.3	Implement policy for voluntary organisations in Council property	Implementation 2007/2012.	C&C	HoAM
AMP 40	5.3	Implement action plan on procurement	Ongoing	Resources	PPM
AMP 41	5.3	Review of energy efficiency/energy management policies	Ongoing - Carbon Management Board established	Resources	PPM
AMP 50	5.1	Proposal to increase income from advertising on Council land	Problems encountered in obtaining planning permission under review with Planning Authority.	Resources	HoAM
AMP 51	1.4, 2.4, 5.1	Management and delivery of the Heart of Slough project.	Planning application submitted.	E&CS	Director of Resources