

AGENDA ITEM

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee
Cabinet

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8 February 2010

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**PART I
FOR DECISION**

MEDIUM TERM FINANCIAL STRATEGY REPORT

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 and Treasury Management strategies, in advance of submission for agreement at the full Council meeting on 22 February 2010. These strategies set out the Revenue, Capital and Treasury Management Budgets over the medium term and for 2010/11 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 is essentially structured across six themes:
1. The Council's Priorities
 2. The Council's Financial Planning Process
 3. The Revenue Budget 2010/11
 4. The Capital Budget 2010/11
 5. Treasury Management
 6. Detailed Appendices

- 1.3 The report sets out the Strategic Director of Resource's recommendations for the 2010/11 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 2010/11.

2. RECOMMENDATIONS

- 2.1 The Cabinet is requested to recommend to full Council:-

- a) That the Local Government Finance Settlement 2010/11 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 2010/11 and of future developments on the medium-term financial position be noted.
- d) That the Growth and Savings items in Appendices D (i) and D (ii) be approved.
- e) That the Directorate cash limits for 2010/11, 2011/12 and 2012/13 as shown in Appendix E be approved.
- g) That £12,373,787 of the Council's Gross Expenditure for 2010/11 will be funded by Area Based Grant.
- h) That the Council's Policy for Reserves 2010/11, as set out in paragraph 5.60, be approved.
- i) That the capital programme for the financial year 2010/11; and provisional allocations for 2011/12 to 2017/18 as set out in Appendix G be approved.
- j) That the Treasury Management Strategy and the Treasury Management Policy Statement within Section 9 be approved.
- k) That the authorised borrowing limit and the operational boundary for external debt as set out in the Treasury Management Strategy be approved.
- l) That the Prudential Indicators and the Minimum Revenue Provision (MRP) statement as set out in the Treasury Management Strategy section of the report be approved.
- m) That the Council Tax for the areas of Slough Borough Council for the year ending 31 March 2011 be as specified in the Council Tax Resolution in Appendix B and that the Council Tax be levied accordingly.
- n) 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 2010/11 of £103.979m.

- 2.2 The Cabinet is requested to resolve:

- a) That the Local Authority Mortgage Rate for 2010/11 be approved at 5.21%.

3. OTHER IMPLICATIONS

Financial

- 3.1 This report is entirely concerned with financial matters as it relates to the Council's Revenue, Capital and Treasury Management Budgets for 2010/11. All financial implications are clearly set out within the body of the report.

Human Rights Act and Other Legal Implications

- 3.2 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 2010/11 and future years and suggests actions to be considered by Members in order to deliver a balanced budget that will commence in April 2010.
- 3.3 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 F, must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
- 3.4 In summary:

The Strategic Director of Resources reports that the estimates of income and expenditure forming the Council's General Fund Revenue Budget for 2010/11 have been prepared on the basis of existing plans, known current and future commitments and the financial implications of the proposals for service development, improvement and efficiencies.

Where it has been necessary to do so, in the case of certain budgets (e.g. pay, investment income and income from fees and charges), assumptions have been used for inflation, interest rates and service take-up that, on the basis of current and predicted levels of activity, are considered to be reasonable and prudent.

However, Members will appreciate that some budgets are more sensitive and responsive to changes in demand, often caused by factors outside of the Council's control. In the event of any unanticipated changes it may be necessary to take corrective action and the effectiveness of this relies on good systems of budgetary control, monitoring and risk management.

It is important, therefore, to review actual performance against budget on a regular basis in order to ensure budgets remain on track, particularly the realisation of savings/efficiency proposals as well as being proactive in identifying emerging risks and responding accordingly, taking remedial action where this is appropriate.

Set within this wider control framework and the adequacy of the Authority's financial arrangements generally, the Chief Financial Officer considers the Council's budget estimates for 2010/2011 to be robust although the medium term position facing the Council remains challenging.

With regard to the medium term, Members will be aware of a number of pressures facing the Council. These need to be considered in the context of the national framework being applied to local government, which, amongst other things, requires increasing efficiencies and restrictions on council tax increases. Against this backdrop the expectation is that, future years budgets will come under increasing pressure with a growing emphasis on prioritisation, efficiency, innovation and collaboration in service delivery. Members may therefore face difficult decisions in later years in order to sustain a balanced budget over the medium term.

Whilst this has been reflected in part within the current service and financial planning framework the work required is likely to intensify for subsequent budget rounds.

3.5 With regard to the financial reserves:

The Strategic Director of Resources reports that, having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- the Council's spending plans for 2010/1 and the medium term financial position;*
- adequacy of estimates of inflation, interest rates;*
- treatment of demand led pressures;*
- impact of external partnerships;*
- the need to respond to emergencies.*
- Capital programme variations.*

an amount of £5m is considered adequate for this purpose.

However, the extent to which the levels of general fund balance is diminishing in proportion to the forecast growing budget is a situation that is not sustainable over the medium term without a need to align expenditure more closely with ongoing resources and adopt a risk based . Combined with the uncertainty surrounding the outcome of the grant settlement, additional spending pressures

arising due to demand led services and demographic pressures will mean that the level of general fund balances and unallocated reserves will need to be increased and maintained under review to secure sound financial standing in future years.

This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council's existing Financial Procedure Rules.

- 3.6 There are no other Legal or Human Rights Act implications.

Workforce Implications

- 3.7 There are a number of budget savings options contained within the report that will directly impact on established posts. If members are inclined to approve these savings, then consultation will need to be undertaken with affected staff and could result in some compulsory redundancies.
- 3.8 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, even with these measures, the level of savings required some compulsory redundancies can not be ruled out.

4. ALLOCATION OF RESOURCES TO COUNCIL PRIORITIES

National Priorities

- 4.1 SBC's financial and service planning is necessarily informed by the national economic position and influenced by Government priorities and expectations. For the period 2008/09 to 2010/11 the Government's spending plans were encapsulated in the Pre-Budget Report and Comprehensive Spending Review 2007 report identified¹ the Government's main priorities as:
- **sustainable growth and prosperity**, in order to continue to improve people's standard of living;
 - **fairness and opportunity for all**, so that everyone can make the most of their talents and share in rising national prosperity;
 - **stronger communities and a better quality of life**, enabling people to lead healthy, safe and fulfilling lives; and
 - **a more secure, fair and environmentally sustainable world**, with the UK playing a leading global role.

¹ Para 1.3, http://www.hm-treasury.gov.uk/d/pbr_csr07_chapter1_207.pdf

4.2 Obviously, the financial climate has substantially changed since the Comprehensive Spending Review was announced in October 2007. The Government's latest general financial overview was provided in the Pre-Budget Report (PBR) 2009, published on 9 December 2009.

4.3 Of particular note for local authorities, the PBR 2009 confirmed:

- The Government intends to maintain planned levels of overall departmental spending in 2010-11, with increases in public sector current expenditure of 0.8% per annum in real terms for the years 2011-12 until 2014-15.
- NHS front line spending and schools front line spending will increase in line with inflation and policing numbers will be maintained.
- An extension of free school meals to primary school pupils in low income working families in England from September 2010.
- Increases in the State Pension of 2.5%, the Child Tax Credit by £20 above earnings indexation, and other benefits and tax credits normally linked to the Retail Prices Index (RPI) by 1.5%.

4.4 However, to pay for these increases:

- There will be a further 0.5% increase in the employee, employers and self-employed rates of national insurance contributions (NICs) from April 2011, alongside an increase in the point at which individuals start to pay NICs on incomes below £20,000. These increases are in addition to the 0.5% increases announced in Budget 2009, making total NIC increases of 1.0% from April 2011. These additional NIC increases have now been factored into the Council's Medium Term Financial Plan.
- £11 billion of savings will be found from "smarter government" by rationalising Arms Length Bodies, greater use of online systems for providing advice and information to the public, reduction in consultancy spend by 50% and better management of government assets.
- There will be a 1% cap on public sector pay settlements in 2011-12 and 2012-13. Recent press articles have indicated that the national pay settlement for local government workers, in 2010/11, may be 0%. Until further detail is published, the Medium Term Financial Plan is prudently planning for a 1% increase in pay – given the fact that the Consumer Price Index (CPI), the Government's preferred measure of inflation was 2.9% in December 2009.
- Reforms of public sector pensions are expected to save £1 billion from 2012-13 onwards, little further detail regarding this initiative has been announced.

- 4.5 Despite the content of the PBR 2009, there remains considerable uncertainty about the level of local government funding the period from 2011/12 onwards. Recent articles in the national press² suggest that the next Comprehensive Spending Review will not be published until after the General Election³ and the Chancellor of the Exchequer has been quoted⁴ stating “*the next spending review will be the toughest we have had for 20 years*”.
- 4.6 Following the Government’s stated commitments to the NHS, schools and the police, it is clear⁵ that local authorities will continue to need to plan on the basis of a very restricted financial envelope from 2011/12 onwards. Further, given that both the main opposition political parties have stated that the Government’s plans to reduce public sector debt are not sufficiently ambitious, it is reasonable to assume that if there is a change of Government, at the forthcoming General Election, local authority funding will continue to be restricted.

Local Priorities

- 4.7 Slough BC, and other partners - such as the Berkshire East Primary Care Trust (PCT) and Police and Fire Authorities – have published a 20 year Sustainable Community Strategy (SCS) “Proud to be Slough” which sets out the most important priorities identified by the local community itself.
- 4.8 The five main themes of the SCS are as follows:
- Community Cohesion – Celebrating diversity, enabling inclusion
 - Improve community relations further
 - Foster dialogue between communities and prioritise community cohesion
 - Resist violent extremism in all its forms
 - Health and Wellbeing – Adding years to life and life to years
 - Provide services to meet children and young people’s needs
 - Support independent living for the vulnerable and the elderly
 - Provide access for all to quality health services and leisure facilities
 - Promote healthier lifestyles and increase life expectancy
 - Economy and Skills – Prosperity for all

² E.G. In the Times and Guardian on 10 January 2010.

³ Expected on 6 May 2010.

⁴ In the Sunday Times (11 January 2010)

⁵ Although the NHS, schools and the police are set to receive additional resources such growth within a total public sector funding increase of only 0.8% in real terms implies a significant cut in the funding of all other Government departments, including the Department for Communities and Local Government (DCLG).

- Provide employment for local people
- Offer diverse jobs to match the community's needs
- Provide local training centres to address skills gaps
- Give local support to help develop a local workforce.
- Community Safety – Being safe, feeling safe
 - Reduce crime and the fear of it
 - Provide support and rehabilitation for drug and alcohol users
 - Tackle the causes of crime and anti-social behaviour
- Environment – A cleaner, greener place to live, work and play
 - Improve public spaces
 - Instil a sense of pride in our community and the local environment
 - Create a strong culture of recycling, improve energy efficiency and promote sustainable public transport.

Budget Consultation

- 4.9 The Council is under a statutory obligation to consult with local businesses on its proposed revenue and capital budgets each year. Best practice also suggests that the Council should consult with its local residents.
- 4.10 Slough BC makes significant efforts to consult with stakeholders on its budget proposals each year. The recognised benefits of this approach include the following:
- Provide members with information to support decision making
 - Promote public involvement in decision making
 - Identify priorities for spending
 - Identify areas in which spending reductions are seen as most acceptable
 - Raise awareness about how finances are spent
 - Raise awareness of the Council's sources and levels of funding
- 4.11 This year residents have been consulted through a wide range of qualitative and quantitative consultation methods including: meetings with local community groups and local businesses; an article in the Citizen (Slough's free newspaper); and a dedicated consultation officer to deal with telephone and email enquiries. Residents were also invited to write or email the Council

with any comments; and Council staff were kept informed through the internal magazine “Grapevine” and asked to feedback any views.

- 4.12 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 has assisted Cabinet as it develops and finalises the budget for the financial year ahead. The feedback obtained has also been 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.

Allocation of resources to priorities

- 4.13 Whilst operating within a very restricted financial envelope, the 2010/11 Budget proposals contained within this report include growth items for the following:

- ***Community Cohesion – Celebrating diversity, enabling inclusion***

£30k – Neighbourhood coordination

£75k – Increase in Youth Service Opening hours

- ***Health and Wellbeing – Adding years to life and life to years***

£1,219k – Care packages

- ***Economy and Skills – Prosperity for all***

£421k – Joint LEA and Schools funding for Building Schools for the Future

- ***Community Safety – Being safe, feeling safe***

£29k – Animal Warden & Stray Dogs

- ***Environment – A cleaner, greener place to live, work and play***

£300k – Youth Transport Provision & Real Time Passenger information

£35k – Parks and Open Spaces

5. FINANCIAL PLANNING

- 5.1 Robust financial planning and control processes are essential tools for a local authority to demonstrate good governance over public funds and to achieve value for money. Slough BC is continually seeking to improve in this area.
- 5.2 This section of the report provides an overview of the Council’s Financial Planning Process.

The Financial Planning Process

- 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 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. The key events in Slough BC's annual financial cycle are set out below:

February to April	Council agrees general revenue budget framework; capital budget framework; associated council tax levels; and treasury management policy. Council tax and non-domestic rate bills are despatched.
April/May	Work commences on next year's revenue and capital budget frameworks.
June/July	Previous year outturn reports to Committees Policy and Performance Review Group (PPRG) meet to review revenue and capital budget strategies.
August/September	Financial Reviews (i.e. Fees and Charges, Option Appraisals, Growth and Savings options).
October	Policy and Performance Review Group (PPRG) meet to review revenue and capital budget strategies.
November/December	Financial Reviews (i.e. Fees and Charges, Option Appraisals, Growth and Savings options).

December	<p>Government publishes provisional local authority funding levels for next year for consultation.</p> <p>Precepts announced by Parish Councils.</p> <p>Council tax-base and collection fund surplus/deficit calculated.</p>
January	<p>Financial reviews completed</p> <p>Government publishes final local authority funding levels for next year.</p> <p>Council housing rent and Housing Revenue Account business plan review.</p>
February	<p>Precepts and levies announced by Fire and Police Authorities</p>
February to April	<p>Council agrees general revenue budget framework; capital budget framework; associated council tax levels; and treasury management policy.</p> <p>Council tax and non-domestic rate bills are despatched.</p>

Better Integration of Revenue and Capital Budgets

- 5.5 The 2010/11 Budget process has seen major progress over previous years, in that officers have sought to improve the link between the Council's Revenue and Capital Budgets. The provision of Capital schemes has direct revenue consequences in that revenue funding is required to pay for borrowing costs and/or ongoing running costs. During the 2010/11 Budget Setting process, officers determined the available revenue funding available to support the capital programme. This revenue information was then used to define the overall affordability of the capital programme.

Roles and responsibilities

Policy and Performance Review Group (PPRG)

- 5.6 Within Slough, 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 each year. PPRG meetings provide an opportunity for service departments to put forward new service proposals for the Administration to consider, refine their existing plans and demonstrate how they will balance their budget in the coming years. The PPRG process also gives the Administration the opportunity to engage with Service plans and to re-prioritise resources where appropriate.

- 5.7 The Administration 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.

Elected Members and Officers

- 5.8 Although the PPRG process is essentially led by the Council's Administration and Corporate Management Team (CMT), all elected members and officers have an important role to play in the overall financial planning and monitoring processes.
- 5.9 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.
- 5.10 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.
- 5.11 Full Council has less of a role in budget monitoring, due to the more detailed nature of the information, but receives regular management information highlighting key budget and service performance issues, including details on the planned action by either officers or Cabinet to address the issues raised.
- 5.13 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 provides oversight and strategic input into the budget construction process, as noted above through the PPRG 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.
- 5.14 Whilst detailed budget monitoring is carried out by service managers, Commissioners maintain an overview of budget and service performance

issues and challenges within their area of responsibility, and the Cabinet receives and reviews regular reports detailing overall service and budget performance and highlighting any particular challenges. These reports are debated in order to develop and agree appropriate strategies, if required, to ensure that performance and spending are brought back on plan.

- 5.15 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.
- 5.16 Overview and Scrutiny 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.

Key Considerations in the Financial Planning Process

Efficiencies

- 5.17 As part of Comprehensive Spending Review 2007 (CSR07) announced in October 2007, the Government set a target for all of Local Government to achieve £4.9 billion in efficiency savings for the three year period to March 2011. This equated to 3% of each local authority's defined baseline expenditure.
- 5.18 At that time it was also reported that Government is to monitor the progress of individual Councils towards achieving the national efficiency targets. In order to facilitate this monitoring, Councils must submit information twice a year in respect of National Indicator 179 (NI179) which records 'the total net value of ongoing cash releasing value for money gains that have impacted (i.e. a forward and backward look) since the start of the 2008/2009 financial year.
- 5.19 It can be seen, in Table 1 below, that SBC is forecast to significantly overachieve against its 2009/10 NI 179 target.

Table 1: SBC Performance against NI 179 (National Efficiency Target)

NI 179	As at 31st October 2009	
	Budget	Forecast
	£'000	£'000
Over Achievement of SR 04 gains	4,302	4,302
Efficiency savings carried forward from 2008/09	2,099	2,099
Efficiency Savings included in 2009/10 Budget Build	2,107	2,139
Withstanding Impact of Inflation	1,502	1,502
NI 179	10,010	10,042
Target	8,094	8,094
Indicative Over / (under) achievement	23.68%	24.07%

- 5.20 It should be noted that, in light of the national economic climate, the Chancellor of the Exchequer announced, as part of his Budget 2009 that:

“As a sign of their commitment to improving efficiency, local government and the police will both deliver a further 1 per cent of efficiency savings beyond the level of savings committed to at the 2007 CSR, with all savings recycled back to front-line services.”

- 5.21 Therefore local authorities are now expected to find at least 4% cashable efficiency savings in 2010/11. As has been highlighted in Table 1 above, Slough BC is forecast to achieve significantly more than its first year efficiencies target. The Council has also implemented monitoring of expected efficiency savings as part of the routine monthly budget monitoring process so that CMT can be assured that all expected efficiency savings will be achieved.

VFM

- 5.22 Managing the Council's limited finances always presents an important challenge as residents demand the delivery of high quality services within a tight budget. This requires the Council to be more efficient and innovative as well as continuing to improve and to make the most of our resources to deliver what our residents want.

- 5.23 Examples of Value for Money items within the 2010/11 Revenue Budget include:

£200k – Renegotiating the Home to School Contract

£100k – Reduced use of agency staff in CWB

£211k – Centralisation of the Finance Service

Corporate Strategies

- 5.24 The Council's Strategic Plan⁶ runs from 2009-2011 and shows how the political direction of the council's administration combines with the long term vision for the town. It sets out medium term council priorities.
- 5.25 The plan explains how the Council is organised, its priorities, how it is improving the way it works and how activities are funded.
- 5.26 The plan will normally cover a three year period. However, the latest version of the plan runs for two years (2009-2011) to bring it into line with the Council and Government's financial planning cycle. This is so that the Council can plan and allocate resources more effectively. The plan will be updated each year.
- 5.27 The Strategic Plan forms part of a pyramid of plans and strategies that are aligned with each other.
- Proud to be Slough - Sustainable Community Strategy: contains the vision and long term priorities for Slough shared by the council and partners.
 - Local Area Agreement: contains the three year priorities for action that contribute towards achieving the Proud to be Slough vision for all partners.
 - The Strategic Plan: sets out the way that the council, through providing services, contributes to the vision and long term priorities.
 - Service plans: set out the direction for each service over the coming year and show how each service contributes towards the achievement of the council's priorities.
 - Individual plans: translate service plans into individual performance objectives for every member of the council's staff.

Demographic factors

- 5.28 When setting the budget, the Council must pay close attention to its resident population profile and adapt its services accordingly.

Risk Strategy

- 5.29 Budgets are necessarily based on assumptions about what will happen during the next financial year; and therefore there is an inevitable risk that these assumptions might be wrong.
- 5.30 The main foreseen risk is that the proposed savings are not delivered. In an attempt to reduce this risk the budget will be closely monitored via the monthly financial management reports and updated budget information, including savings achieved, will be reported to Cabinet throughout the financial year.

⁶ http://www.slough.gov.uk/documents/Strategic_plan_2009-2011.pdf

Inflation & Interest Rate Risk

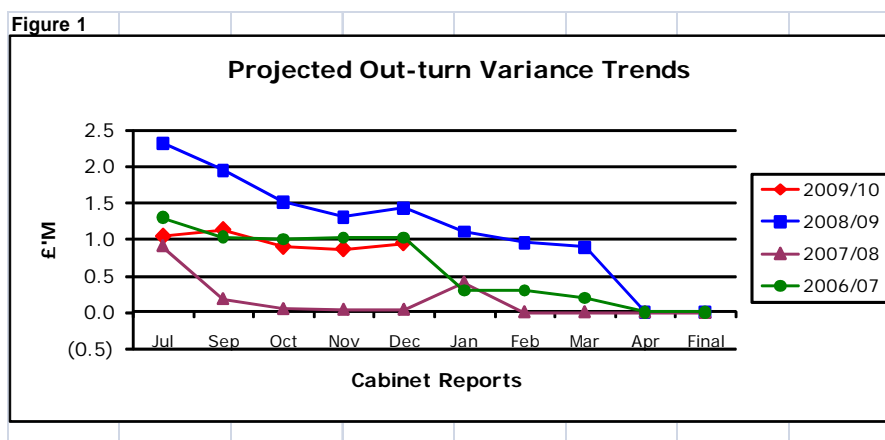
- 5.31 Officers have recommended the Medium Term Financial Strategy assumes the following for inflation:

	10/11	11/12	12/13
Inflation (pay @ 1%,1% ,1%)	600	600	600
Inflation (non pay @ 1.5%, 2.5% ,2.5%)	600	1,030	1,060
TOTAL INFLATION	1,200	1,630	1,660

- 5.32 Inevitably, there is an element of risk associated with these assumptions. It is especially uncertain, in the current financial climate, what these rates are likely to be in the future and indeed how long low levels of inflation can be sustained. Recent press articles have indicated that the national pay settlement for local government workers, in 2010/11, may be 0%. However, as noted previously, until further detail is published, the Medium Term Financial Plan is prudently planning for a 1% increase in pay. Further, the latest Consumer Price Index (CPI), the Government's preferred measure of inflation is currently a 2.9%.
- 5.33 It should be noted that there is a risk that inflation rates may increase significantly in the short and medium term. The Medium Term Financial Strategy will be modified to take into account any new information. However, if rates increase sharply in the short term the Council may need to take action in year to address this, which inevitably may result in future service reductions if the impact cannot be managed.

Previous outturn

- 5.34 Despite increasing pressures around Adult Social Care and services for Children and Families, the Council intends to break-even for 2009/10. The Council, as can be seen below, has a history of effective financial management.



Sensitivity Analysis

- 5.35 The financial plan makes certain assumptions in respect of future income. The impact of a 1% change on Slough BC's main income streams are as follows:

	Financial Impact of +/- 1% change
	£m
Formula Grant	0.568
Specific Grants (excl. DSG)	0.238
Fees & Charges	0.179
Council Tax	0.472

Income Generation

Council Tax Capping

- 5.36 The Parliamentary Under Secretary of State, Barbara Follett MP, said in her written statement at the time of the provisional local government 2010/11:

"I am pleased that the average band D council tax increase this year was 3.0% - the Government expects to see it fall further next year while authorities protect and improve front line services.

We expect the average Band D council tax increase in England to fall to a 16 year low in 2010-11. We remain prepared to take capping action against excessive increases set by individual authorities and requiring them to rebill for a lower council tax if necessary."

- 5.37 At the final local government settlement 2010/11 Barbara Follett MP said:

I have also laid an order for the House's approval to cap Warwickshire police authority in advance for 2010-11, at a budget requirement which equates to council tax increases of around 3% in both 09-10 and 10-11. I am also putting all authorities on notice that the Government will not hesitate to cap any excessive council tax increases set by individual authorities in 2010-11 and that it would be a mistake for any authority to presume they will not be capped if they stay within the capping principles which applied in 2009-10. We have already initiated capping action against three police authorities in advance for 2010-11 to limit their council tax increases to around 3%. No other decisions have been taken on capping for 2010-11, but we have made clear that we expect the average Band D council tax increase in England to fall to a 16 year low. The Government has maintained the three-year settlement in challenging economic circumstances and there can be no excuse for any authority setting an excessive council tax increase in 2010-11.

- 5.38 According to Government statistics; the lowest recorded increase in the England average Band D council tax (including parishes) was in 1994/95 when it rose by only 2.1%. Therefore, we would expect the actual 2010/11 council tax capping criteria, for individual authorities, to be much reduced from the 5% absolute limit used in previous years. Given the 2010/11 capping decisions highlighted in para 5.37, it is likely that a 3% limit on overall increases will be set.
- 5.39 For the purposes of the Medium Term Financial Strategy, officers are assuming an annual increase in council tax of 2%, per annum; a figure compliant with the 16 years low expectation. However, Members may ultimately decide a different council tax level is required.

Fees and Charges

- 5.40 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.
- 5.41 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.
- 5.42 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.

- 5.43 The Council raises approximately £18m of its total income from general fees and charges. Therefore these charges are a crucial funding source for the provision of services and in maintaining the council tax at a reasonable level.
- 5.44 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.
- 5.45 Any exceptions to this general policy will require specific Cabinet approval.

Business Rate Supplement (BRS)

- 5.46 Following on from the proposals in the Lyons inquiry report the Government published 'Business rate supplements: a White Paper' alongside the 2007 Comprehensive Spending Review in which it announced from 2010 the introduction of a new power for local authorities in England to raise and retain local supplements on the national business rate in order to fund projects that will promote economic development.
- 5.47 The 2008 Queens Speech confirmed the introduction of the Business Rate Supplement at a maximum of 2p in the pound for businesses with a rateable value greater than £50,000; the Business Rate Supplement Act⁷ 2009 received Royal Assent on 2 July 2009.
- 5.48 It has been accepted by Members and officers that this additional income source can only be explored once the overall UK financial climate improves.

Lobbying

- 5.49 The Council seeks opportunities to lobby for additional resources for the Borough. The main issues it is currently pursuing are as follows:

Population and International Migration

- 5.49 The fact that Slough's formula grant increase has been at the level of the floor, between 2008/09 to 2010/11, is mainly due to the Office for National Statistics (ONS) population statistics. The 2010/11 grant calculation uses a projected population figure for mid 2010 of 116,970 for Slough BC, over 2,000 residents less than were recorded at the 2001 Census (119,067).
- 5.50 According to the ONS, Slough's current 2008 mid-year population estimate (MYE) is 121,240. ONS have recently been consulting on a revised

⁷ An Act to confer power on the Greater London Authority and certain local authorities to impose a levy on non-domestic ratepayers to raise money for expenditure on projects expected to promote economic development; and for connected purposes.

methodology for calculating the 2008 MYE which indicates that Slough's resident population may be 123,919.

- 5.51 In effect the Council's resident population has been understated by, at least, 7,000 people (2008 Revised MYE minus 2010/11 Projection) for the purposes of the local government finance settlement 2010/11. A rough and ready, but generally accepted, calculation is that each person is worth approximately £600 per annum to an upper tier authority like Slough. Therefore, Slough could be said to have lost approx £4.2m in funding in 2010/11, which has placed the Council well below the funding floor.
- 5.52 It is likely that 2008 based projections, based on the revised 2008 MYE of 123,919, will be used to inform Slough's funding allocations between 2011/12 to 2013/14. However, any increase in Slough's population, for funding purposes, must be measured relative to all local authorities in England; and due to the ongoing Formula Grant Review, see para. 5.55 below, an improvement in Slough BC's current funding position cannot be expected, at least in the medium-term.

Free Personal Care Bill

- 5.53 The Government announced a Personal Care at Home Bill at the Queen's Speech 2009. The main purpose of this Bill is to "offer for the first time free personal care at home for those with the highest needs, regardless of means" and "be the first step towards setting up a new National Care Service".
- 5.54 Little further detail has been provided by government, concerning this bill. However, the "main benefits" are said to include guaranteeing free personal care for the 280,000 people with the highest needs. Officers are currently seeking to establish the financial implications if this Bill ultimately becomes law. However, current information suggests that, if implemented, the Bill is likely to have a significant impact on the Council's finances. This issue will require close monitoring over the coming months and appropriate action taken within the approved budget as necessary.

Formula Grant Review

- 5.55 The DCLG is currently undertaking a limited review on the local government funding formulae in advance of the next three year settlement (2011/12 to 2013/14). A consultation paper will be published in June/July 2010.

Future Lobbying Programme

- 5.56 Slough BC's lobbying programme will therefore focus on the following items, in the medium-term:
- Population and ONS methodology
 - Free Personal Care
 - Beneficial changes to the local government finance settlement 2011/12 to 2013/14.

Revenue Reserves and Balances

- 5.57 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.
- 5.58 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.
- 5.59 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. The Strategic Director of Resources' report can be found at Appendix F.
- 5.60 Based on the Strategic Director of Resources report, and the current economic climate, the Council is asked to approve the following Policy for Reserves in 2010/11:

Earmarked Reserves

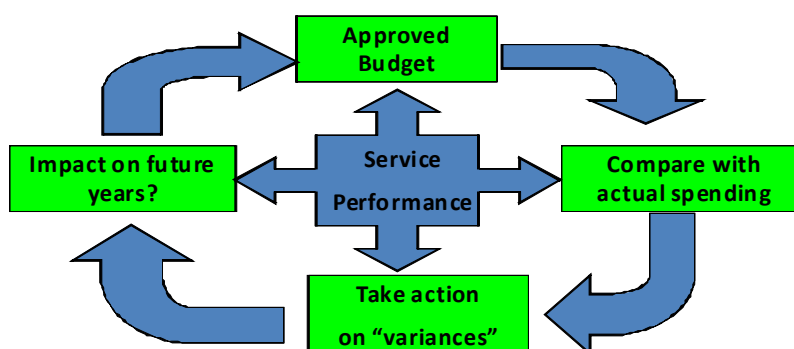
- a) Sufficient sums should be set aside in earmarked reserves as is considered prudent.
- b) The Strategic Director of Resources (SDR) will be authorised to establish such reserves as are required.
- c) The SDR will review the Earmarked Reserves for both adequacy and purpose on a regular basis and report her findings to Cabinet.

General Reserves

- d) To commence the financial year with general reserves at a level of at least £5m to cover exposure to known risks.
- e) If the level of general reserves is reduced to lower than £5m, the SDR will ensure the Medium Term Financial Strategy clearly identifies how the general reserves will be replenished back to the required £5m in the medium term.
- f) The Medium Term Financial Strategy will include a contingency sum for demand led pressures.
- g) The SDR will review the level of General Reserves on a regular basis and report her findings to Cabinet.

Measuring Delivery

- 5.61 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 various Senior Management Teams (SMTs) within Directorates, the Corporate Management Team (CMT), Cabinet and to the Overview and Scrutiny Committee. Service Directors are also fully aware of their duty to control their departmental budgets within the cash limits that are set for them.
- 5.62 Slough BC's budget monitoring process is illustrated in the following diagram:



- 5.63 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.
- 5.64 The Council has managed to deliver a balanced revenue budget for the last four 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.

6. THE REVENUE BUDGET 2010/11 AND COUNCIL TAX

- 6.1 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.

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

The Local Government Finance Settlement

6.3 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), in 2010/11 over £28 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.

6.4 The 2010/11 local government finance settlement, published on 20 January 2010, represented the final year of the “fixed” three year funding regime announced in 2008/09. 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

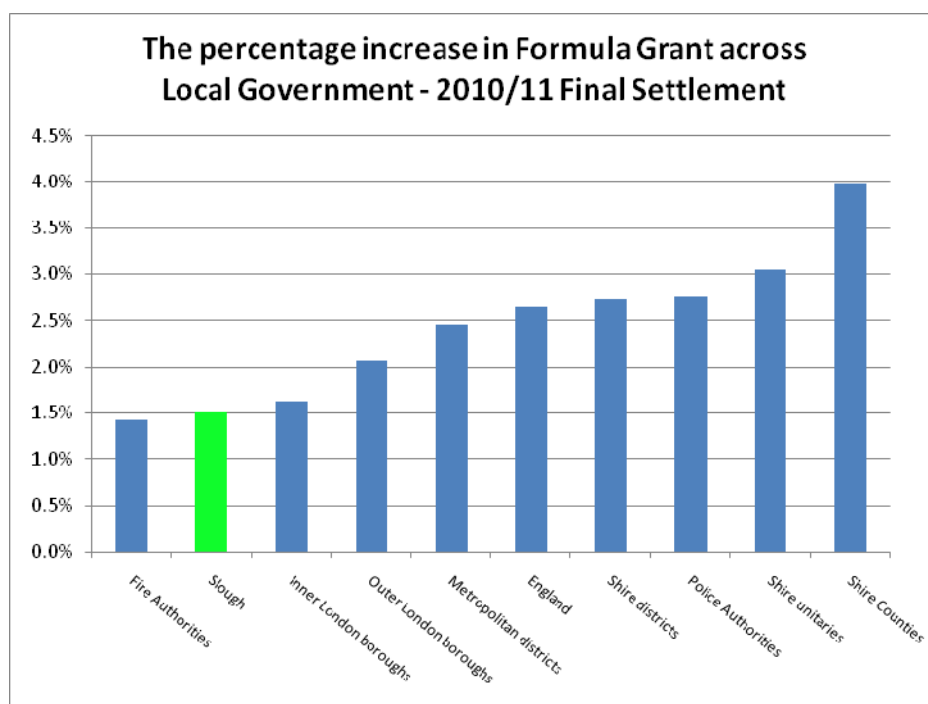
6.5 The actual formula grant figures for 2009/10 and 2010/11, for Slough BC, are shown in Table 2, below.

Table 2: Slough BC’s Formula Grant Allocations 2009/10 and 2010/11

	2009/10	2010/11	Difference
	£ 000’s	£ 000’s	%
Formula Grant (Actual)	55,935	56,756	1.5%

6.6 Slough BC’s increase in funding, on an adjusted basis, compared to other local authority groupings, is highlighted in Figure 1 below:

Figure 1:



- 6.7 The next Comprehensive Spending Review, setting out public sector funding allocations for the period 2011/12 to 2013/14, is not expected until after the forthcoming General Election. Until further detail is announced the Medium Term Financial Strategy assumes Slough BC's formula grant remains static at £56.756m in 2011/12 and 2012/13. However, based on the Formula Grant Review and the national economic position (see paragraphs 5.55 and 4.6 respectively) it is possible that Slough BC's level of Formula Grant actually decreases from 2011/12. Officers will be monitoring the situation closely.

Changes in Responsibility

- 6.8 The main adjustments, at the Finance Settlement 2010/11, are the transfer of responsibility for Student Finances away from local authorities (SBC's funding has been reduced by £17k in 2010/11 as a result and the departmental budget has been adjusted as a result) and the transfer out of Revenue Support Grant to provide funding for the Commission for Local Administration in England (the Local Government Ombudsman Service), a non-departmental public body.

Formula Grant Floors

- 6.9 The Government has confirmed the continued use of grant floors for 2010/11, whereby all local authorities are guaranteed an year-on-year increase in funding, as follows:

Funding Floors in the Local Government Finance Settlement

	2009/10	2010/11
Education/Personal Social Services authorities	1.75%	1.5%
Police Authorities	2.5%	2.5%
Fire & Rescue Authorities	0.5%	0.5%
Shire Districts	0.5%	0.5%

- 6.10 The cost of guaranteeing the minimum increase in grant continues to be paid for by scaling back the increase in grant for authorities above the floor. Above the floor funding increases in upper tier authorities are scaled back by 71.7%; Shire Districts above the floor are scaled back by 57.9%.
- 6.11 Slough's formula grant allocation for 2010/11 is £4.0m below the level of the funding floor.

Specific Grants

- 6.12 The Government has also published national funding totals for many specific grants in 2010/11. The latest published allocations for Slough BC are provided overleaf.
- 6.13 In addition, Slough BC is set to receive £12.374m in Area Based Grant (ABG). The ABG is a revenue grant that is not ring-fenced to any specific purpose. It was first established in 2008/09 by consolidating a range of former specific grants and replacing Local Area Agreement funding arrangements.
- 6.14 Slough BC allocates the majority of the ABG through the Local Strategic Partnership alongside the authority's partners, who decide where to target spending for the benefit of the community based around the targets identified with the Government Office for the South-East and through the Comprehensive Area Assessment.

Table 3: Announced Slough BC (non ABG) Specific Grant Allocations

	SLOUGH		Difference
	2009-10	2010-11	
	£M	£M	£M
Education and Children's Personal Social Services			
Dedicated Schools Grant	91.456	98.616	7.160
Schools Standards Grant (Including Personalisation)	4.662	4.896	0.234
Ethnic Minority Achievement	1.316	1.383	0.066
Music Grant	0.284	0.286	0.002
Playing for Success	0.000	0.000	0.000
Extended Schools - Sustainability	0.367	0.517	0.150
Extended Schools - SubsidY	0.092	0.499	0.407
School Development Grant	5.947	6.272	0.325
School Lunch Grant	0.221	0.237	0.016
One-to-one tuition	0.336	0.678	0.342
Targeted Support for Primary and Secondary Strategy	0.897	0.724	-0.174
Early Years: Increasing Flexibility for 3-4 Year Olds	1.505	1.435	-0.071
Sure Start, Early Years and Childcare	4.137	4.562	0.425
Youth Opportunity Fund	0.090	0.090	0.000
Short Breaks (Aiming High for Disabled Children)	0.133	0.397	0.264
Targeted Mental Health in Schools Grant	0.220	0.150	-0.070
Think Family Grant	0.448	0.448	0.000
Two Year Old Offer - Early Learning and Childcare	0.393	0.299	-0.094
Youth Crime Action Plan	0.164	0.175	0.011
Adult's Personal Social Services			
Social Care Reform	0.395	0.482	0.087
Learning Disability Campus Closure Programme	0.000	0.000	0.000
Stroke Strategy	0.083	0.083	0.000
Others			
Homelessness	0.141	0.140	-0.001

Schools Funding

- 6.15 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.
- 6.16 The DSG will increase at a national level of 4.3% per pupil for 2010/11 (4.3% in cash terms) from the funding in 2009/10. For Slough the increase is 4.6% per pupil in 2010/11. These indicative allocations are based on estimates of 21,200 pupils estimated in January 2010. The final allocations of grant will not be announced until May 2010 after the start of each financial year. The total estimated Dedicated School Grant for Slough Borough Council for 2010/11 is £98.616 million.
- 6.17 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.

- 6.18 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.
- 6.19 A proposed Schools Budget will be presented to the Schools Forum on 5th March 2010 for approval.

Inflation

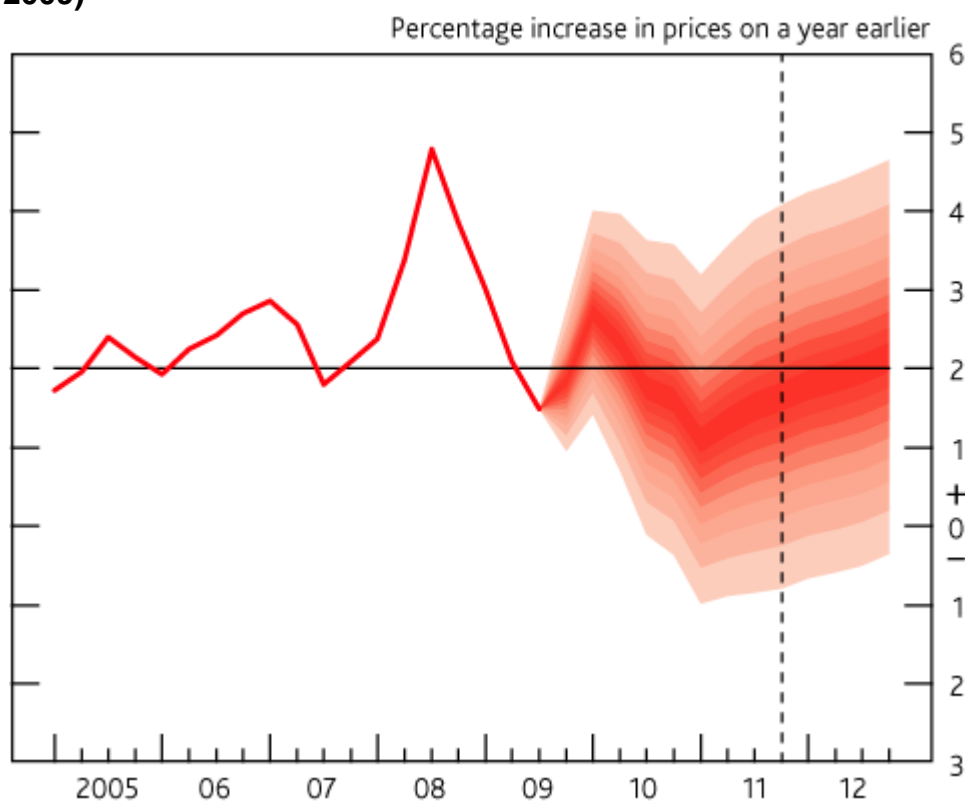
- 6.20 Officers have recommended the Medium Term Financial Strategy assumes the following for inflation:

	10/11	11/12	12/13
Inflation (pay @ 1%,1% ,1%)	600	600	600
Inflation (non pay @ 1.5%, 2.5% ,2.5%)	600	1,030	1,060
TOTAL INFLATION	1,200	1,630	1,660

- 6.21 The pay inflation assumptions are based on general speculation that the Public Sector will be expected to maintain low pay settlements (1%) in 2010/11 and future years. Recent press articles have indicated that the national pay settlement for local government workers, in 2010/11, may be 0%. However, until further detail is published, the Medium Term Financial Plan is prudently planning for a 1% increase in pay
- 6.22 The non-pay inflation assumptions have been calculated following a review of the Council's contractual commitments and an assessment of the current economic climate. The Bank of England's latest CPI projections⁸ for the medium term are provided, in Figure 2, below:

⁸ Source: Bank of England CPI Fan Chart November 2009

Figure 2: Bank of England Medium Term CPI Projections (November 2009)



- 6.23 As noted previously, in this report, there is a risk that inflation rates may increase significantly in the short and medium term. Indeed, the latest CPI inflation rate for December 2009 was 2.9%. The Medium Term Financial Strategy will be modified to take into account any new information. However, if rates increase sharply in the short term the Council may need to take action in year to address this, which inevitably may result in future service reductions if the impact cannot be managed.

Service Growth 2010/11 to 2012/13

- 6.24 The total growth outlined for all Service budget areas amounts to £5.875m for the financial year 2010/11. Proposed growth over the period 2010/11 to 2014/15 is outlined at Appendix D (i) with descriptions of the 2010/11 items provided at Appendix D (iii). A summary list of all growth by type is provided in Table 4, below:

Table 4: Growth Summary: 2010/11 to 2014/15 by Type

		Comprehensive Spending Review (CSR) Period				
		CSR07	CSR10		CSR13	
		2010/11	2011/12	2012/13	2013/14	2014/15
		£'000	£'000	£'000	£'000	£'000
Summary by Type:						
	Budget Adjustment	700	0	0	0	
	Legislative	70	25	0	0	0
	Demand	2,317	840	4,210	0	0
	Service Development	81	407	0	(233)	0
	Policy Initiative	1,742	3,137	0	0	0
	Contractual	965	(223)	22	22	22
		5,875	4,186	4,232	(211)	22

Budget Reductions 2010/11 to 2012/13

- 6.25 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. Table 5, below, outlines a high level analysis of the overall type of savings (ie efficiency, income generation or other) by Service Department. Further detail for the proposed 2010/11 to 2014/15 reductions is provided at Appendix D (ii). Descriptions of the 2010/11 savings proposals is provided at Appendix D (iii).

Table 5: Savings Summary: 2010/11 to 2014/15 by Type

		Comprehensive Spending Review (CSR) Period				
		CSR07	CSR10		CSR13	
		2010/11	2011/12	2012/13	2013/14	2014/15
		£'000	£'000	£'000	£'000	£'000
Summary by Type:						
	Efficiency	(1,232)	(3,239)	(1,300)	(100)	0
	Service Reduction	(2,371)	(1,115)	(715)	(100)	0
	Contractual Negotiation	(155)	(239)	0	0	0
	Additional Income	(293)	(100)	200	0	0
		(4,051)	(4,693)	(1,815)	(200)	0

Budget 2010/11

- 6.26 The following table shows the main changes from the 2009/10 Revenue Budget.

Table 6 : Change in Budget to 2010/11

	£000	£000
2009/10 Base Budget		101,781
Inflation (Excluding Schools)	1,200	
Non-Schools Growth	5,875	
Savings	(4,051)	
Budget & Capital Adjustments	(826)	
= Net increase in Budget		2,198
2010/11 Revenue Budget		103,979

Council Tax calculation

- 6.27 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.

The Collection Fund

- 6.28 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.
- 6.29 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.
- 6.30 In setting the 2010/11 Council Tax, the Council must therefore separately estimate any surpluses or deficits on the Collection Fund for 2009/10 for both the Council Tax and Community Charge.
- 6.31 The Section 151 Officer has now approved the estimate for the Collection Fund for 2009/10, which shows the fund to be in balance for 2009/10.

Therefore no adjustment has been made to the revenue budget when calculating SBC's local council tax for 2010/11.

The Council Tax Base

- 6.32 Cabinet agreed, on 7 December 2009, a taxbase of 41,014.1 equivalent Band D properties for 2010/11. This figure assumes a collection rate of 98.0% (99.0% for 2008/09) will be achieved in respect of all charges raised for 2010/11.
- 6.33 The decision to reduce the collection rate to 98% was taken in light of the current economic climate and remains significantly above both the national (97.0%) and unitary (96.7%) averages.
- 6.34 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 7 – Council Tax Band D Property

	£'000
Slough Budget Requirement 2010/11	103,979
Collection Fund in Balance	-
Less:	
Formula Grant	(56,756)
Total to be met from Council Tax	47,223
 Taxbase	 41,014.1
Council Tax at Band D – 2010/11	£ 1,151.39

Parish Precepts

- 6.35 Slough's parishes have requested total precepts for 2010/11 of £263,600. An increase of 12.6% over 2009/10 (2009/10 = £234,000). Parishes are not subject to the same capping regulations that are imposed on local authorities by Central Government.

Other Precepts

- 6.36 The Thames Valley Police Authority has indicated that it is likely to require £6.266m to be raised through its precept in 2010/11 an increase of 2.0% on the equivalent precept in 2009/10 Further updates will be provided on these figures as information is released by the Police Authority.
- 6.37 The Royal Berkshire Fire Authority has indicated that it is likely to request a precept be raised of £2.269m, representing a 1% increase. Further updates will be provided on these figures as information is released by the Fire Authority.

- 6.38 The implications of these precept requirements for Slough's Council Tax payers are given in Appendix C.
- 6.39 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

- 6.40 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.
- 6.41 In accordance with these requirements, Members are asked to agree the calculations set out Appendix B . The Council Tax for a Band D property under these calculations is £1,360.28 (£1,334.42 in 2009/10) 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 C.
- 6.42 Any amendments proposed to the budget will require a recalculation to be undertaken for the revised figures within the statutory framework.

7. SERVICE BUDGETS

- 7.1 This section of the report is intended to highlight Service department issues that will need to be kept under review during 2010/11, and may have an impact on the Medium Term Financial Plan. The proposed cash limits are provided at Appendix E.

Corporate Departments

Local Government Shared Services (LGSS)

- 7.2 Slough BC is committed to protecting front line services as a priority during this period of financial challenge. To support this, securing efficiencies in back office and support functions is of paramount importance. To maximise such efficiency the council continues to negotiate a shared service collaboration in partnership with Northamptonshire and Cambridgeshire County Councils. The full range of support services is under consideration and the partnership has commissioned Deloitte to prepare an outline business case for

consideration within the respective organisations. The proposed 2010/11 budget makes no provision for any revenue implications of the potential collaboration and the financial effects will be considered as part of the decision making process itself.

Community & Wellbeing

Free Personal Care

- 7.3 The Government announced a Personal Care at Home Bill at the Queen's Speech 2009. The main purpose of this Bill is to "offer for the first time free personal care at home for those with the highest needs, regardless of means" and "be the first step towards setting up a new National Care Service".
- 7.4 Little further detail has been provided by government, concerning this bill. However, the "main benefits" are said to include guaranteeing free personal care for the 280,000 people with the highest needs. It is currently assumed that the Government will follow its own 'New Burdens Doctrine'⁹ whereby *"Government as a whole are committed to ensuring new burdens falling on local authorities are fully funded. This commitment is called the New Burdens Doctrine"*.

Education, Community and Skills

- 7.5 A DCSF consultation paper proposing a new formulaic approach to calculating Dedicated Schools Grant (DSG) allocations to Changes to individual LEA's is expected before the end of the 2009/10 financial year. Officers will need to analyse the consultation paper and respond on behalf of Slough BC. It is possible that the proposals, due to be implemented from 2011/12, will, if implemented, have a detrimental financial effect on local schools' funding levels.
- 7.6 Slough is currently bidding for Building Schools for the Future (BSF) funding. It was agreed at the Cabinet meeting, on 7 December 2009, that the initial costs of £421k for 2010/11 would be shared between the Council (£161k) and Schools (£260k). However the overall revenue cost, as reported and agreed at Cabinet 7th December 2009, is broadly £4m over the period 2010/11 to 2012/13. This will be looked to be financed from a combination of Council and Schools resources over this period.

Green & Built Environment

- 7.7 The current economic climate is having a negative impact on the Directorate's fee income and there is a national review being undertaken regarding Concessionary Fares. These items will need to be closely monitored in the future.

⁹ <http://www.communities.gov.uk/localgovernment/localgovernmentfinance/newburdensdoctrine/>

8. CAPITAL INVESTMENT PROGRAMME

Introduction

- 8.1 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.
- 8.2 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).
- 8.3 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.
- 8.4 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.
- 8.5 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.
- 8.6 Cabinet approved the current five-year capital programme on 7th July 2009 (Agenda item 3). The programme has since been further reviewed by the Asset Management Group (AMG) in light of:

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

8.7 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.

General Fund Capital Programme 2009-10 to 2016-17

8.8 The general fund capital programme is restricted by the resources available to fund the expenditure. The major sources of funding are external grants and contributions, useable capital receipts and borrowing both supported and unsupported (prudential borrowing).

8.9 Schemes supported by grants and contributions have been included in the programme to the extent that those grants are estimated to be available, these include Education Targeted Capital Fund, Education Devolved Formula Grant and Private sector Improvement Grants and contributions towards the heart of Slough Project.

8.10 A review of the future capital receipts, in light of the current economic situation, suggests a possible decrease (£4.5m) of the total estimated receipts that will be available to meet the programme, especially over the period ending in 2011/12. This will need to be further reviewed and closely monitored.

8.11 The use of borrowing to fund the Capital programme is restricted by the capacity for the cost of the borrowing to be funded from the Revenue Budget. These costs comprise not just the interest but also the requirement to make a Minimum Revenue Provision to repay the principal sum.

Expenditure

8.12 In light of the estimated resources available the process for this years capital programme meant that no additional schemes were considered except for those with full funding from external grants. The Asset Management Group and subsequently the Policy, Prioritisation and Resources Group, reviewed the current (2009/10) approved programme of uncommitted schemes to ensure that those schemes were still valid and that the profile for the expenditure was correct. And changes as appropriate have been made to the programme.

- 8.13 At the same time all current schemes were reviewed to ensure that the total costs were correct and the profile of the expenditure reflects the pattern of spend. This resulted in re-profiling between 2009/10 (reduction) and 2010/11 (increase). The full cost of schemes have also been included where previous net of schemes was provided, however the expected level of grants and contributions have increased by the similar amount. The major variation in expenditure is the inclusion of the full cost of The Heart of Slough project reflecting the figures reported and agreed by Cabinet on the 7th December 2009.
- 8.14 The overall revised capital programme and resources are summarised at Appendix G(i). Details for the programme for approval is shown at Appendix G(ii)
- 8.15 The Asset Management Group 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. However this likely to be restricted only to those schemes with external funding sources. The group will also monitor those schemes dependant on grants to ensure they only proceed when the grants are certain to be received. In light of the expansion of the Capital Programme from five to seven years, a reserve list for schemes is no longer created.

Capital Expenditure on Foundation Schools

- 8.16 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.
- 8.17 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.
- 8.18 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.
- 8.19 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". 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.

- 8.20 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 8 – Estimated Foundation School Capital Expenditure

Foundation School	2009-10 £'000	2010-11 £'000	2011-12 £'000	Total £'000
Lynch Hill School	391	0	0	391
Baylis Court Secondary	590	3,441	0	4,031
Westgate School	557	3,700	300	4,557
Slough Grammar	240	0	0	240
Total	1,778	7,141	300	9,219

Recommended General Fund Capital Programme 2009-10 to 2016-17

- 8.21 The revised capital programme recommended for approval is summarised in Appendix G(i) with individual schemes shown in Appendix G(ii).

Financial Risks

- 8.22 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.
- 8.23 Whilst these risks cannot be completely removed, the 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

- 8.24 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. This resolution will be contained in the separate HRA Capital Programme Report.

Conclusion

- 8.25 The proposed capital programme and the associated Prudential Indicators, outlined in the next section, 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.

9. TREASURY MANAGEMENT STRATEGY 2010/11

Introduction

- 9.1 The Treasury Management Strategy sets out the expected activities of the treasury management function for 2010-11. The strategy has been prepared with due regard to the Council's Medium Term Financial Strategy, the Council's Treasury Management Policy Statement (which is Annexed to this section of the report), the CIPFA Code of Practice, the statutory requirement under the Local Government ACT 2003 and the investment guidance issued by the Secretary of State.

CIPFA Code & the Secretary of State's Guidance

- 9.2 Following the publication of Audit Commission report (Risk and Return: English Local Authorities and Icelandic Banks) and the local authority investments report from the Communities and Local Government Select Committee, the CIPFA Code has been updated and the Department for Communities and Local Government has consulted on the investment guidance from the Secretary of State. The revised CIPFA Code requires amendments to the Council's Financial Procedural Rules which will be reported as part of the Annual Council meeting in May 2010. The main changes are:

- a. Investment priorities should be Security and Liquidity, rather than yield

- b. Treasury management strategies and policy should be made available to the public free of charge, in print or online.
 - c. As a minimum, the annual strategy should be reported before the start of the financial year, with a mid-year review and an annual report after the end of the financial year on the performance of the treasury management function including any circumstances of non-compliance with the approved policy. The Cabinet currently receives annual strategy reports before the start and after the end of the year with the treasury management performance reported quarterly as an integral part of the Council's financial monitoring.
 - d. Treasury Management Policy and Practices should be scrutinised by the Overview and Scrutiny Committee.
 - e. Treasury Management Policy should comment on the use of treasury management consultants and on the investment of money borrowed in advance of spending needs.
- 9.3 Changes from both the CIPFA Code and Secretary of State's guidance have been incorporated within the Council's Treasury Management Policy Statement. Paragraph 35 of the Policy Statement sets out the proposed reporting and management information arrangements.

Current Borrowing Position

- 9.4 The Council's current debt portfolio at 31st March 2010 (compared to 31st March 2009) is estimated to be as follows:

	31.3.2009 £M	Average Rate of Interest	31.3.2010 £M	Average Rate of Interest
<u>Borrowing</u>				
Market Loans	24.000	5.11%	24.000	5.11%
Public Works Loan Board	<u>48.507</u>	<u>4.83%</u>	<u>45.442</u>	<u>4.81%</u>
TOTAL DEBT	<u>72.507</u>	<u>4.92%</u>	<u>69.442</u>	<u>4.92%</u>

Maturity Structure

- 9.5 The maturity structure of the existing debt is as follows:

Debt Maturity Structure	31.3.2009 £M	% of Total Debt	31.3.2010 £M	% of Total Debt
Up to 1 year	3.064	4.23%	0.391	0.56%
1 to 2 years	0.391	0.54%	8.035	11.57%
2 to 5 years	18.059	24.90%	10.025	14.44%
5 to 10 years	7.004	9.66%	8.003	11.52%
10 years and above	<u>43.989</u>	60.67%	<u>42.988</u>	61.91%
Total Debt	<u>72.507</u>		<u>69.442</u>	
Average Maturity	16.19 yrs		15.90 yrs	

Current Investments Position

- 9.6 The total amount of investments as at 31st December 2009 is £82M at an average rate of interest of 2.97%, of which £13.8M was placed on long term deposit in 2007 currently yielding 6.44%. £11M of the long term deposits is due to mature during 2010-11. As part of risk management process, it was agreed that the capital borrowing requirement for 2009-10 (and part 2010-11) would be funded by reducing the level of investments i.e. substitute borrowing and 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 £50M by the end of the financial year.

Interest Rate Outlook

- 9.7 The base rate was reduced to its current level of 0.5% on 5th March 2009. However, with the UK economy forecast to shortly come out of recession (if it has not already done so) and with the inflation pressure building up as reflected in the latest factory gate prices, it is expected that the base rate will be raised in the second half of 2010. However, there is still a concern that the economy may not grow at a pace as forecast in the Chancellor's Autumn Budget Statement. The latest independent forecasts published on HM Treasury website indicates the following range of interest rates to 2013:

	2010	2011	2012	2013
Highest	1.3%	3.3%	4.3%	4.6%
Lowest	0.5%	0.5%	1.0%	1.4%

- 9.8 The 2010-11 treasury management budget has been prepared assuming an average rate for new deposits of 1.1%.
- 9.9 Long term borrowing interest rates are likely to increase partly because of the annual Public Sector Borrowing Requirement estimated at £175bn and partly because of the uncertainty regarding the UK sovereign credit rating. The treasury budget for future borrowing costs resulting from the proposed capital budget contained in Section 8 of this report has been based on average new borrowing rate of 5.5%.

Borrowing Requirement

- 9.10 The revised five year capital programme recommended for approval in Section 4 of the MTFS Report results in the capital borrowing requirement as follows:

Year	Maturing Debt £M	HRA/ ALMO £M	GF Capital £M	MRP* £M	Borrowing Requirement £M
2009-10	3.064	15.539	16.321	-0.270	34.654
2010-11	0.391	1.538	21.893	-0.717	.23.105
2011-12	8.035	5.692	23.509	-1.449	.35.787
2012-13	0.020		-2.404	-2.388	-4.7772
2013-14	10.004		-5.453	-2.291	2.260
2014-15	0.000		-3.500	-2.072	-5.572
TOTAL	21.514	22.769	50.366	-9.187	85.462

- 9.11 As part of the current Treasury Management Strategy, it was agreed that 2009-10 and part of 2010-11 borrowing requirement would be funded by reducing the level of deposits. It was also agreed that due to the economic conditions, capital receipts that were originally intended to be raised in 2008-09 to 2011-12 would re-profiled and raised in later years starting 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.
- 9.12 The proposed capital programme contained in Section 8 of this report assumes a larger than normal level of capital receipts are expected to be raised as follows:

2010-11 £M	2011-12 £M	2012-13 £M	2013-14 £M	2014-15 £M
10.030	0.180	7.000	7.000	7.500

- 9.13 Any slippage on the above projected capital receipts will impact on the treasury management budget as it will have to be replaced by borrowing with the requirement to provide for minimum revenue provision until the borrowing is repaid.

Risk Management

- 9.14 Any deviation from the assumed average investment and borrowing rate will impact on the treasury management budget. Overall risk assessment carried out indicates that the cumulative impact of adverse movement in interest rates, potential capital programme overspends or slippage in capital receipts but excluding impairments, range between £200K and £1 M for low to high risk level.

Borrowing Strategy & Objectives

9.15 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.

9.16 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

9.17 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.

Investment Strategy & Objectives

9.18 The Treasury Management Policy Statement for 2010-11 (attached as Annex 1 of this Section of the report) sets out the strategic objectives, management practices and the risk management processes that will be followed. In summary, the strategic objectives are security of capital, liquidity of investments, effective and efficient management of the Council's cash flow requirements, 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.

Prudential Indicators

9.19 The Prudential System of Capital Finance requires the Council, in setting its capital budgets, to review and agree Treasury Management Indicators. These are set out in Annex 2 to this section of the report and include the following borrowing limits and operational boundary for external debt:

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
External Debt	£M	£M	£M	£M	£M	£M
Authorised limit	78.0	96.0	125.0	116.0	108.0	104.0
Operational Boundary	76.4	91.2	123.0	113.1	105.2	100.9

Treasury Management Budget

9.20 Based on the proposed strategy and the capital estimates contained in Section 8 of this report, the treasury management budget is as follows:

	2009-10	2009-10	2010-11	2011-12	2012-13
EXPENDITURE/ INCOME	Original	Revised	Original	Original	Original
	Est.	Est.	Est.	Est.	Est.
	£'000	£'000	£'000	£'000	£'000
1 Existing Debt – Interest	4,063	3,938	3,871	3,649	3,527
2 New Debt - Interest	0	0	330	1,598	2,405
3 Minimum Revenue Provision (MRP)	461	270	888	1,506	2,379
4 Interest Charge (to)/ from HRA	-306	-623	-951	-1,184	-1,241
5 Gross Costs	4,218	3,585	4,138	5,569	7,070
6 Less Interest on deposits	-2,294	-2,704	-1,091	-675	-749
7 Net Cost / (Surplus)	1,924	881	3,047	4,894	6,321

Budget Variances

9.21 The main budget variances are as follows:

- Interest on existing debt includes interest payable on some of the internal funds and deposits held such Section 38 and soak-aways and reflect the lower rate of interest applied to these balances.
- Decrease in minimum revenue provision in 2009-10 is due to technical adjustments whereby short life assets were all funded from usable capital receipts with borrowing applied to long life assets. Increase in MRP for future years reflects the capital programme that has to be funded from new borrowing.
- Interest charge to HRA has increased in 2009-10 because ALMO was granted a change in its profile of supported borrowing by increasing 2009-10 allocation and decreasing by equivalent amount the allocation for 2010-11. This was only notified after the budgets had been approved.
- Increase in investment income reflects the increased level of cash balances (Investments) brought forward into 2009-10 due to the level of actual capital spends in 2008-09.

9.22 The decreased treasury budget requirement in 2009-10 has been set aside to fund following years' budget requirement and for contingencies for potential risks as identified earlier in this report.

Local Authority Mortgage Interest Rate 2010-11

9.23 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 3.93%, or the local rate based on the Council's own borrowing costs, estimated at 4.96% for 2010-11. 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 2010-11 will therefore be 5.21%. (5.17% for 2009-10).

Annexes to Section 9

Annex 1 – Treasury Management Policy Statement 2010-11

Annex 2 – Prudential Indicators and Minimum Revenue Provision

TREASURY MANAGEMENT POLICY STATEMENT 2010-11

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. 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 value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

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 current exceptions being:
 - a) Funds held in bank accounts for school disbursements and managed by officers in schools that have exercised their right to use different bankers from the Council.
 - b) Funds held as cash and as bank balances and managed by officers of Social Services Care Establishments for small items of expenditure and on behalf of residents.
- 7. 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

- 8. In achieving the Council's 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

- 9. The Strategic Director of Resources will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect.

Investments

- 10. 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:
 - b) All investments and repayment thereof will be denominated in sterling
 - c) No investment will involve either share capital or loan capital in any corporate body

Specified & Non-Specified Investments

11. In accordance with guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003, specified and non-specified investments will be defined as follows:

Specified Investments

- i. Investment that will be repaid within 12 months from the date of transaction
- ii. Investment made with:
 - UK government and local authorities
 - Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with a minimum short term rating of either F1+ with Fitch Ratings and/or P-1 with Moody's Ratings
- iii. Money Market Funds with AAA credit rating

Non-Specified Investments

- i. Investments that are not specified investments as defined above
- ii. Long term investments with Clearing banks, building societies and Institutions registered under the Financial Service and Markets Act 2000 with credit rating of AA- with Fitch Ratings and/or Aa3 with Moody's Ratings
- iii. Building Societies included on the approved list and those with minimum asset size of £5,000M

Credit and Counter Party Risk Management

12. The Council regards the key objective of its treasury management activities to be the security of principal sums it invests and accordingly, the Council will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.
13. In assessing the credit worthiness of counter parties, the Council will use credit ratings provided by Fitch Ratings and Moody's Ratings with the lowest agency rating applied to determine whether the counterparty meets the criteria to be on the Council's lending list. The credit ratings will be monitored on a daily basis.
14. In addition to the credit ratings, the Council will use the following sources of additional information in order to assess the credit worthiness of counterparties:
- Quality financial press for any market rumours
 - Movement in share prices to indicate market confidence
 - Movement in market price of existing debt securities issued by the counter party
 - Annual reports and statements to the market
 - Information on government support for the counter party and credit rating of the government support
 - Interest rates being paid by the counter party as higher than the market rate could indicate a potential higher risk

Approved Lending List

15. The list of counter parties currently on the approved list for deposits is attached at the end of this policy statement. Deposits with subsidiaries will not exceed the Group limit. Deposits in UK based foreign banks will only be placed where the long- term rating of the financial institution is (AA+/-) with a sovereign rating of AAA. Foreign bank deposits not to exceed 30% of total deposits.
16. 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.

Liquidity of Investments

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

Prudential Indicator	2009-10	2010-11	2011-12
– Sums invested longer than 364 days	£M	£M	£M
Investments maturing beyond year end	15.0	10.0	10.0

Liquidity of Borrowing

18. 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 2009-10 to 2012-13 will be as follows:

Prudential Indicator – External Debt	2009-10	2010-11	2011-12	2012-13
Authorised limit for external debt	£78m	£96m	£125m	£116m
Operational boundary - external debt	£76m	£91m	£123m	£113m

Prudential Indicator – Interest Rate Exposure	2009-10	2010-11	2011-12
Upper limit -fixed interest rate	100%	100%	100%
Upper limit - variable interest rate	25%	50%	50%

19. 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	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	95%	25%

20. 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.
21. 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.

Interest Rate Exposure

22. 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.
23. The Council will manage fixed interest rate exposure within the range 50% to 100% and variable interest rate exposure within the range 0% to 50%. This is a change to the current practice due to forecast increases in long term borrowing rates when it would be prudent to borrow at variable rate of interest until the long term rates fall at which point variable rate could then be converted to fixed rate of interest.
24. The Council will not use any unauthorised financial derivatives such as interest rate swaps for interest rate management.

Sources of Borrowing

25. 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

Approved Instruments

26. 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

Money Laundering

27. 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

Best Value & Performance Measurement

28. 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.
29. Banking Services - will be tendered every 3 to 5 years depending on the market conditions
30. 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.
31. 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
32. 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.

33. 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.

Decision Making and Analysis

34. 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.

Reporting & Management Information Arrangements

35. 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 and take ownership of the Treasury Management Policy statement via the Cabinet

ii. The Cabinet

- Receive annual report in February/March on the proposed Treasury Management activities including relevant information with regard to Treasury Management policy and Strategy;
- Receive mid-year report on treasury management activities
- 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. Overview and Scrutiny Committee

- Receive and review the treasury management policy and procedures and make recommendations to the Cabinet and the Council.

iv. Audit Committee

- Receive at least an annual report from the Strategic Director of Resources on compliance of the Council's investments with this document.

v. Treasury Management Panel consisting of:

- ☐ Strategic Director of Resources (Section 151 Officer)
- ☐ Deputy Director of Finance
- ☐ Head of Treasury Management

- To oversee overall control and management of all monies in the hands of the Council and monitor the cash flow to ensure security and 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

vi. Head of Treasury Management

- Ensuring that day to day activities accord with the Treasury Management Policy
- Execution of transactions
- Managing the overall day to day 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.
- Identifying and recommending opportunities for improved practices

APPROVED LIST OF COUNTER PARTIES

Approved Counter Party	Sovereign Risk	Fitch		Moody's		Approved Limit
		LT	ST	LT	ST	
BANKS						
Santander Group						£25M
- Abbey	UK	AA-	F1+	Aa3	P1	15,000,000
- Alliance & Leicester	UK	AA-	F1+	Aa3	P1	10,000,000
Lloyds Banking Group						£25M
- Bank of Scotland	UK	AA-	F1+	Aa3	P1	12,500,000
- Lloyds Bank	UK	AA-	F1+	Aa3	P1	12,500,000
Barclays Bank	UK	AA-	F1+	Aa3	P1	25,000,000
Clydesdale Bank	UK	AA-	F1+	A1	P1	10,000,000
Co-op Bank	UK	A-	F2	A2	P1	15,000,000
Heritable Bank						1,800,000
HSBC	UK	AA	F1+	Aa2	P1	10,000,000
Northern Rock	UK	A-	F1+	A2	P1	10,000,000
Royal Bank of Scotland	UK	AA-	F1+	Aa3	P1	25,000,000
Svenska Handelsbanken	SWE - AAA	AA-	F1+	Aa1	P1	10,000,000
UK Debt Mangt Office	UK					
Building Societies		Asset Value				
Nationwide Group	UK	£199b				25,000,000
Coventry BS	UK	£17.5b				10,000,000
Leeds BS	UK	£10.1b				10,000,000
<p>- Where the rating is downgraded, no further deposits will be placed.</p> <p>- Deposits with Northern Rock is limited to a maturity period of 3 months</p> <p>- Deposits in UK based foreign banks limited to 30% of total Deposits.</p> <p>- In addition to above deposit limits, the Council may invest £10M in Gilts.</p>						

ANNEX 2 – Prudential Indicators and Minimum Revenue Provision

Prudential Indicators

1. The Prudential Code, produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) underpins the Capital Finance legislative framework for the capital finance system and is recognised by the Local Government Act 2003 as proper practice to which local authorities must have regard. 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.
2. 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. The Prudential Code requires the Council to approve the Prudential Indicators and any revisions to them during the year with the final outturn indicators reported as part of the annual close of accounts. The Strategic Director for Resources will monitor the Prudential Indicators as part of the normal Treasury Management monitoring process.
3. The implementation of International Financial Reporting Standards (IFRS) from 2010-11 will impact on the Prudential Indicators for future years as the PFI projects and lease financed assets are likely to be accounted for on the Council's Balance Sheet for the first time. Once the 2009-10 financial accounts are closed and the Balance Sheet re-stated for IFRS, Prudential Indicators will be adjusted and reported back.
4. Prudential Indicators are neither comparative statistics nor performance indicators as different Councils will have different figures reflecting their history and local circumstances. The Prudential indicators set out below are based on the GF capital programme contained in this report and the HRA capital programme report elsewhere on this Agenda. **The Cabinet is requested to consider the following Prudential Indicators and recommend them to the Council for approval:**
 - i. **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.

Capital Expenditure	2008-09 Actual £M	2009-10 Revised £M	2010-11 Estimate £M	2011-12 Estimate £M	2012-13 Estimate £M	2013-14 Estimate £M	2014-16 Estimate £M
GF	37.591	30.510	49.569	24.782	4.596	1.547	4.000
HRA	19.596	23.203	6.623	10.869	5.104	5.090	0.000
Total Expenditure	57.187	53.713	56.192	35.651	9.700	6.637	4.000
Financed by:							
Grants & Contrib.	13.345	13.865	17.646	1.093	0.000	0.000	0.000
Capital Receipts	10.591	3.146	10.230	0.380	4.131	1.747	3.500
Revenue & HRA	9.163	4.842	4.885	4.977	4.904	4.890	0.000
Supported Borrowing	15.396	20.681	5.659	5.692	0.000	0.000	0.000
Self Funded Borrow	8.693	11.179	17.772	23.509	0.665	0.000	0.500
Total	57.187	53.713	56.192	35.651	9.700	6.637	4.000

- ii. **Estimated Ratio of financing costs to net revenue stream** - This indicator reflects how much the Authority has to pay as a proportion of its net revenue stream for the capital expenditure, taking into account debt interest, borrowing refinancing costs, minimum revenue provision, (depreciation for HRA).

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
GF	-3.88%	0.91%	2.31%	4.47%	5.83%	5.01%	4.62%
HRA	46.14%	47.81%	48.95%	49.45%	51.15%	52.07%	53.04%

- iii. **Capital Financing Requirement (CFR)** – This measures the underlying need to borrow to fund proposed capital expenditure. The actual **net borrowing** is lower than this due to Treasury Management and Cash Management.

	2008-09 £M	2009-10 £M	2010-11 £M	2011-12 e £M	2012-13 £M	2013-14 £M	2014-15 e £M
CFR							
GF	39.502	55.554	76.730	98.790	93.998	86.254	80.682
HRA	7.591	23.130	24.668	30.360	30.360	30.360	30.360
Total	47.093	78.683	101.398	129.150	124.358	116.614	111.042

- iv. **Actual Net Borrowing and CFR** – In order to ensure that over the medium term, net borrowing is only carried out for capital purposes, the Code requires the Council to ensure that net external borrowing does not, except in the short term, exceed the total of CFR in the previous year plus the estimate of any additional CFR for the current and next two financial years.

	2008-09 £M	2009-10 £M	2010-11 £M	2011-12 £M	2012-13 £M
Net Borrowing	-27.473	29.551	48.656	88.607	79.607
CFR in Year 3	128.654	128.705	123.921	116.186	110.622
Net borrowing exceed CFR?	NO	NO	NO	NO	NO

- v. **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 allow for unplanned cash flow situations. The later is a better benchmark as it represents a more likely scenario.

<i>External Debt</i>	2008-09 Actual £M	2009-10 Revd £M	2010-11 Est £M	2011-12 Est £M	2012-13 Est £M	2013-14 Est £M	2014-15 Est. £M
Authorised Borrowing Limit	72.507	78.000	96.000	125.000	116.000	108.000	104.000
Operational Boundary	72.507	76.400	91.200	123.000	113.100	105.200	100.900

Section 3(1) of the Local Government Act 2003 requires the Council to formally approve the authorised borrowing limits for the forthcoming financial years **The Cabinet is therefore requested to consider the above borrowing limits and recommend them to the Council for approval.**

- vi. **Incremental Impact on Band D Council Tax** – This indicator reflects the impact on the Council Tax (and housing rents) as a result of the proposed changes to the capital programme compared to that previously approved. As the current HRA capital programme is fully funded by HRA subsidy and Major Repairs Allowance, there is no impact on the rent levels.

	2008-09 £	2009-10 £	2010-11 £	2011-12 £	2012-13 £	2013-14 £	2014-15. £
Council Tax Band D	0.00	-6.79	-30.65	-23.01	16.51	-5.19	-3.75
HRA Weekly Rent	0.00	0.00	0.00	0.00	0.00	0.00	0.00

- vii. **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. The CIPFA Treasury Management Code requires the Council to approve the following Treasury Indicators.

- viii. **Interest Rate Exposure** - The following upper and lower limits are proposed for fixed rate and variable rate borrowing. The market indications are for an increase in future long term borrowing rates and therefore the upper limit on variable rate has been increased so that if necessary, new borrowing in later years can be carried out at variable rate until the long term fixed rates start to fall and then locked into fixed rate without any penalty.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<i>Interest Rate Exposure</i>						
Upper Limit – Fixed Rate	100%	100%	100%	100%	100%	100%
Upper Limit – Variable Rate	25%	50%	50%	50%	50%	50%

- ix. **Maturity Structure of Borrowing** - The following upper and lower limits are proposed for the maturity structure of the Council's long term borrowing:

<i>Maturity Structure of Borrowing</i>	2009-10 d%	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %
<i>- Lower & Upper Limits</i>						
Under 12 months	0-50	0-50	0-50	0-50	0-50	0-50
1 to 2 years	0-50	0-50	0-50	0-50	0-50	0-50
2 to 5 years	0-50	0-50	0-50	0-50	0-50	0-50
5 to 10 Years	0-75	0-75	0-75	0-75	0-75	0-75
10 years +	25-90	25-90	25-90	25-90	25-90	25-90

- x. **Long Term Investments** – The proposed upper limit on principal sums invested longer than 364 days is as follows:

2009-10 - £15M
2010-11 - £10M
2011-12 – £ 10M

Minimum Revenue Provision (MRP)

5. 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.

6. 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.
7. 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. The table below shows the estimated revenue impact of Minimum Revenue Provision included in the budgets.

MRP	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	£M	£M	£M	£M	£M	£M	£M
MRP	0.00	0.270	0.717	1.449	2.388	2.291	2.072

8. 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.

10. CONCLUSION

- 10.1 This report is concerned with the Council's Revenue Budget 2010/11 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 £103.979m in 2010/11 and a basic Council Tax (before precepts) of £1,151.39 at Band D.
- 10.2 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.
- 10.3 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.
- 10.4 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 Section 9 of this report.

11. APPENDICES

- A Three year Revenue Budget (Requirements & Resources)
- B Statutory Calculation of Council Tax 2010/11
- C Council Tax Bands
- D(i) Detailed Growth Items
- D(ii) Detailed Savings Items
- D (iii) Brief description of all Growth and Savings items 2010/11
- E Directorate Cash Limits - 2010/11 to 2012/13
- F Statement on the Robustness of Budget Estimates, and the Adequacy of Reserves and the Key Budget Risks
- F(i) General Fund Reserves
- G Capital Programme
- H Glossary

12. BACKGROUND PAPERS

- 12.1 Background working papers are available in Finance.

Appendix A – 3 year Revenue Budget (Requirements & Resources)

Budget	2010/11 £'000	2011/12 £'000	2012/13 £'000
Opening Budget	101,781	103,979	105,594
Inflation (Pay at 1%)	600	600	600
NI increase in Yr 2 of 1% (0.5% + 0.5%)	0	600	0
Inflation (non pay @ 1.5%, 2.5% ,2.5%)	600	1,030	1,060
Growth Previously agreed by Council Feb 2009	1,965	3,579	1,500
New Growth Proposals	3,910	607	2,732
Savings Previously agreed by Council Feb 2009	-237	-850	170
New Savings Proposals	-3,814	-3,843	-1,985
Contributions to cost of Pensions	0	400	0
Capital programme adjustments	-826	-508	734
Budget Requirement	103,979	105,594	110,405
Collection fund +/-	0	0	0
Formula Grant	-56,756	-56,756	-56,756
Council Tax @ 2%	-47,223	-48,409	-49,624
Total Estimated Funding Available	-103,979	-105,164	-106,379
Cumulative Budget GAP	0	430	4,026

Notes:

Inflation: Inevitably, there is an element of risk associated with these assumptions. It is especially uncertain, in the current financial climate, what these rates are likely to be in the future and indeed how long low levels of inflation can be sustained. Recent press articles have indicated that the national pay settlement for local government workers, in 2010/11, may be 0%. However, as noted previously, until further detail is published, the Medium Term Financial Plan is prudently planning for a 1% increase in pay. Further, the latest Consumer Price Index (CPI), the Government's preferred measure of inflation is currently a 2.9%.

Capital Programme Adjustments: Impact on Treasury Management Budget due to re-profiling of Capital Programme over 7 years.

Appendix B- Statutory Calculation of Council Tax 2010/11

Statutory Determination of Council Tax

Council Tax Resolution

In relation to the Council Tax for 2010/11 Cabinet is requested to resolve:

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance 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.
- (b) That it be noted that at its meeting on 7 December 2009 Cabinet calculated the following Tax Base amounts for the financial year 2010/11 in accordance with Regulations made under sections 33(5) and 34(4) of the Act:

- (i) 41,014.1 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 2010/11, and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2010/11:

a)	Parish of Britwell	1,792.5
b)	Parish of Colnbrook with Poyle	1,918.2
c)	Parish of Wexham	1,508.2

- (c) That the following amounts be now calculated for the year 2010/11 in accordance with sections 32 to 36 of the Act:-

- (i) £375,850,862 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) £271,608,476 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) £104,242,386 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its budget requirement for the year. (Budget Requirement)
- (iv) £56,756,283 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) £1,157.80 being the amount at paragraph c(iii) above less the amount at paragraph c(iv) above and divided by the amount at paragraph b(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 2010/2011 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £263,600 representing the total of Parish Precepts for that year.
- (vii) £1,151.39 being the amount at paragraph c (v) above less the result given by dividing the amount at paragraph c (vi) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (viii) Valuation Bands

Band	Slough Area	Parish of Britwell	Parish of Colnbrook With Poyle	Parish of Wexham Court
	£	£	£	£
A	767.59	44.48	30.93	24.31
B	895.53	51.89	36.09	28.36
C	1,023.46	59.31	41.24	32.41
D	1,151.39	66.72	46.40	36.47
E	1,407.26	81.55	56.71	44.57
F	1,663.12	96.38	67.02	52.67
G	1,918.98	111.20	77.33	60.78
H	2,302.78	133.44	92.80	72.93

Being the amounts given by multiplying the amounts at paragraph c (v) and c (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 2010/11 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	<u>Thames Valley Police</u> <u>Authority</u> £
A	102.34
B	119.40
C	136.45
D	153.51
E	187.62
F	221.74
G	255.85
H	307.02

- x) That it be noted that for the year 2010/11 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	<u>Royal Berkshire Fire</u> <u>Authority</u> £
A	36.92
B	43.07
C	49.22
D	55.38
E	67.68
F	79.99
G	92.29
H	110.75

- 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	767.59	102.34	36.92	906.85
B	895.53	119.40	43.07	1,058.00
C	1,023.46	136.45	49.22	1,209.13
D	1,151.39	153.51	55.38	1,360.28
E	1,407.26	187.62	67.68	1,662.56
F	1,663.12	221.74	79.99	1,964.85
G	1,918.98	255.85	92.29	2,267.12
H	2,302.78	307.02	110.75	2,720.55

- 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.

Appendix C (i) – Schedule of Basic Council Tax 2010/11 (incl Police and Fire)

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

2010/11

Tax Bands	Fractions	SLOUGH	THAMES VALLEY POLICE	THE ROYAL BERKSHIRE FIRE	SLOUGH PLUS POLICE & FIRE	LOCAL PARISHES + SLOUGH + POLICE + FIRE					
						BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
						Parish Element	Total Council Tax (f)	Parish Element	Total Council Tax	Parish Element	Total Council Tax (j)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
		£	£	£	£	£	£	£	£	£	£
A	6/9	767.59	102.34	36.92	906.85	44.48	951.33	30.93	937.78	24.31	931.16
B	7/9	895.53	119.40	43.07	1,058.00	51.89	1,109.89	36.09	1,094.09	28.36	1,086.36
C	8/9	1,023.46	136.45	49.22	1,209.13	59.31	1,268.44	41.24	1,250.37	32.41	1,241.54
D	9/9	1,151.39	153.51	55.38	1,360.28	66.72	1,427.00	46.40	1,406.68	36.47	1,396.75
E	11/9	1,407.26	187.62	67.68	1,662.56	81.55	1,744.11	56.71	1,719.27	44.57	1,707.13
F	13/9	1,663.12	221.74	79.99	1,964.85	96.38	2,061.23	67.02	2,031.87	52.67	2,017.52
G	15/9	1,918.98	255.85	92.29	2,267.12	111.20	2,378.32	77.33	2,344.45	60.78	2,327.90
H	18/9	2,302.78	307.02	110.75	2,720.55	133.44	2,853.99	92.80	2,813.35	72.93	2,793.48

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

2010/11								

Tax Bands	Fractions	SLOUGH	LOCAL PARISHES					
			BRITWELL		COLNBOOK WITH POYLE		WEXHAM COURT	
		Council Tax (a)	Precepts (b)	Council Tax (c) a+b	Precepts (d)	Council Tax (e) a+d	Precepts (f)	Council Tax (g) a+f
		£	£	£	£	£	£	£
A	6/9	767.59	44.48	812.07	30.93	798.52	24.31	791.90
B	7/9	895.53	51.89	947.42	36.09	931.62	28.36	923.89
C	8/9	1,023.46	59.31	1,082.77	41.24	1,064.70	32.41	1,055.87
D	9/9	1,151.39	66.72	1,218.11	46.40	1,197.79	36.47	1,187.86
E	11/9	1,407.26	81.55	1,488.81	56.71	1,463.97	44.57	1,451.83
F	13/9	1,663.12	96.38	1,759.50	67.02	1,730.14	52.67	1,715.79
G	15/9	1,918.98	111.20	2,030.18	77.33	1,996.31	60.78	1,979.76
H	18/9	2,302.78	133.44	2,436.22	92.80	2,395.58	72.93	2,375.71

- Based on Total Budget Requirement including parishes of £104,242,386

- Budget Requirement excluding parishes of £103,978,786

New Growth

Type	Ref	Proposal Title	Comprehensive Spending Review (CSR) Period					Posts Affected 2010/11 FTE	Posts Affected 2011/12 FTE	Posts Affected 2012/13 FTE
			CSR07	CSR10		CSR13				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000			
EDUCATION & CHILDREN'S SERVICES										
Demand Led	G1 ECS	Contact Service	50	0	0	0	0	0.0	0.0	0.0
Demand Led	G2 ECS	Joint Arrangement - Joint Legal Team	72	0	0	0	0	0.0	0.0	0.0
Demand Led	G3 ECS	Adoption Advisory Service	46	0	0	0	0	0.0	0.0	0.0
Demand Led	G4 ECS	Placement Budgets	580	0	0	0	0	0.0	0.0	0.0
Demand Led		Building Schools for the Future (Net of schools contribution)	161	0	0	0	0	0.0	0.0	0.0
Legislative	EG1 ECS	Youth Service opening hours	50	25	0	0	0	0.0	0.0	0.0
Total ECS			959	25	0	0	0	0.0	0.0	0.0
COMMUNITY & WELLBEING										
Demand Led	G1 CWB	Demand Led Care Packages - actual commitments	57	75	0	0	0	0.0	0.0	0.0
Contractual	G5 CWB	Reprovide budget for Langley Resource Centre	200	0	0	0	0	0.0	0.0	0.0
Policy Initiatives	G6 CWB	Slough Deaf Centre	20	20	0	0	0	0.0	0.0	0.0
Service Development	G7 CWB	2 Reviewing officers to reduce care packages	80	40	0	(120)	0	2.0	1.0	0.0
Service Development	G8 CWB	Project Manager to achieve service redesign	75	38	0	(113)	0	1.0	0.5	0.0
Service Development	G9 CWB	2 Care Managers - CMHT	70	0	0	0	0	2.0	0.0	0.0
Service Development	G10 CWB	CHC Worker	50	0	0	0	0	1.0	0.0	0.0
Service Development	G18 CWB	Mobile Working	6	25	0	0	0	0.0	0.0	0.0
Demand	EG1 CWB	Demand Led Care Packages	357	150	0	0	0	0.0	0.0	0.0
Service Development	EG2 CWB	Library Opening Hours (part of Library Review)	50	50	0	0	0	0.0	0.0	0.0
Service Development	EG3 CWB	Extra Care Housing	(40)	14	0	0	0	0.0	0.0	0.0
Service Development	ES3a CWB	Reprovision of Central Library (Invest to Save)	15	40	0	0	0	0.0	0.5	0.0
Total CWB			940	452	0	(233)	0	6.0	2.0	0.0
GREEN & BUILT ENVIRONMENT										
Demand Led	G1 GBE	Civil Parking Enforcement	30	20	10	0	0	0.0	0.0	0.0
Demand Led	G5 GBE	Animal warden	17	0	0	0	0	0.0	0.0	0.0
Demand Led	G8 GBE	Stray Dogs legislation(out of hours)	12	0	0	0	0	0.0	0.0	0.0
Demand Led	G4 GBE	Ongoing pressures from current year (net)	170	(55)	0	0	0	0.0	0.0	0.0
Demand Led	G11 GBE	HMO Survey - results	0	100	0	0	0	0.0	3.0	0.0
Contractual	G2 GBE	Joint Arrangements - Registrars Service	10	0	0	0	0	0.0	0.0	0.0
Contractual	G2 GBE	Joint Arrangements - Coroners Service	0	22	22	22	22	0.0	0.0	0.0
Contractual	G6 GBE	Pest Control service	5	5	0	0	0	0.0	0.0	0.0
Policy Initiatives	G3 GBE	Neighbourhood coordination	30	0	0	0	0	0.8	0.0	0.0
Policy Initiatives	G10 GBE	Licensing - Private Hire Operators Policy	10	8	0	0	0	0.0	0.0	0.0
Policy Initiatives	G12 GBE	Loss of Workstep Subsidy (Wexham Nursery)	9	9	0	0	0	0.0	0.0	0.0
Demand	EG1 GBE	Parks & Open Spaces	35	0	0	0	0	0.0	0.0	0.0
Service Development	EG2 GBE	Landfill Waste	(325)	0	0	0	0	0.0	0.0	0.0
Service Development	EG3 GBE	Youth Transport Provision	100	100	0	0	0	0.0	0.0	0.0
Service Development	EG4 GBE	Real Time Passenger Information	0	100	0	0	0	0.0	0.0	0.0
Total GBE			103	309	32	22	22	0.8	3.0	0.0
RESOURCES										
Legislative	G01 RES	Borough Secretary	20	0	0	0	0	0.0	0.0	0.0
Demand Led		Commercial Rents	110	0	0	0	0	0.0	0.0	0.0
Total Resources			130	0	0	0	0	0.0	0.0	0.0
IMPROVEMENT & DEVELOPMENT										
Demand Led	G01 I&D	Economic Development & Inclusion	70	0	0	0	0	1.0	0.0	0.0
Total I & D			70	0	0	0	0	1.0	0.0	0.0
CORPORATE										
Demand Led	G01 COR	Funding of Future Capital Borrowing	0	200	2,200	0	0	0.0	0.0	0.0
Demand Led		Other Member Priorities	0	350	500	0	0	0.0	0.0	0.0
Policy Initiative	EG01 CORP	Funding Capital Programme & MRP	1,150	2,000	0	0	0	0.0	0.0	0.0
Policy Initiative	EG01 CORP	Treasury Management	523	1,100	0	0	0	0.0	0.0	0.0
Demand		Council Wide Growth	0	0	1,500	0	0	0.0	0.0	0.0
Demand		Discretionary Tax Relief Pressure	50	0	0	0	0	0.0	0.0	0.0
Total Corporate			1,723	3,650	4,200	0	0	0.0	0.0	0.0
CENTRAL										
		Redundancy contingency	750	(250)	0					
		General Contingency	500	0	0					
		Budget Adjustment -CSC & other adjustments	700	0	0					
Total Central			1,950	(250)	0	0	0	0.0	0.0	0.0
TOTAL GROWTH			5,875	4,186	4,232	(211)	22	7.8	5.0	0.0

Summary by Type:	Comprehensive Spending Review (CSR) Period				
	CSR07	CSR10		CSR13	
	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Budget Adjustment	700	0	0	0	
Legislative	70	25	0	0	0
Demand	2,317	840	4,210	0	0
Service Development	81	407	0	(233)	0
Policy Initiative	1,742	3,137	0	0	0
Contractual	965	(223)	22	22	22
	5,875	4,186	4,232	(211)	22

Type	Ref	Proposal Title	Comprehensive Spending Review (CSR) Period					Posts Affected 2010/11 FTE	Posts Affected 2011/12 FTE	Posts Affected 2012/13 FTE
			CSR07	CSR08		CSR09				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000			
EDUCATION & CHILDREN'S SERVICES										
Efficiency	S10 ECS	Out of Authority Placements - Children with Disability	(50)	(50)	0	0	0	0.0	0.0	0.0
Service Reduction	S12 ECS	Delete vacant post -Primary Strategy Manager	(73)	0	0	0	0	(1.0)	0.0	0.0
Efficiency	S13 ECS	Home To School Contract re-negotiation	(200)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S08 ECS	Review of Behaviour & Attendance support	(236)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S09 ECS	Review funding across Children's Fund	(200)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S14 ECS	Non-renewal of Fixed Term Contracts - Improving Schools Prog Posts	(69)	0	0	0	0	(2.0)	0.0	0.0
Service Reduction	S15 ECS	Reduction to part time 14 - 19 Advisor	(23)	0	0	0	0	(0.5)	0.0	0.0
Service Reduction	S16 ECS	School Improvement Restructure	(175)	0	0	0	0	(3.0)	0.0	0.0
Service Reduction	S17/S20 ECS	Non devolvement of Standards Funds	(40)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S18 ECS	Reduction in Admin Support	(28)	0	0	0	0	(1.0)	0.0	0.0
Efficiency	S19 ECS	Utilise Extended Schools ABG grant	(93)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S20 ECS	Primary School Admissions	(30)	0	0	0	0	(1.0)	0.0	0.0
Efficiency		Rationalisation of Adoption and Fostering Services	(55)	0	0	0	0	(1.0)	0.0	0.0
Service Reduction	S07 ECS	Strategic review of youth Service	0	0	(140)	0	0	0.0	0.0	0.0
Efficiency		DECS - Savings yet to be determined	0	(910)	(910)	0	0			
Efficiency	ES1 ECS	Inclusion 2 % Efficiency	(61)	0	0	0	0	(1.5)	0.0	0.0
Total DECS			(1,333)	(960)	(1,050)	0	0	(11.0)	0.0	0.0
COMMUNITY & WELLBEING										
Efficiency	S1 CWB	Develop re-enablement of in house services	0	(200)	(200)	0	0	0.0	0.0	0.0
Efficiency	S3 CWB	Extend Call Monitoring System	(24)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S4 CWB	Continue to provide alternative care to further enhance independent living	(200)	(250)	(100)	0	0	0.0	0.0	0.0
Efficiency	S8 CWB	Adult Services Restructure	(20)	(50)	0	0	0	(0.5)	(1.0)	0.0
Efficiency	S9 CWB	Restructure of Community Services	(110)	(50)	0	0	0	(4.0)	0.0	0.0
Efficiency	S6 CWB	Value for Money Review of Meals on Wheels	(32)	(32)	0	0	0	0.0	0.0	0.0
Additional Income	S7 CWB	Value For Money Review of respite income	(50)	0	0	0	0	0.0	0.0	0.0
Efficiency	S17 CWB	Invest to save to increase flexible sessional tutor hours and reduce admin and teaching costs in lifelong learning	(16)	(2)	0	0	0	(1.0)	0.0	0.0
Efficiency	S23 CWB	Reduced use of Agency Staff	(100)	0	0	0	0	0.0	0.0	0.0
Demography	S29 CWB	Completion of the reprovision of Newbeech	(465)	465	0	0	0	0.0	0.0	0.0
Contractual Negotiations	S5 CWB	Re-negotiate Gurney House Contract	0	(100)	0	0	0	0.0	0.0	0.0
Efficiency	S10/S4CWB	Adult Social Care Transformation	(50)	(750)	0	0	0	0.0	0.0	0.0
Contractual Negotiations	S15 S25 CWB	Commissioning TBC by Strat. Director CWB	0	(139)	(100)	(100)	0	0.0	0.0	0.0
Service Reduction	S18/S26 CWB	Additional Savings to be Found	0	0	(375)	0	0	0.0	0.0	0.0
Service Reduction	S14 CWB	Reduce Supporting People Grant due to Govt. funding reduction	0	(585)	0	0	0	(0.5)	0.0	0.0
Efficiency	S22 CWB	Make Community Centres Self funding	0	0	(100)	(100)	0	0.0	0.0	(3.5)
Service Reduction	ES2 CWB	Delete Social Work Post - CSWT	(35)	0	0	0	0	(1.0)	0.0	0.0
Efficiency	ES3b CWB	Reprovision of Central Library	(130)	(150)	(80)	0	0	(4.5)	0.0	0.0
Total CWB			(1,232)	(1,843)	(955)	(200)	0	(11.5)	(1.0)	(3.5)
GREEN & BUILT ENVIRONMENT										
Efficiency	S01 GBE	Parks Maintenance	(55)	0	0	0	0	0.0	0.0	0.0
Efficiency	S03 GBE	Recharges to HRA/Capital	(20)	0	20	0	0	0.0	0.0	0.0
Efficiency	S33 GBE	Recharge to HRA	(20)	0	0	0	0	0.0	0.0	0.0
Efficiency	S02 GBE	Grounds Maintenance (S.106 funds)	(50)	0	20	0	0	0.0	0.0	0.0
Contractual Negotiations	S08 GBE	Housing Lettings Scheme	(50)	0	0	0	0	0.0	0.0	0.0
Contractual Negotiations	S36 GBE	Concessionary Fares contract neg	(100)	0	0	0	0	0.0	0.0	0.0
Additional Income	S09 GBE	Traders in Parks Income	(10)	0	0	0	0	0.0	0.0	0.0
Additional Income	S39 GBE	Sale of Trade Waste Collection service	(100)	(100)	200	0	0	0.0	0.0	0.0
Additional Income	S35 GBE	Small Traders' waste pass	(25)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S25 GBE	Reduce Transport Management consultancy	(20)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S05 GBE	Delete vacant Transport Engineer post	(46)	0	0	0	0	(1.0)	0.0	0.0
Service Reduction	S07 GBE	Heart of Slough planning support-reduce consultancy support	(50)	0	0	0	0	0.0	0.0	0.0
Efficiency	S34 GBE	Regulatory Services shared management	0	(120)	0	0	0	0.0	(2.0)	0.0
Efficiency	S37 GBE	Building Control shared management	0	(30)	0	0	0	0.0	0.0	0.0
Service Reduction	S06 GBE	Planning Restructure	0	(20)	0	0	0	0.0	(1.0)	0.0
Additional Income	S12 GBE	Bulky Waste - review of charges	(10)	0	0	0	0	0.0	0.0	0.0
Efficiency	S32 GBE	Reconfigure Borough Wide Comm safety/Enf teams tbc	0	(145)	0	0	0	0.0	(4.0)	0.0
Efficiency	ES1 GBE	Travel Plan	25	0	0	0	0	1.0	0.0	0.0
Efficiency	ES2 GBE	Highways Maintenance	250	(250)	250	0	0	0.0	0.0	0.0
Total GBE			(281)	(665)	490	0	0	0.0	(7.0)	0.0

Type	Ref	Proposal Title	Comprehensive Spending Review (CSR) Period					Posts Affected 2010/11 FTE	Posts Affected 2011/12 FTE	Posts Affected 2012/13 FTE
			CSR07	CSR08		CSR09				
			2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000			
RESOURCES										
Efficiency	999 RES	Reduction in Training / consultancy Budget	(29)	0	0	0	0	0.0	0.0	0.0
Efficiency	999 RES	Town Hall Annexe -relocation of staff -saving across rates	0	(225)	0	0	0	0.0	0.0	0.0
Service Reduction	S06 RES	HR & Payroll - Review of Service (move to A)	(100)	(156)	0	0	0	(3.0)	(4.2)	0.0
Service Reduction	S01 RES	Value for Money review IST	(50)	(150)	0	0	0	(5.4)	0.0	0.0
Service Reduction	S03 RES	VFM review of legal services	(61)	(100)	(100)	0	0	(1.0)	0.0	0.0
Efficiency	999 RES	Review of Property Services (should be a B saving)	(50)	(75)	(50)					
Service Reduction	S02 RES	Review of Audit Service	0	(44)	0	0	0	0.0	0.0	0.0
Efficiency	ES01 RES	Elections - fallow year	40	0	0	0	0	0.0	0.0	0.0
Efficiency	999 RES	Centralisation of the Finance Service	(211)	0	0	0	0	(1.0)	0.0	0.0
Total Resources			(461)	(750)	(150)	0	0	(10.4)	(4.2)	0.0
IMPROVEMENT & DEVELOPMENT										
efficiency	S01 I&D	Part time voluntary staff reduction within Comm'g, Procurement & LGSS	(20)	0	0	0	0	(0.5)	0.0	0.0
efficiency	S02 I&D	Economic Development & Inclusion - reduction in voluntary sector contributions and increased grant utilisation	(52)	0	0	0	0	0.0	0.0	0.0
efficiency	S04 I&D	Reduction in Admin within Corporate & Specialist Training Team-vacancy	(15)	0	0	0	0	(0.5)	0.0	0.0
efficiency	S04 I&D	More effective procurement providing VFM across Training Budgets	(37)	0	0	0	0	0.0	0.0	0.0
efficiency	S04 RES	Customer Service Centre - Housekeeping Efficiencies	(20)	0	0	0	0	0.0	0.0	0.0
Additional Income	S05 I&D	Housing Benefits improved accuracy	(50)	0	0	0	0	0.0	0.0	0.0
efficiency	S04 I&D	Vacant Performance Officer post	(30)	0	0	0	0	(1.0)	0.0	0.0
Service Reduction	S04 I&D	Delete vacant post -Policy Officer	(30)	0	0	0	0	(1.0)	0.0	0.0
Additional Income	S07 I&D	Benefits - Recovery of Overpayments (add'l income)	(20)	0	0	0	0	0.0	0.0	0.0
Contractual Negotiation	S08 I&D	Procurement /CSC - reduction in cost of Siebel Support	(105)	0	0	0	0	0.0	0.0	0.0
efficiency	S?? I&D	Econ Rev - Removal of grant	(40)	0	0	0	0	0.0	0.0	0.0
Additional Income	S07 RES	Revenues (Increase in court cost charges)	(28)	0	0	0	0	0.0	0.0	0.0
Service Reduction	S07 RES	Revenues (restructure of service) tbc	(57)	0	0	0	0	(2.5)	0.0	0.0
Service Reduction	S09 I&D	CSC - reduced costs in line with grant	0	0	(150)	0	0	0.0	0.0	(5.0)
Service Reduction	S04 I&D	Specialist Training	(76)	0	0	0	0	0.0	0.0	0.0
Efficiency	ES01 I&D	Sustainability - reduce energy consumption	(25)	(50)	0	0	0	0.0	0.0	0.0
Efficiency	COR	Procurement Savings	(50)	(50)	0	0	0	0.0	0.0	0.0
Total I & D			(655)	(100)	(150)	0	0	(5.5)	0.0	(5.0)
CHIEF EXECUTIVE										
Service Reduction	S01 CE	Comm citizen/ corp projects	(5)	0	0	0	0	0.0	0.0	0.0
Efficiency	S01 CE	Bonfire self funding	0	(25)	0	0	0	0.0	0.0	0.0
Efficiency	S02 CE	Executive's Office - Remodel service delivery-delete vacant post elsewhere	(16)	0	0	0	0	(0.6)	0.0	0.0
Service Reduction	S01 CE	Comms - reduce staffing	(28)	0	0	0	0	(1.0)	0.0	0.0
Efficiency	ES01 CE	Subscriptions Cancellations - LGA	(40)	0	0	0	0	0.0	0.0	0.0
Total CEX			(89)	(25)	0	0	0	(1.6)	0.0	0.0
CORPORATE										
Efficiency	COR	Centralise Commissioning, merge 3 AD roles into 2	0	(100)	0	0	0	0.0	(1.0)	0.0
Service Reduction	COR	Utilise ABG grant funding increase	0	(250)	0	0	0	0.0	0.0	0.0
Total Corporate			0	(350)	0	0	0	0.0	(1.0)	0.0
TOTAL SAVINGS			(4,051)	(4,693)	(1,815)	(200)	0	(40.0)	(12.2)	(8.5)

Summary by Type:					
Efficiency	(1,232)	(3,239)	(1,300)	(100)	0
Service Reduction	(2,371)	(1,115)	(715)	(100)	0
Contractual Negotiation	(155)	(239)	0	0	0
Additional Income	(293)	(100)	200	0	0
	(4,051)	(4,693)	(1,815)	(200)	0

Appendix D (iii) – Description of 2010/11 Growth and Savings Items

Descriptions of Growth Items

EDUCATION & CHILDREN'S SERVICES

G1 ECS Contact Service

Supervised contact is usually ordered by a court when it is necessary to protect the welfare of a child in care during contact with his or her natural family. The contact service is currently underfunded, despite significant work to find efficiencies.

G2 ECS Joint Arrangement - Joint Legal Team

This growth item is to cover the introduction of legal fees for Local Authorities undertaking care proceedings conferences.

G3 ECS Adoption Advisory Service

BAAS provides a wide range of statutorily required services which the 6 Berkshire Unitary Authorities are obliged to provide. This growth bid is to meet the increased costs of this service following a recalculation of Slough's contribution, based on actual usage of the service.

G4 ECS Placement Budgets

This budget pays for the placement costs of children and young people in care and in foster or other placements post 16 (and often post 18) until they have completed their education and training. This budget has been significantly overspent in 2009-10, despite very tight budget management.

Building Schools for the Future

The Government has made available capital funds in order to rebuild or re-furbish every secondary school in Britain under this programme. However in order to access these funds a formal bid has to be made to demonstrate our 'readiness to Deliver' in order to secure the capital funding. The successful bid is dependent on the LA being able to fund the planning and procurement costs associated with the implementation which will include full project management and the expertise of a range of external consultants. This growth together with school contributions will go towards this overall procurement cost.

EG1 ECS Youth Service opening hours

There is a DCSF Government requirement to extend the opening hours of the Youth Service. Consequently, £50k is now allocated for 2010-11 and £25k for 2011-12 to provide this increase in hours. The money is to reduce anti-social behaviour by

increasing opening hours for youth centres and projects and delivery from the youth bus. In addition, it is recognised that the Service needs to increase gender work, expand work with the Polish and Roma community and ensure access to young people with disabilities within youth centres and projects and to provide increased targeted support for young people in 1:1 settings.

COMMUNITY & WELLBEING

G1 CWB Demand Led Care Packages - actual commitments

Additional resources are required to fund statutory services for eligible users entering the adult social care system in 10/11, 11/12 and 12/13. This is to cover the FYE of people who transferred to adult services part way through 2009/10 and the PYE cost of people transferring in 2010/11 in

The current costs for services for people are predicated on the delivery of services to meet their needs.

G5 CWB Reprovide budget for Langley Resource Centre

Closure of Langley day services was not achieved in 2007. Instead a sum of money was taken as a saving but no decision to close the service was finalised. This is the money necessary to operationally run the service on a day to day basis if the service does not fully close. The service is currently projecting to spend £236K against a residual budget of £49K, a predicted overspend of £187K. If a decision is not made the service will continue to operate and bring financial pressure to the Community and Adult Social budget of approximately £187K. This will eventually link to Day Service Modernisation and will be rationalised through that process, but until the day service project has concluded, Langley will have no operational budget to run the service and operate at a deficit

G6 CWB Slough Deaf Centre

Shortfall in Base Budget.

G7 CWB 2 Reviewing officers to reduce care packages

This Growth Bid is for 2 FTE Reviewing Officers to be part of the Community Social Work service to deliver upon identified savings targets. These posts would be fixed term for 3 years.

A number of savings targets offered as part of PPRG require staff intensive input to achieve the desired efficiency target outcome. To achieve these savings targets, the provision of 2 additional FTE staff is necessary to undertake “on the ground” work in reviewing people’s needs and identifying and enabling more cost effective service support for people already in receipt of services. They will be the people who undertake many of the actions set out in relevant savings targets including:

- Reviewing existing care packages provided to people in receipt of support

- Seeking reductions in service to match on-going assessed need and negotiate costs with providers.
- Rigorous applying of eligibility criteria
- Seeking to find less intensive service and/or support arrangements to match assessed eligible need against the minimum services levels needed to achieve this, promoting independence within a risk managed framework.
- Looking to make greater use of supported housing, helping people to live at home, use of assistive technology, extra care housing, direct payments and domiciliary care, reducing reliance on residential and nursing care.
- Robustly using the new panel process agreed in July 2009 to manage new referrals and using it to propose changes to existing care purchasing arrangements
- Ensuring all learning disability and mental health placements conform to the Care Funding Calculator process to establish agreed baseline costs for all existing placements
- Pursue Continuing Health Care funding from the PCT for people who have health care needs and where SBC is paying inappropriately for their care (links to growth bid G10)
- Pursue Ordinary Residence for people who now live outside the SBC borders and where another local authority should legitimately take responsibility for their care and associated costs

G8 CWB Project Manager to achieve service redesign

This bid is for the provision of 1 fixed term FTE Project Manager to lead on service redesign for a number of projects that have been identified and offered as efficiencies in the 3-year PPRG programme. These include:

- S1: In-house homecare reengineering into a reablement service
- S2: Day-care modernisation,
- S8: Adult Services Restructure
- S9: Community Service Restructure
- S10: Projects within Transformation and the Putting People First Agenda

All these projects will feature within a Community and Wellbeing modernisation programme. This post will undertake project management of large scale service redesign. To enable full benefit of the savings proposed it will be necessary to have a Project Manager to oversee these pieces of work and ensure their action and completion. The post is fixed term for 3 years.

G9 CWB 2 Care Managers – CMHT

This Growth Bid is for 2 FTE Care Managers to operate within Mental Health Services and is for 2 purposes:

- to meet SBC's statutory requirements
- to contribute towards efficiencies identified as part of the PPRG process.

Mental Health services are operating at significant levels of risk. A recent informal service inspection identified 170 cases of people awaiting allocation and review, all of which were carry varying levels of risks, including serious risk. Since April 2009, 13 posts across the whole service have been lost (from efficiencies taken by SBC and Berkshire Healthcare Foundation Trust). Within CMHT-E (a specialist team for older people's mental health which covers issues such as supporting people with dementia) there is no social care post or social worker post. Therefore social care processes are not embedded within team practice leading to SBC incurred costs not being managed or overseen by SBC staff.

These posts will also assist in meeting waiting list demands, work to ensure value for money in procuring support within the CMHT-E service as well as contributing to saving's targets identified within the PPRG process for S4 Reduction on purchased care arrangements; S2 efficiencies in day services/ day service remodelling. It links to Growth bids for G10 (CHC worker) and G7 (Reviewing Officers).

G10 CWB CHC Worker

This Growth Bid is for one qualified specialist worker to act as a Continuing Health Care lead and specialist worker. Duties would include carrying out screening and CHC assessments to ensure that individuals' presenting needs that are assessed as health related are paid for from health resources and not that of SBC. Recent experience in Slough indicates that NHS funding has declined for new cases or withdrawn from existing cases with consequential cost shunt to SBC. Early indications have shown success in achieving health related funding (over £50,000 achieved in 2009/10 to date) but this is dependent on the availability of staff and this process is both time and people intensive. This bid is an "invest to save" initiative, which will build on the work to date and have in place a dedicated resource to pursue health funded support for individuals, and robustly challenge in cases where costs are passed back to SBC from the PCT

G18 CWB Mobile Working

This proposal relates to the capital growth bid to implement mobile working for social care staff. The revenue funding would cover capital financing costs of £6K in 2010/11 and running costs of 3G connectivity in the following year.

Staff involved in the assessment of users and carers currently have access to tablet PCs which they can take with them to a user's home to enable them to record assessment information which is then downloaded into the IAS client database on

return to the office. This avoids 'double handling' resulting from transcription of written assessment details.

The 3G facility would enable data to be entered onto IAS in 'real-time', thus delivering further efficiencies

EG1 CWB Demand Led Care Packages

Additional resources are required to fund statutory services for eligible users entering the adult social care system in 10/11, 11/12 and 12/13. This is to cover the FYE of people who transferred to adult services part way through 2009/10 and the PYE cost of people transferring in 2010/11 in

The current costs for services for people are predicated on the delivery of services to meet their needs

EG2 CWB Library Opening Hours (part of Library Review)

The strategic review of libraries has identified that residents generally don't travel far to visit a local community library and that library opening hours are among the worst in the country (77 hours per '000 population compared with the unitary average of 117 hours).

The proposal is to re-instate the closed evening at the Central Library in 2010/11 and further improve opening hours at Cippenham and Langley and in 2011/12 open the Central Library on Sundays.

ES3a CWB Reprovision of Central Library (Invest to Save)

Growth proposals as part of an invest to save strategy to improve library services and release operational efficiencies in libraries and the Learning Curve

GREEN & BUILT ENVIRONMENT

G1 GBE Civil Parking Enforcement

Reduced parking income due to changes introduced by the Traffic Management Act -a higher number of people paying at discount rate, parking compliance (less tickets).

G5 GBE Animal warden

To fund the £17.5k pressure due to no annual inflation increase over several years for the Animal Warden service, provided in partnership with RSPCA

G8 GBE Stray Dogs legislation (out of hours)

Funding for the out of hours stray dog service that is responsible for retrieving confined stray dogs outside normal working hours.

G4 GBE Ongoing pressures from current year (net)

The £170K represents the ongoing effect of the pressures being experienced in the current financial year.

G2 GBE Joint Arrangements - Registrars Service

Shortfall in fee income caused by legislative change.

G6 GBE Pest Control service

To fund the additional cost of the new and improved pest control contract.

G3 GBE Neighbourhood coordination

To provide capacity to deliver the neighbourhood working agenda.

G10 GBE Licensing - Private Hire Operators Policy

Reduced income as a result of the agreed policy to improve enforcement by not licensing Private Hire Operators outside the Borough boundary.

G12 GBE Loss of Workstep Subsidy (Wexham Nursery)

“Workstep” grant currently part funds two operatives (who have learning difficulties) at Wexham Nursery and will cease to be paid direct to local authorities in October 2010.

EG1 GBE Parks & Open Spaces

Adjustment to improve standards of cleansing in parks

EG2 GBE Landfill Waste

Budget pressure reduced from previous years as a result of savings on landfill tax and general disposal costs following introduction of energy from waste contract

EG3 GBE Youth Transport Provision

To provide discounted youth travel on buses in and around Slough.

RESOURCES

G01 RES: Borough Secretary

Funding required to follow the Internal Audit recommendation to canvass the whole borough to ensure ERO meets its statutory duties.

Commercial Rents

Growth requested to alleviate the pressure on the budgeted rental for commercial properties now sitting empty.

IMPROVEMENT & DEVELOPMENT

G01 I&D Economic Development & Inclusion

Growth requested for the recruitment of 1 Employment Placement Advisor and to enable the Lone Parent Scheme to become mainstream funded.

CORPORATE

EG01 CORP Treasury Management, Funding of Capital Programme & MRP

Growth needed to fund the debt charge arising from the current Capital Programme and to ensure the current Capital Programme is within the prudential capital financing requirements.

Council Wide Growth

Growth agreed as part of the 2009/10 budget process to allow Members more flexibility to allocate funding.

Discretionary Tax Relief Pressure

Growth needed to alleviate the pressure on Discretionary Tax Relief as a result of the new valuation scheme to start 1st April 2010.

CENTRAL

Redundancy contingency

Contingency required in anticipation of redundancy costs incurred as a result of savings made as part of this process.

General Contingency

Contingency required to be held to support demand-led services.

Budget Adjustments –(incl CSC)

Growth required:

- to fund the BPR saving previously anticipated for the Customer Services Centre now unachievable; and other budget adjustments.

Descriptions of Savings Items

EDUCATION & CHILDREN'S SERVICES

S10 ECS Out of Authority Placements - Children with Disability

Reduction in out of authority placements resulting from pursuit of inclusion policy which includes the implementation of local inclusive solutions. This has been a policy vigorously pursued over the last four years with significant success, although it is within a context of being demand led and a volatile and high risk area of spend. Currently savings have been substantial and there is room to squeeze a little more saving before reaching a plateau in recognition that as a small authority it is not likely to be feasible to meet all of the needs of disabled children locally recognising the diversity and complexity of their needs. Also a substantial percentage of the savings out of borough need to be used to pay for local provision. Placements cost on average between £60k and £225k per year with most placements lasting approximately four to five years. Some of the funding saved from avoiding a placement will need to be spent on paying for additional local provision.

S12 ECS Delete vacant post -Primary Strategy Manager

The post-holder has been responsible for primary school improvement under the National Primary Strategy. Post became vacant as at 1 Sept 2009. Roles and responsibilities will be reconfigured to incorporate the post.

S13 ECS Home To School Contract re-negotiation

The saving will be made as a result of re-tendering all home to school transport contracts. The re-tendering exercise took place between January 2009 and July 2009.

S08 ECS Review of Behaviour & Attendance support

Reduction in the School Development Grant (Area Based Grant) Behaviour and Attendance money transferred to Slough secondary schools from April 2010: (Saving of £236k). This is funding used by these schools to support behaviour and attendance.

S09 ECS Review funding across Children's Fund

De-commissioning a percentage (55%) of Children's Fund (ABG) from 31st March 2010. Slough Borough Council staff will be redeployed to avoid redundancies and some voluntary sector activities will be terminated. However, opportunities will be available for some of these activities to continue related to addressing current priorities supported through new commissioning arrangements.

S14 ECS Non-renewal of Fixed Term Contracts - Improving Schools Prog Posts

These posts have been dedicated to supporting school improvement across the borough. Staff have been employed on fixed term contracts, thus non-renewal of contract after 31 Aug 2010 – 7/12 saving 2010-2011

S15 ECS Reduction to part time 14 - 19 Advisor

The 14-19 Adviser has requested to move to part time working to 0.5 fte. 0.3fte saving generated as 1 day (0.2fte) is funded by LSC and there will be a corresponding reduction in funding received.

S16 ECS School Improvement Restructure

Reduction in the number of secondary adviser/consultants as the majority of secondary schools are deemed to need only light touch support.

S17/S20 ECS Non devolvement of Standards Funds

Strategy funding - Retain aspects of grant funding to support service – would need to go to schools forum and revisit grant regulations re devolving funds to schools.

S18 ECS Reduction in Admin Support

Reduction in Admin Support

S19 ECS Utilise Extended Schools ABG grant

Non delegation of funds to schools to support extended school at Slough and Eton due to change in regulations.

S20 ECS Primary School Admissions

Move student support officer post into DSG. Will require approval from Schools Forum.

Rationalisation of Adoption and Fostering Services

A rationalisation of the management arrangements for the adoption and fostering services leading to the loss of one post.

ES1 ECS Inclusion 2 % Efficiency

The Inclusion Branch has been required to make efficiency savings of £61k per year over the last three years, amounting to a total of £183k. This is the final year (2010-11) of this requirement.

COMMUNITY & WELLBEING

S3 CWB Extend Call Monitoring System

Final phase of the call monitoring programme across home care suppliers.

S4 CWB Continue to provide alternative care to further enhance independent living

Continue to provide alternative care and support options that enhance independent living, choice and control

S8 CWB Adult Services Restructure

Redesign care management services in line with the Putting People First and Choice and Control national policy directives.

S9 CWB Restructure of Community Services

Review the operational functions and working arrangements of Community Services and progress the integration of community services with services across the Directorate.

S6 CWB Value for Money Review of Meals on Wheels

VFM efficiencies in the provision of community meals services with due consideration to statutory and discretionary duties

S7 CWB Value For Money Review of respite income

VFM efficiency in the provision of respite services with due consideration to statutory and discretionary duties

S17 CWB Increase flexible use of sessional tutor hours and reduce admin and teaching costs in lifelong learning

Increase flexible use of sessional tutor hours to deliver learning programmes and reduce unit costs of administration.

S23 CWB Reduced use of Agency Staff

Continue to implement strategy to recruit to vacant posts across Adult Social Care and reduce reliance on agency staff.

S29 CWB Completion of the re-provision of Newbeech

Efficiencies achieved through the early completion of the older persons care home re-provision programme.

S10 CWB Adult Social Care Transformation

Implement Putting People First and Choice and Control directives.

ES2 CWB Delete Social Work Post - CSWT

Implement previously agreed efficiency to delete a vacant social work post. Link to the growth proposals for additional reviewing officers, CHC specialist worker and CMHT workers.

ES3b CWB Reprovision of Central Library

Additional efficiencies identified as achievable through the provision of new library services (heart of Slough) and operating models.

GREEN & BUILT ENVIRONMENT

S01 GBE Parks Maintenance

Reduction in available budgets for exceptional repairs in parks. Standards of regular work such as planting, tree work and grass cutting are NOT affected by this proposal.

S03 GBE Recharges to HRA/Capital

In accordance with normal accounting practice capitalisation of a proportion of salaries to reflect the time spent by identified staff on delivery of the Britwell & Haymill Regeneration Project. As this saving is scheme specific it is not ongoing and a revenue increase will be required some time after 2012 when the scheme is completed and the budget spent.

S33 GBE Recharge to HRA

The Right to Buy officer within People 1st is known to be retiring imminently. Right to Buy is inherently a council function rather than a People 1st function as it entails the sale of assets owned by the council. The Council at any time can chose to vary the management agreement between itself and People 1st and with the current low level of interest in Right to Buy this function can be incorporated within the Council's Strategic Housing team within existing staffing resources. As a result a member of staff who is currently situated within a GF cost centre would be transferred to an HRA equivalent thereby generating a saving for the council.

S02 GBE Grounds Maintenance (S.106 funds)

Reduction in budgets for exceptional works on open spaces and highway verges. Regular work such as grass cutting, shrub pruning etc NOT affected by this proposal.

S08 GBE Housing Lettings Scheme

Reviewing the portfolio of temporary accommodation units rented or leased on the Council's behalf by partner RSL's to secure more cost effective procurement directly through the council with private sector landlords.

S36 GBE Concessionary Fares contract neg

Reimbursement to the bus operators for carrying concessionary bus permit holders will be reduced in 2010/11 and beyond due to reduced demand and negotiation with operators on reimbursement rates. This Demand reduction follows the extremely high demand experienced during 2008/09 when the free national scheme was first introduced.

S09 GBE Traders in Parks Income

Allowing controlled street trading pitches in parks car park areas.

S39 GBE Sale of Trade Waste Collection service

Slough Enterprise is able to develop a trade waste collection service until the Environmental Services contract expires in 2017. Upon expiry of the contract, the trade waste service customer list and existing contracts are passed back to Slough Borough Council. The value of this goodwill and list of contracts for waste disposal with the private sector may have a considerable value, and it may be possible to sell this asset either to a contractor such as Enterprise, in advance of the 2017 handover date. A formal tendering process will be required. The income could be received in 2010/11, but subject to a successful tendering procedure. The one off income shown above is therefore only an estimate, which is based on a similar sale of a trade waste service by Slough Borough Council in 2001, prior to the outsourcing of refuse collection. The trade waste service, if passed back to Slough Borough Council in 2017, would have an indeterminate value and would either need to be operated by the council in house, passed on to a new incumbent environmental services provider, or sold at that time to another organisation to operate. This proposal effectively tries to realise income from a future sale, in advance.

S35 GBE Small Traders' waste pass

To increase trade waste sales by offering a convenient method of payment in advance for small local traders to dispose of waste arisings from their businesses. The need to carry cash and an inability to arrange accounts has been cited as a reason by some for not using the council's service, in particular the green waste service. The exact nature of the scheme has yet to be agreed but additional income is estimated to be £25k. Alongside this scheme a promotional campaign will be run to increase general tonnages and income from existing users.

S25 GBE Reduce Transport Management consultancy

Reduce budget available to spend on transport and highways professional services consultants.

S05 GBE Delete vacant Transport Engineer post

Deletion of one team leader post in Transport service

S07 GBE Heart of Slough planning support-reduce consultancy support

Once Heart of Slough planning application is approved the associated staffing resource will be reviewed.

S12 GBE Bulky Waste - review of charges

To charge all users for the bookable bulky waste service.

ES1 GBE Travel Plan

Reduce travel plan implementation budgets which is needed to support staff in changing mode of travel to work e.g. bike lockers, shower provision at main sites, clothes lockers, additional resource in payroll to administer salary sacrifice schemes and season ticket loan arrangements.

ES2 GBE Highways Maintenance

Capitalisation of £250k of highways maintenance budget out of the revenue budget. If this is returned to the revenue budget there should be no impact on service and there will be no overall decrease in overall funding

RESOURCES

999 RES Reduction in Training / consultancy Budget

Saving to be made from the reduced provision of professional training and reduced usage of consultants in the Resources directorate

S06 RES HR & Payroll - Review of Service

Savings to be gleaned from reviewing the services currently provided by HR and Payroll and reducing as appropriate.

S01 RES Value for Money review IST

Staff reductions primarily in the area that supports the Council in the identification, procurement and implementation of new business systems, the development and implementation of the Council's IT strategy and some reduction in the support of existing infrastructure and systems.

S03 RES VFM review of legal services

Savings offered following a VFM review of Legal Services.

999 RES Review of Property Services

Savings offered following a review of Property Services.

ES01 RES Elections - fallow year

The re-instatement of a savings item offered for the year 2009/10.

999 RES Centralisation of the Finance Service

Savings made from the centralisation of the Finance Service during 2009/10.

IMPROVEMENT & DEVELOPMENT

S01 I&D Part time voluntary staff reduction within Comm'g, Procurement & LGSS

Saving from the reduction of one full-time post to a part-time post.

S02 I&D Economic Development & Inclusion - reduction in voluntary sector contributions and increased grant utilisation

Saving to be made from the reduction in voluntary sector contributions and increased grant utilisation.

S04 I&D Reduction in Admin within Corporate & Specialist Training Team-vacancy

Saving from the deletion of a vacant admin support post within the Corporate and Specialist Training Team.

S04 I&D More effective procurement providing VFM across Training Budgets

Saving to be gleaned by more effective procurement of training to give better value for money in this area.

S04 RES Customer Service Centre - Housekeeping Efficiencies

Saving from efficiencies within the Customer Service Centre budgets.

S05 I&D Housing Benefits improved accuracy

The generation of an additional £50k from the Central Government subsidy.

S04 I&D Vacant Performance Officer post

Saving from the deletion of a vacant Performance Officer post.

S04 I&D Delete vacant post -Policy Officer

Saving from the deletion of a vacant Policy Officer post.

S07 I&D Benefits - Recovery of Overpayments

The generation of additional income from the improvement in the recovery of overpayments.

S08 I&D Procurement /CSC - reduction in cost of Siebel Support

Saving from the contractual negotiation resulting in the reduction in cost of Siebel Support.

I&D Econ Rev - Removal of grant

Saving from the review of service.

S07 RES Revenues (Increase in court cost charges)

Generation of additional income from the increase in court cost charges.

S07 RES Revenues (restructure of service)

Savings to be made from the restructure of the Revenues Section.

S04 I&D Specialist Training

Saving to be made by reducing the provision of Specialist training.

ES01 I&D Sustainability - reduce energy consumption

Savings generated by the reduction in energy consumption.

COR Procurement Savings

Savings to be made from contractual negotiations occurring during the coming year.

CHIEF EXECUTIVE

S01 CE Communications – Reduce spend on Citizen and corporate projects

Reduction of the corporate projects budget.

S02 CE Executive's Office - Remodel service delivery to delete vacant post elsewhere

Saving from the review and remodelling of service delivery across the Executive's office.

S01 CE Communications – remodel service provision

Saving from the restructure of the Communications Team.

ES01 CE Cancellation of– LGA subscription

Saving from the cancellation of the council's subscription to the LGA.

SLOUGH BOROUGH COUNCIL			
Cash Limits			
2010/11 to 2012/13			
	2010/11	2011/12	2012/13
	Base Budget	Budget	Budget
	£'000	£'000	£'000
Education & Childrens Services	24,460	23,623	22,573
Community & Wellbeing	36,544	35,243	34,288
Green & Built Environment	25,987	25,735	26,257
Central Directorates	22,195	21,328	21,028
Corporate	(83)	(83)	(83)
Inflation to be allocated	1,200	1,630	1,660
Total Service Directorates	110,304	107,477	105,724
Treasury Management	3,334	5,865	6,979
Earmarked Contingencies & Other	2,714	4,196	6,050
Area Based Grant	(12,374)	(12,374)	(12,374)
Transfer to/(from) Balances	0	0	0
Budget Requirement excluding Parishes	103,979	105,164	106,379

Appendix F - Statement on Adequacy of reserves and robustness of estimates

SECTION 25 REPORT 2010/11 ROBUSTNESS OF BUDGET AND LEVEL OF RESERVES AND BALANCES

1. Introduction and Purpose of Report

- 1.1 To review the Council's General Fund Budget, Capital Programme, Earmarked Reserves and General Fund Balances to ensure the robustness of the estimates included.

2. Executive Summary

- 2.1 Under Section 25 of the Local Government Act 2003, the Strategic Director of Resources as the Council's Chief Financial Officer (the Council's 151 Officer) is required to report to the Council on:

- 1) The robustness of the estimates included within the budget
- 2) The adequacy of the reserves and balances

- 2.2 Under the Act, Members must have regard to the contents of this report when making their decisions on the budget.

3. Proposals

- 3.1 It is proposed that Members consider the contents of this report when making their decisions on the Council's budgets at this meeting.

4 . Recommendation

- 4.1 The Council is recommended: to consider the contents of this report in approving the General Fund and Capital Programme 2009/10 budgets and that the Section 25 report on the robustness of the budget be noted.

"The Strategic Director of Resources reports that the estimates of income and expenditure forming the Council's General Fund Revenue Budget for 2010/11 have been prepared on the basis of existing plans, known current and future commitments and the financial implications of the proposals for service development, improvement and efficiencies.

Where it has been necessary to do so, in the case of certain budgets (e.g. pay, investment income and income from fees and charges), assumptions have been used for inflation, interest rates and service take-up that, on the basis of current and predicted levels of activity, are considered to be reasonable and prudent.

However, Members will appreciate that some budgets are more sensitive and responsive to changes in demand, often caused by factors outside of the Council's control. In the event of any unanticipated changes it may be necessary to take corrective action and the effectiveness of this relies on good systems of budgetary control, monitoring and risk management.

It is important, therefore, to review actual performance against budget on a regular basis in order to ensure budgets remain on track, particularly the realisation of savings/efficiency proposals as well as being proactive in identifying emerging risks and responding accordingly, taking remedial action where this is appropriate.

Set within this wider control framework and the adequacy of the Authority's financial arrangements generally, the Chief Financial Officer considers the Council's budget estimates for 2010/2011 to be robust although the medium term position facing the Council remains challenging.

With regard to the medium term, Members will be aware of a number of pressures facing the Council. These need to be considered in the context of the national framework being applied to local government, which, amongst other things, requires increasing efficiencies and restrictions on council tax increases. Against this backdrop the expectation is that, future years budgets will come under increasing pressure with a growing emphasis on prioritisation, efficiency, innovation and collaboration in service delivery. Members may therefore face difficult decisions in later years in order to sustain a balanced budget over the medium term

Whilst this has been reflected in part within the current service and financial planning framework the work required is likely to intensify for subsequent budget rounds.

Statement on the Adequacy of Financial Reserves

- 4.2 The Council is asked to consider the following statement in respect of the adequacy of the Council's proposed financial reserves:-

"The Strategic Director of Resources reports that, having conducted a review of the Council's requirement for the minimum working balance, taking into consideration various matters including:-

- the Council's spending plans for 2010/1 and the medium term financial position;*
- adequacy of estimates of inflation, interest rates;*
- treatment of demand led pressures;*
- impact of external partnerships;*

- *the need to respond to emergencies.*
- *Capital programme variations.*

an amount of £5m is considered adequate for this purpose.

However, the extent to which the levels of general fund balance is diminishing in proportion to the forecast growing budget is a situation that is not sustainable over the medium term without a need to align expenditure more closely with ongoing resources and adopt a risk based . Combined with the uncertainty surrounding the outcome of the grant settlement, additional spending pressures arising due to demand led services and demographic pressures will mean that the level of general fund balances and unallocated reserves will need to be increased and maintained under review to secure sound financial standing in future years.

This statement is made on the understanding that any use of reserves and balances is undertaken in accordance with the Council's existing Financial Procedure Rules”

5 Supporting Information

- 5.1 The conclusion is that the processes followed have been generally sound and similar to those that have produced robust estimates in the past. In the light of information made available during the budget process, there is sufficient capacity in the proposed budget and available reserves and balances to cope with the financial risks the Authority faces in 2010/11.
- 5.2 The strength of the service and financial planning processes supported by a professional finance team, with the involvement of Service Management Teams, Directorate Management Teams, Strategic Directors and Corporate Management Team, and elected Members,; the extensive consultation; the assessment of risk; the rigorous challenge; the inclusion of a central contingency; and the way in which it is underpinned by adequate balances; means that the draft budget is robust, comprehensive and geared to the delivery of the Council's key objectives and service priorities.
- 5.3 Section 25 of The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer (“CFO”) to make a report to the authority when it is considering its budget and Council Tax. Also, Section 26 of the Act gives the Secretary of State power to set minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that “the provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its CFO and is heading for serious financial difficulty”.

- 5.4 The Local Government Finance Act 1992 also requires that authorities have regard to the level of reserves needed for meeting estimated future expenditure when calculating the next budget requirement.
- 5.5 There are also a range of safeguards to ensure authorities do not over-commit themselves financially. These include:
- The CFO 'S114' powers, which require a report to all members of the authority if there is or is likely to be unlawful expenditure or an unbalanced budget
 - The Prudential Code which applied to capital financing from 2004/5.
- 5.6 These safeguards are reinforced by the Use of Resources Assessment by the Audit Commission which includes a methodology to assess the financial performance and standing of the authority.

6 Guidance on Evaluation of the Estimates

- 6.1 The Local Government Act 2003 does not provide any specific guidance on how to evaluate the robustness of the estimates. The explanatory notes to the Act do, however, stress that decisions on the appropriate level of reserves should not be based on a rule of thumb, but on an assessment of all the circumstances considered likely to affect the authority. In addition reference is also made to the CIPFA guidance on reserves and balances.
- 6.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:
- Assumptions regarding inflation
 - Estimates of the level and timing of capital receipts
 - Treatment of demand led budgets (i.e. budgets where expenditure or income are to some extent beyond the Council's control)
 - Treatment of efficiencies
 - Risks inherent in any new partnerships etc
 - Financial standing of the authority (level of borrowing, debt outstanding etc)
 - The authority's track record in budget management (including the robustness of the Medium Term Financial Strategy)
 - The authority's capacity to manage in-year budget pressures
 - The authority's virement and year-end procedures in relation to under- and over- spends
 - The adequacy of insurance arrangements.
- The above issues are also of relevance when evaluating the robustness of the budget.

7. Reserves

7.1 The estimated level of reserves as at 31 March 2010 are shown in Appendix F(i). The rationale for each of these reserves and the level required in each has been reviewed. The remaining reserves are considered to be both necessary and at adequate levels. In addition to the various earmarked reserves, the Council will have an estimated General Fund Balance of approximately £5m at 31st March 2010. The General Fund balance materially meets good practice recommended minimum of 5% of the budgeted net operating expenditure for the financial year 2010/11.

7.2. Reserves can be held for three main purposes:

- general reserves to meet the potential costs of emergencies or unexpected events, including a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing

- a contingency to meet the costs of events that are possible but whose occurrence is not certain – this also forms part of general reserves. For the financial year 2010/11 an Economic Factors Reserve has been set up to deal with any increased demand on Council services, additional costs (e.g. overall inflation or specifics such as higher than anticipated fuel cost rises), falls in income from fees and charges or reduced investment income.

- earmarked reserves to meet known or predicted liabilities over a period of time usually of more than one year. These earmarked reserves protect the Council against specific financial risks and this is a factor to be taken into account when assessing the adequacy of the totality of balances and reserves and the level of the General Fund Balance.

8 Strategic Budget Issues to Evaluate for Robustness

8.1 Inflationary pressures

Provision has been made for a national pay award of 1%. An assumption on staff turnover savings recruitment costs etc is made departmentally. Budgets have been prepared at out-turn prices (i.e. to take account of known or expected increases in the prices of goods and services). This is a tried and tested approach, although in the unusual economic situation currently being experienced an Economic Factors Reserve has also been set up as outlined above.

8.2 Capital Programme Revenue Effects and Financing

The revenue budget includes all revenue effects of capital schemes. Particular emphasis has been placed on the major schemes regarding the Council's Heart of Slough project. Assumptions of new capital receipts in

2010/11 are based on realistic estimates received from the relevant officers in the Council.

8.3 Treatment of demand led pressures and efficiencies

Particular care has been taken in compiling the key Council budgets which are often described as 'demand led' because their achievement is to some degree outside the Council's control. These types of budgets, are likely to contribute significantly to any overall variation of actual achievement against budgets particularly so given the sensitivity of some services to demographic pressures – an issue resultant in considerable under funding for the Borough. Some of these budgets could be further affected by the prevailing economic recession and in all cases a prudent approach has been adopted in the estimates prepared.

8.4 Savings Identified

Savings proposals for 2010/11 total approximately £4m. The main priority in achieving these savings was to protect front line priority services. Each of these efficiency proposals was evaluated for feasibility of achievement and found to be realistic. Each expenditure efficiency has been removed from the relevant budget and each agreed increase in income added to the relevant budget. Both expenditure and income efficiencies will be profiled on the Council's Financial Management System to make it clear that efficiencies are expected to be realised from the agreed date. Prior to the commencement of the financial year 2009/10 officers responsible for these services and the associated budget reductions or additional income will be reminded of the need to achieve the figures put forward within the agreed timescales. Monthly financial information will then be provided to help monitor progress, and any significant variations will be reported to both the Corporate Management Team and the Cabinet. These reports will contain proposals for corrective action where necessary.

8.5 At the time of writing this report there were a small number of efficiencies where the detailed managerial action plan for implementation had not been completed. On this basis these efficiencies have been included in the budget on a part year basis. In view of the clear political and managerial intent, relatively small sums involved, the robustness of the remaining budget and the overall adequacy of reserves, it is considered that there is no significant risk to the Authority arising from the inclusion of these sums.

8.6 Any one-off costs of achieving ongoing efficiencies have been built into rationale and projections of use of provisions.

9. Investment Income

9.1 The 2009/10 revenue budget for investment income is based on ensuring security of investment, liquidity and income yield, in that order. It assumes that

the interest due from the Council's investment in the Icelandic Bank will not be received following the collapse of that bank. This assumption will not prevent the Council continuing to press for the payment of the sum due.

- 9.2 The Council's investment income budget for 2010/11 has been compiled on the basis of close tracking of actual and likely interest rates and with the help of external information sources. The emphasis has been on the least risky places to invest the Council's money and this, along with the trend in interest rate reductions and the agreed use of capital receipts has led to a significant reduction in the investment income built into the budget. In budgetary terms this is prudent and places the Council at less risk of exposure in-year.

10 Capacity to Manage in-year Budget Pressures

- 10.1 The Authority has a record of maintaining good financial and budgetary discipline in the face of mid-year pressures, including virement procedures that allow funds to be moved to areas of pressure. Although underspends and overspends are not automatically carried forward, the Authority does have an approved carry forward scheme.
- 10.2 For a number of years, year-end out-turn has been within approved budget levels, although the trend to early overspends remains visible, this trend is reducing and the discipline to remain within overall budgeted levels is well established. This is a welcome change, although it does mean, quite rightly, that further development on accurate budgeting, profiling and forecasting is required and this is a major area of agreed focus for the Council's corporate management team.
- 10.3 Managers with budgetary responsibility receive ongoing financial training and support.
- 10.4 Budget holders receive regular information from their relevant finance lead and regular Financial Management System (FMS) reports. Both budget profiling and commitment accounting are used to assist the budgetary control process.
- 10.5 The Cabinet receives monthly budgetary performance reports, including proposed actions to deal with any variances from budget and early consideration of the of potential pressures.

11. Risk Management and Insurance Arrangements

- 11.1 The Council has continued to improve its risk management approach which regularly updates the key risks and identifies actions which can reduce the likelihood and impact of those risks. The risks identified are fed into the budgetary process as appropriate.

- 11.2 In recent months the economic recession has featured as a key risk for several of the Council's income budgets and appropriate budgetary provision has been made in respect of these.
- 11.3 A further risk that has featured in previous budgets relates to the Job Evaluation and harmonisation project which is due to conclude at the end of the current financial year, removing a level of uncertainty previously experienced.
- 11.4 Specific service based and demand led budget risk considerations are identified and considered within the main budget report.
- 11.5 The Authority has a very low record of claims against its insurance policies. A comprehensive range of insurance policies are held, although these are subject to regular review to ensure that this is the most appropriate response to the risks faced.

12 Longer Term Considerations

- 12.1 Although this report has the 2010/11 budget as its focus it is worthwhile considering briefly some of the key longer term financial issues facing the Council so that it can be established that no hidden issues could affect the forthcoming budget year.
- 12.2 The Council has a robust Medium Term Financial Strategy which is regularly updated and gives multi-year projections of the Council's revenue and capital position.
- 12.3 The Council makes contributions to the Berkshire Pension Fund on behalf of staff. The next actuarial review of the fund will be based on the position as at 31 March 2010. The results of the review should be known in late 2010 with any changes to contribution rates expected to be implemented with effect from 2011/12. The anticipated impact for the Authority will be reviewed as information becomes available and the current projection anticipates funding requirements in 2011/12.

13. Key Issues for Consideration and Options

- 13.1 The key issues are whether:
- the base budget is realistic
 - the expenditure efficiencies are achievable
 - the additional income will be received
 - the reserves are adequate to deal with any shortfall in the budget
- 13.2 It is considered that these requirements are in fact met.

- 13.3 The Full Council can of course make changes to the budget even at this late stage, although it is advised that any such changes, if significant, could adversely affect the robustness of the budget if a full appraisal of their likely consequences is not undertaken.

Appendix F(i) Schedule of all reserves

Appendix F (i)						
SLOUGH BOROUGH COUNCIL						
General Fund Reserves						
*(Will be reviewed in Nov)						
	2008/09	2009/10		2010/11	2011/12	2012/13
	Actual	Committee Approved	Projected Out-turn	Projected Postion*	Projected Postion*	Projected Postion*
	£'000	£'000	£'000	£'000	£'000	£'000
<u>General Fund Balance</u>						
Balance as at 1st April	5,135	5,126	5,135	5,135	5,135	5,135
Planned Contribution to/(from) Revenue Account	0	0	0	0	0	0
	5,135	5,126	5,135	5,135	5,135	5,135
Balance as at 31st March	5,135	5,126	5,135	5,135	5,135	5,135
<u>Earmarked Reserves</u>						
Balances as at 31st March:						
Department Services	1,065	0	0	0	0	0
Miscellaneous Reserves:						
Future Debt & Capital Requirements	5,497	3,491	4,939	2,927	806	874
Property fund/ Feasibility& Capital Disposal	715	300	715	610	300	400
Contingency	1,060	420	730	835	1,000	1,000
Finance System Upgrade	100	0	100	100	0	0
Berkshire Liabilities	785	515	500	515	400	300
LABGI	192	0	0	0	0	0
PFI	1,348	0	1,348	1,348	1,348	1,348
BSF	50	0	50	50	0	0
LPSA	936	0	0	0	0	0
LSP Management	264	0	120	0	0	0
LD Transfer from PCT	0	0	0	186	0	0
Organisational Change	0	0	0	250	0	0
Sure start	370	0	370	370	200	100
	11,317	4,726	8,872	7,191	2,506	2,574
Trading Accounts	85	0	85	85	85	85
Insurance Reserves	516	375	516	375	375	375
Capital Reserves - Schools	309	0	309	0	0	0
Total Earmarked Reserves	13,292	5,101	9,783	7,651	2,966	3,034
Total General Fund Reserves	18,427	10,227	14,918	12,786	8,101	8,169

SUMMARY OF CAPITAL PROGRAMME

Appendix G (i)

Line	Summary	2009/2010 July 09 Estimate	2009/2010 Revised Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	TOTAL Estimate
	<u>EXPENDITURE</u>	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	GENERAL FUND PROGRAMME										
1	Community and Wellbeing	2,006	1,149	1,380	5140	1,340	50	3,500	500	0	13,059
2	Education and Children's Services	12,843	13,155	18,903	400	-	-	-	-	-	32,458
3	Green and Built Environment	9,478	7,415	10,571	5,605	2,296	747	-	-	-	26,634
4	Green & Built Environment: Affordable Housing	2,462	1,115	2,162	2,360	210	-	-	-	-	5,847
5	Resources/Improve & Development/C.Executive	15,669	7,676	16,553	11,277	750	750	-	-	-	37,006
	TOTAL GENERAL FUND CAPITAL PROGRAMME	42,458	30,510	49,569	24,782	4,596	1,547	3,500	500	-	115,004
	<u>SOURCES OF FINANCING</u>										
	GENERAL FUND PROGRAMME										
6	Capital Grants & Contributions	10,173	13,769	17,646	1,093	-	-	-	-	-	32,508
7	Capital Fund	1,342									
8	Prudential Borrowing	25,423	16,321	21,893	23,509	665	-	-	500	-	62,888
9	Capital Receipts	5,520	420	10,030	180	3,931	1,547	3,500	-	-	19,608
	TOTAL GENERAL FUND FINANCING	42,458	30,510	49,569	24,782	4,596	1,547	3,500	500	-	115,004

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Line	CAPITAL SCHEME	Source of Funding	2009/2010 REVISED Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	Total Estimate
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Community and Wellbeing										
1	Community Care / Day Care Project	M	1	49	20	0	0	0	0	0	70
2	Playground upgrade / Improvements	M	0	28	0	0	0	0	0	0	28
3	Replace / Upgrade Library computer system (Includes P651)	M	0	20	10	0	0	0	0	0	30
4	Social Care IT System (Replacement System for CRIS)	G	113	0	0	0	0	0	0	0	113
5	Boiler/Electrical Replacement - Community Facilities	M	3	0	0	0	0	0	0	0	3
6	Longcroft Care Home - Install LST. Radiators	M	1	0	0	0	0	0	0	0	1
7	Voluntary Sector Accommodation	M	0	0	0	0	0	0	0	0	0
8	Home Care e-timesheet System	M	60	0	0	0	0	0	0	0	60
9	Home Care e-rostering System	M	60	0	0	0	0	0	0	0	60
10	West Wing Arts Centre - Car Park Resurface	M	6	0	0	0	0	0	0	0	6
11	Leisure Services Programme	M	108	8	0	0	0	0	0	0	116
12	Care Home Reprovision Associated Roadworks	M	7	0	0	0	0	0	0	0	7
13	Cippenham Library Extension	G	118	0	0	0	0	0	0	0	118
14	Haymill Community Centre Re-Provision	M	0	0	0	50	50	3,500	500	0	4,100
15	BIG Lottery Play	G/M	147	100	0	0	0	0	0	0	247
16	Social Care Project DOH	G	60	0	0	0	0	0	0	0	60
17	DCSF Play	G	405	405	0	0	0	0	0	0	810
18	Free Swimming Initiative - Langley Leisure Centre	G	0	0	0	0	0	0	0	0	0
19	New Community Centre at TVCC site	M	60	90	5,110	1,290	0	0	0	0	6,550
20	Day Service Re-Provision	M	0	450	0	0	0	0	0	0	450
21	Invest to Save Library Strategy	M	0	230	0	0	0	0	0	0	230
	Total Community and Wellbeing		1,149	1,380	5,140	1,340	50	3,500	500	0	13,059

Line	CAPITAL SCHEME	Source of Funding	2009/2010 REVISED Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	Total Estimate
	Education and Children's Services										
22	The Crown Relocation (Young Peoples Centre)	M	5	0	0	0	0	0	0	0	5
23	Voluntary Aided Schools LEA Liability	M	0	63	0	0	0	0	0	0	63
24	Education Capital - Improvements to Schools Portfolio	G	0	233	0	0	0	0	0	0	233
25	Littledown School - Toilets	G	3	0	0	0	0	0	0	0	3
26	Lynch Hill School - External Surfaces (F)	G	391	0	0	0	0	0	0	0	391
27	Our Lady of Peace Infant - Autistic Resource Unit	G	0	0	0	0	0	0	0	0	0
28	Amalgamation/School Reorganisation - Lea School	G	1,906	52	0	0	0	0	0	0	1,958
29	PFI, Safe Routes to School	M	12	0	0	0	0	0	0	0	12
30	Baylis Court - Building Services (heating) Phase 1 (F)	G	15	0	0	0	0	0	0	0	15
31	Baylis Court - Building a School for the Future Phase 1 (F)	G	575	3,441	0	0	0	0	0	0	4,016
32	DDA/SENDA Access works	G	81	150	0	0	0	0	0	0	231
33	Herschel Grammar - Window Replacement (F)	G	0	0	0	0	0	0	0	0	0
34	Marish Junior - Replacement windows	G	2	0	0	0	0	0	0	0	2
35	Schools Kitchen upgrades Programme	G	54	0	0	0	0	0	0	0	54
36	Site Controller Accommodation - refurbishment programme	G	3	0	0	0	0	0	0	0	3
37	Westgate School - Replace gym windows and structure (F)	G	27	0	0	0	0	0	0	0	27
38	Marish Children's Centre	G	3	0	0	0	0	0	0	0	3
39	Slough & Eton CE School (TCF)	G	0	97	0	0	0	0	0	0	97
40	Wexham School for the Future (TCF)	G	1,335	0	0	0	0	0	0	0	1,335
41	Khalsa Sikh Primary School (Funding Gap)	M	183	0	0	0	0	0	0	0	183
42	Cippenham Nursery & Graduated Childrens Centre	G	1	0	0	0	0	0	0	0	1
43	Colnbrook Graduated Childrens Centre	G	50	730	0	0	0	0	0	0	780
44	St Mary's Graduated Childrens Centre (Upton)	G	18	0	0	0	0	0	0	0	18
45	Wexham Court Primary - Correct drains and upgrade external areas	G	3	0	0	0	0	0	0	0	3
46	Beechwood/Arbour Vale - Fibre optic installation diversion	G	20	0	0	0	0	0	0	0	20
47	Godolphin Infant - Roof replacement	G	31	0	0	0	0	0	0	0	31
48	Godolphin Infant - Window replacement phase 2	G	0	0	0	0	0	0	0	0	0
49	Slough Grammar - Window replacement phase 1 (F)	G	50	0	0	0	0	0	0	0	50
50	Slough Grammar - Mechanical Services Upgrade (F)	G	190	0	0	0	0	0	0	0	190
51	Schools Devolved Capital	G	4,159	1,152	0	0	0	0	0	0	5,311
52	LSC @ Wexham	G	161	0	0	0	0	0	0	0	161
53	Godolphin Junior Phase 1 (M&E)	G	2	0	0	0	0	0	0	0	2
54	James Elliman - Roof Repairs	M	35	0	0	0	0	0	0	0	35
55	Westgate Expansion (TCF)	G/M	530	3,700	300	0	0	0	0	0	4,530
56	Replace Springboard (TCF)	G	0	500	0	0	0	0	0	0	500
57	Upton Lea Community Centre/ Children's Centre Refurbishment	G	145	0	0	0	0	0	0	0	145
58	Slough Islamic School	G	500	0	0	0	0	0	0	0	500
59	Priory School Childrens Centre	G/M	600	120	0	0	0	0	0	0	720
60	Schools Bulge Classes (see note)	G/M	830	0	0	0	0	0	0	0	830
61	Parlaunt Park Primary Refurbishment (PCP1)	G	292	2,708	0	0	0	0	0	0	3,000
62	Wexham Court Primary Expansion (PCP2)	G	443	3,557	0	0	0	0	0	0	4,000
63	Primary Expansion - Lea Primary School	M	500	2,400	100	0	0	0	0	0	3,000
	Total Education and Children's Services		13,155	18,903	400	0	0	0	0	0	32,458

Line	CAPITAL SCHEME	Source of Funding	2009/2010 REVISED Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	Total Estimate
	Green and Built Environment										
64	Housing Imp. Grants: Minor Works (Incl Home Repair Assistance)	G / M	70	228	226	0	0	0	0	0	524
65	Housing Imp. Grants: Landlord (Private Rented)	G / M	150	568	567	200	0	0	0	0	1,485
66	Housing Imp. Grants: Renovation (Owner Occupied)	G / M	80	202	202	0	0	0	0	0	484
67	Housing Imp. Grants: Disabled Facilities (Mandatory)	G / M	580	387	387	236	0	0	0	0	1,590
68	Housing Imp. Grants: Disabled Facilities (Discretionary)	M	18	94	93	50	0	0	0	0	255
69	Air Quality Management (2005/2006)	M	0	14	0	0	0	0	0	0	14
70	Art at the Centre - Revitalising High St	G/M	1,800	0	0	0	0	0	0	0	1,800
71	Chalvey Waste Transfer Station	M	21	0	0	0	0	0	0	0	21
72	Parking Strategy	M	40	30	0	0	0	0	0	0	70
73	Road Safety Programme	M	1	0	0	0	0	0	0	0	1
74	Herschel Park Project (Heritage Lottery Parks)	G/M	12	231	0	0	0	0	0	0	243
75	20 mph Speed Zones	M	8	0	0	0	0	0	0	0	8
76	Highways/Land Drainage- Rehabilitation/Upgrading	M	91	0	0	0	0	0	0	0	91
77	Urban Traffic Control System Development	M	197	0	0	0	0	0	0	0	197
78	Gas Analysers - Slough Crematorium	M	40	0	0	0	0	0	0	0	40
79	Greener Travel	M	650	500	250	200	0	0	0	0	1,600
80	Highway Asset Management System	M	30	0	0	0	0	0	0	0	30
81	Subway Closure Programme	M	0	120	0	0	0	0	0	0	120
82	Local Safety Scheme Programme	M	150	200	100	100	97	0	0	0	647
83	Street Lighting Improvements Programme Phase 1	M	495	0	0	0	0	0	0	0	495
84	Street Lighting Improvements Programme Phase2	M	0	400	400	400	150	0	0	0	1,350
85	Lascelles Pavilion Refurbishment	G	47	50	0	0	0	0	0	0	97
86	Highway Reconfiguration & Resurface (2008/09 - 2011/12)	M	672	450	450	450	250	0	0	0	2,272
87	Air Quality Award Grant (2006/2007)	G	0	19	0	0	0	0	0	0	19
88	Air Quality Grant 2007/08 & 2008/09	G	0	48	0	0	0	0	0	0	48
89	Hatfield MSCP improvements		7	0							7
90	Tesco CCTV	G	54	0							54
91	Waste & Recycling Containers	M	293	272	20	0	0	0	0	0	585
92	Britwell & Northborough Regeneration (P779)	M	218	1,000	1,000	0	0	0	0	0	2,218
93	Crematorium - Replacement of Old Cremators	M	14	0	0	0	0	0	0	0	14
94	Centre Nurseries Boiler Replacement	G/M	24	0	0	0	0	0	0	0	24
95	Births, Deaths & Marriages Air Conditioning	M	36	0	0	0	0	0	0	0	36
96	Neighbourhood Enhancements	M	500	400	300	300	0	0	0	0	1,500
97	Crematorium EPA	M	100	700	600	0	0	0	0	0	1,400
98	Casualty Reduction and Road Safety Programme	M	50	150	150	150	150	0	0	0	650
99	CCTV Relocation	M	50	1,150	0	0	0	0	0	0	1,200
100	Greener Slough	M	0	60	0	0	0	0	0	0	60
101	Highways Road and Pavement Resurfacing	M	250	110	0	0	0	0	0	0	360
102	ITS - Real Time Passenger Information GROSS	G/M	200	2,300	0	0	0	0	0	0	2,500
103	Parks & Open Spaces	M	150	450	400	100	100	0	0	0	1,200
104	Colnbrook By-Pass	G	170	188	0	0	0	0	0	0	358
105	Upton Court Park	G	30	0	0	0	0	0	0	0	30
106	Highway and Land Drainage Improvements	M	0	0	110	110	0	0	0	0	220
107	Slough Station Forecourt/Brunel Way Enhancement (Net)	G / M	0	250	350	0	0	0	0	0	600
	SubTotal		7,298	10,571	5,605	2,296	747	0	0	0	26,517
	SECTION 106 SCHEMES										
108	Route 77 Bus Service Improvements	G	3	0	0	0	0	0	0	0	3
109	Quality Inn - Brands Hill	G	14	0	0	0	0	0	0	0	14
110	Transport Model	S106	100	0							100
	SubTotal		117	0	0	0	0	0	0	0	117
	Total Green and Built Environment		7,415	10,571	5,605	2,296	747	0	0	0	26,634

Line	CAPITAL SCHEME	Source of Funding	2009/2010 REVISED Estimate	2010/2011 Estimate	2011/2012 Estimate	2012/2013 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	Total Estimate
	Green & Built Environment: Affordable Housing										
111	New Housing Provision Unallocated (pending funding)	G / M	100	883	980	0	0	0	0	0	1,963
112	Western House School (from P510)	G / M	50	50	0	0	0	0	0	0	100
113	Radian - Slough Ex TVU accomodation (from P510)	G / M	200	0	0	0	0	0	0	0	200
114	Thames Valley - Slough Garages Phase 2	G / M	20	0	0	0	0	0	0	0	20
115	Paradigm 1-7 High Street Slough	G / M	331	0	0	0	0	0	0	0	331
116	A2 Housing - Slough Garages Ph 3 (Swabey Rd)	G / M	20	20	0	0	0	0	0	0	40
117	Sovereign HA - Misc. family homes purchases	G / M	394	39	0	0	0	0	0	0	433
118	A2 Housing - Slough Garages Phase 3 (Other)	G / M	0	0	0	0	0	0	0	0	0
119	Paradigm Slough Garages Phase 4	M	0	330	330	0	0	0	0	0	660
120	Sovereign HA - Slough Gargaes Phase 5	M	0	90	90	0	0	0	0	0	180
121	Arbour Vale STFC - Paradigm HA	M	0	250	250	0	0	0	0	0	500
122	Britwell/Haymill Regeneration	M	0	500	500	0	0	0	0	0	1,000
123	TV/HA - Slough Garages Phase 6	M	0	0	210	210	0	0	0	0	420
	Total Green & Built Environment: Affordable Housing		1,115	2,162	2,360	210	0	0	0	0	5,847
	Resources / Improvement & Development / Chief Executive										
124	Heart of Slough Project	M	3,812	13,965	9,327	0	0	0	0	0	27,104
125	Server replacement and clustering	M	13	0	0	0	0	0	0	0	13
126	Computer Hardware & operating Systems	M	500	1,000	0	0	0	0	0	0	1,500
127	Business Objects / Discoverer	M	20	0	0	0	0	0	0	0	20
128	E-Purchasing	M	168	0	0	0	0	0	0	0	168
129	Customer Service Centre	M	249	0	0	0	0	0	0	0	249
130	St Martins Place Fit Out Works	M	6	0	0	0	0	0	0	0	6
131	Accommodation Strategy	M	1,537	738	0	0	0	0	0	0	2,275
132	Access Control System (T.Hall/W.House/Landmark)	M	119	0	0	0	0	0	0	0	119
133	DDA Improvement Works	M	308	500	500	500	500	0	0	0	2,308
134	St Martins Place - Acquisition Leasehold Interest	M	221	0	0	0	0	0	0	0	221
135	Shared Services	M	100	100	1,200	0	0	0	0	0	1,400
136	Town Hall Computer Room	M	350	0	0	0	0	0	0	0	350
137	Council Wide Reserve	M	273	250	250	250	250	0	0	0	1,273
	Total Resources / Improvement & Development / Chief Executive		7,676	16,553	11,277	750	750	0	0	0	37,006
	TOTAL GENERAL FUND CAPITAL		30,510	49,569	24,782	4,596	1,547	3,500	500	0	115,004

Glossary of terms

Area Based Grant: A new revenue grant not ring-fenced to any specific purpose. The ABG was established in 2008/09 by consolidating a range of former specific grants and replacing LAA funding arrangements.

Balances: Unallocated reserves which are essentially retained to cover uncertainties and risks which may require funding in the future.

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.

Budget Requirement: The amount the authority estimates as its planned spending for the forthcoming financial year, after deducting income it raises from fees and charges, specific grants and funding from reserves.

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.

Capping: The power retained by the Secretary of State to limit an authority's budget requirement if he considers it, or the increase on the previous year's budget, to be excessive. All local authorities are potentially subject to capping once they have set their council tax or precept requirements.

Cash Limits: An amount of money agreed by the Administration within which a Directorate sets its budget, and subsequently within which it is expected to contain its net expenditure.

Collection Fund: 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. 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.

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 from the National Non Domestic Rate (NNDR) 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.

Local Government 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.

National Non-Domestic Rates (NNDR): Also known as Business Rates, they are the means by which local businesses contribute towards the cost of local authority services. The rates are pooled by central government and redistributed to local councils according to the number of people living in the area. This money, together with revenue support grant forms each individual local authority's Formula Grant allocation.

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 2010/11 the multiplier is 41.4p in the £. For small business with rateable values below £5,000, this is reduced to 40.7p 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.

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.

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).