



SWINDON BOROUGH COUNCIL
Municipal Year 2020/21

Thursday, 18 February 2021

**COUNCIL CHAMBER
CIVIC OFFICES
SWINDON**

10 February 2021

Dear Councillor,

Summons to attend Council Meeting

A MEETING of the **Council**, which you are requested to attend, is to be held at the CIVIC OFFICES, SWINDON, on **Thursday, 18 February 2021** at **7.00 p.m.**

The business to be transacted will be as follows:-

AGENDA

NOTE:

You may view the meeting here:

[Public and Press Access](#)

1. Apologies for Absence

2. Communications

To receive any communications or letters which the Mayor or Chief Executive may have to bring before the Council.

3. Minutes (Pages 7 - 16)

To receive the minutes of the previous meeting.

4. Declarations of Interest

Members are reminded that at the start of the meeting they should declare any known interests in any matter to be considered, and also during the meeting if it becomes apparent that they have an interest in the matters being discussed.

5. Public Question Time

See explanatory note below.

6. Council Budget 2021/22 (Pages 17 - 130)

To approve, following a recorded vote, the Council's Budget for the Financial Year, 2021/22.

The Cabinet met on 3rd February 2021 to consider the following reports relating to the Council's Budget, 2021/22.

(i) Budget Management Update (February)/Draft Budget 2021/22.

(ii) Capital Programme 2025/26.

(iii) Treasury Management Strategy Statement 2021/22

Cabinet Minutes 44, 45 and 46 relating to these reports are attached (Pages 17 to 21).

7. Council Tax Setting 2021/22 (Pages 131 - 146)

To enable Members, following a recorded vote, to formally resolve the Borough Council's Council Tax for 2021/22.

8. Housing Revenue Account - Rents and Charges 2021/22 (Pages 147 - 170)

To approve the Council's Housing Revenue Account Budget for the Municipal Year 2021/22.

The Cabinet met on 3rd February 2021 to consider the attached report on the Housing Revenue Account – Rents and Charges 2021/22.

Cabinet Minute 47 relating to this report is attached (Pages 147 to 148).

9. Swindon Pay Policy Statement 2021/22 (Pages 171 - 194)

To approve the Council's Pay Policy Statement 2021/22.

The attached report on the Council's Pay Policy Statement 2021/22 was considered by the Cabinet on 3rd February 2021.

Cabinet Minute 48 relating to this report is attached. (Pages 171 to 172)

10. Motions

(a) Motion - Young Carers

Councillor Barbara Parry will move:

There is a relatively strong body of evidence on the adverse impact of caring on health outcomes - including mental health, social activity, educational engagement and employment opportunities for Young Carers.

OFSTED inspections no longer directly recognise Young Carers and hence, they are not afforded the protection and financial support that other disadvantaged young people are. Young Carers are considerably disadvantaged and whilst some fall into the Pupil Premium category by coincidence, many do not due to the ongoing difficulties with identifying them. They can often find themselves struggling to meet homework deadlines due to their commitments in the home, miss out on opportunities and experiences to aid personal development, and develop cultural capital. This includes extra-curricular activities, which also support academic attainment. As many of these activities take place outside of school hours, many Young Carers will not attend these sessions due to commitments at home.

This Council believes:

- By using a small proportion of the Pupil Premium to support young carers, schools can mitigate some of the inequalities and barriers that young carers face, raise student aspirations, attainment and improve the life chances for this significant and vulnerable group.
- All Young Carers should be put under the Pupil Premium umbrella in order to provide them with the necessary protection and support.
- All Young Carers should receive dispensation from consequences when their Young Carer role prevents them from meeting homework deadlines and alternative arrangements should be made to support them and their learning.
- The system for identifying Young Carers should be reviewed with a view to making improvements to ensure they are all able to receive the support they require.

This Council:

- Is committed to doing all it can to champion Young Carers and to raise their aspirations and as such will work with schools and other relevant partners, including the Government, to make necessary improvements and to periodically review, reflect and implement any further improvements.

This Council requests that:

- The Leader writes to the Secretary of State for Education, the Rt Hon Gavin Williamson MP, and the Minister of State for Schools, the Rt Hon Nick Gibb MP, recognising the enormous contribution that young carers make. The letter should further request:
 - That a system be put in place to ensure that all Young Carers are included in the Pupil Premium or that a separate fund similar to that of the Pupil Premium be implemented for young carers.

- That OFSTED inspections must once again include support for and outcomes of Young Carers
- The Cabinet Members for Children's Services and Education & Skills, in consultation with the Young Carers themselves, work with their officers to raise further awareness in all Swindon Schools of the role of Young Carers and to encourage all Swindon schools to achieve the Young Carer Award and rightly champion these young people. Thereby creating a strong culture of pride in Young Carers themselves and providing their peers with a sense of pride and admiration towards them.

(b) **Motion - Community Interest Company**
Councillor Matthew Courtliff will move:

This Council:

- Recognises that heating residential and commercial property is one of the largest contributors to greenhouse gas emissions in the U.K.
- Retrofitting a property to meet the highest standards of energy efficiency generates around 10% of the emissions of a new build

This council pledges:

- To support and initially finance the setting up of a CIC to perform residential and commercial energy efficiency audits in Swindon.
- To encourage the training and creation of retrofitting jobs in the Swindon community to support this initiative.

This Council Requests:

- The Cabinet Member for Climate Change works with both residents, action groups and the business community to investigate the setting up of a Community Interest Company in Swindon to carry out Energy Audits on residential and business properties and works with colleagues and officers to look at the potential for 'Seed Funding' this important work.

11. Status of requests for action from Council Motions (Pages 195 - 200)

12. Councillors Question Time

Questions (if any) of which notice has been given by Councillors in accordance with Standing Order 15.

Yours faithfully

Lisa Hall

Chief Legal Officer

Questions by Members of the Public in accordance with Standing Order 11

Swindon Borough Council remains committed to increasing its accountability to the public and to promoting active citizenship. 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from the public about the work of the Committee (except for confidential matters, and matters relating to planning and licensing applications). We will give priority to those who submit questions in writing at least two days before the meeting. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements.

During Covid-19, you must submit your question in writing to CommitteeServices@swindon.gov.uk with your contact details 48 hours before the meeting so the committee officer can send you details about how to participate. The deadline is 15:00 on Tuesday 16th February 2021. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements. The process associated with asking a public question is set out in the "Public Question Time at Council Meetings Protocol and Guidance" available on the Council's Website ([Public Question Time at Council Meetings Protocol and Guidance](#)) or from the Committee Officer.

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COUNCIL

THURSDAY, 21 JANUARY 2021

PRESENT:- The Worshipful The Mayor in the Chair; Councillors Junab Ali, Steve Allsopp, Abdul Amin, John Ballman, Alan Bishop, Nick Burns-Howell, Emma Bushell, Matthew Courtliff, Claire Crilly, Malcolm Davies, Mark Dempsey, Paul Dixon, Oliver Donachie, Steph Exell, Emma Faramarzi, Brian Ford, Jim Grant, Dale Heenan, Steve Heyes, Russell Holland, Fay Howard, Janine Howarth, Oladapo Ibitoye, Robert Jandy, Jenny Jefferies, Vinay Manro, Mary Martin, Nick Martin, Cathy Martyn, Brian Mattock, Jane Milner-Barry, Stan Pajak, Barbara Parry, Kevin Parry, Maureen Penny, David Renard, James Robbins, Adorabelle Shaikh, Imtiyaz Shaikh, Carol Shelley, Kevin Small, Roger Smith, Bazil Solomon, Andy Spry, Gary Sumner, Timothy Swinyard, Caryl Sydney-Smith, Rahul Tarar, Nadine Watts, Peter Watts, Steve Weisinger, Keith Williams and Robert Wright.

Apologies for absence were received from Councillors Ray Ballman and Vera Tomlinson.

64. Apologies for Absence

Apologies for absence were received from Councillors Ray Ballman and Vera Tomlinson.

65. Communications

The Chief Executive reported that no communications had been received.

66. Minutes

Resolved – That the minutes of the meeting held on 19th November 2020, be confirmed and signed.

67. Declarations of Interest

The Worshipful The Mayor reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

68. Public Question Time

There were no public questions.

69. Motion - Housing

Councillor Paul Dixon moved and Councillor Emma Bushell seconded:

This Council welcomes Councillor David Renard's statement in his role as LGA Environment spokesperson that

“With council housing waiting lists set to potentially nearly double next year, we

need to let councils embark on an ambitious post-pandemic building boom of 100,000 social homes for rent a year, which as well as reducing homelessness would also deliver a £14.5 billion boost to the economy."

Also the LGA's document "Building a post-pandemic prosperity" recognised that

"Councils have an important role in rebuilding the national economy after the covid lockdown through building new homes for social rent. A programme of building 100,000 new homes for social rent each year will help the Covid economic recovery and deliver long-term fiscal benefits."

This Council requests that:

- The Leader of the Council agrees to write to the Secretary of State calling for direct funding of a social rent council house building programme of 100,000 council homes a year.
- The leader of the council also agrees to write to our MPs to seek their assistance in pressing the government for the necessary funding for Swindon."

Councillor Timothy Swinyard moved and Councillor Oladapo Ibitoye seconded that the Motion be amended to read:

This Council:

- Welcomes the fact that this Government is investing in the housing industry, which is key to our economic recovery. This includes £12b in affordable housing, £400m to build on more brownfield land and £7.1b for a new National Home Building Fund unlocking up to 860,00 homes. This Government has delivered twice as many new housing starts compared with the previous quarter and house completions have almost tripled demonstrating its commitment to provide the Country with the housing it needs.
- Welcomes the valuable role that Councillor David Renard plays on the national stage representing Swindon's interests and his statement in his role as LGA Housing spokesperson that "With council housing waiting lists set to potentially nearly double next year, we need to let councils embark on an ambitious post-pandemic building boom of 100,000 social homes for rent a year, which as well as reducing homelessness would also deliver a £14.5 billion boost to the economy."

This Council notes that:

- The LGA's document "Building a post-pandemic prosperity" recognised that "Councils have an important role in rebuilding the national economy after the Covid lockdown through building new homes for social rent. A programme of building 100,000 new homes for social rent across England each year will help the Covid economic recovery and deliver long-term fiscal benefits."
- In Swindon, our Housing Needs Assessment shows that we need funding to deliver more social housing as well as the resources to maintain our existing

stock and improve its energy efficiency. Therefore,

This Council requests that

- The Cabinet Member for Housing and Public Safety writes to the Secretary of State asking for:
 - Direct funding to support a house-building programme to enable us deliver the 419 affordable housing units each year to meet Swindon's housing need.
 - The resources to maintain and improve our non-traditional housing stock and the heritage properties in the Railway Village.
 - Adequate finance to enable us to retrofit our housing stock to improve its energy efficiency as part of our drive to make Swindon carbon neutral.
 - Government to consider reviewing right to buy rules for high-energy efficiency so that councils can retain 100% of Right to Buy receipts and "be given the flexibility to set discounts locally in order to invest in new and existing stock."

The Amendment was put to the vote and declared carried.

The Substantive Motion was put to the vote and declared carried.

70. Motion - Food Justice

With the consent of Council, Councillor Claire Crilly moved and Councillor Steve Allsopp seconded an altered motion as set out in the Supplementary Papers:

"This Council notes:

- That Trussell Trust research that shows three million children are at risk of hunger during the school holidays. Delete as these are National Figures
- 134 independent food banks distributed a total of 426,958 emergency food parcels between February and October 2020 compared to 226,605 emergency food parcels in the same period last year - a rise of 88%.
- That the government has committed to the UN Sustainable Development Goals, which have an international and domestic commitment to ending hunger by 2030.

This Council believes:

- No one in the UK should go hungry, not least children. Food justice is about taking action on the causes of hunger such as affordability and availability of good nutritious food.
- Local councils and communities played a key role in during the Covid-19

pandemic that should be recognised.

The Council requests that:

- The Cabinet appoints a Cabinet Member to have responsibility for social inclusion matters, including food poverty, and to establish a Cabinet Member Advisory Group to bring together partners to develop a social inclusion strategy to include food poverty and consideration being given to the establishment of a food partnership.

The Motion was put to the vote and declared carried.

71. Motion - Oasis Centre

Councillor Kevin Small moved and Councillor Jim Grant seconded:

1. This council is concerned over the closure of the Oasis Leisure Centre and instructs the Scrutiny Committee to undertake an investigation into how this came about and what options are open to the Council so it can ensure the reopening of the Oasis.
2. The Scrutiny Committee should also look into the £3m payment made to GLL by Swindon Borough Council and what obligations the Council placed on GLL for the granting of this £3m subsidy and whether any of it should be repaid now the Oasis has closed.
3. The Investigation's report should present to Cabinet at its March meeting. Then the report along with the Cabinet's response will be reported to the Council's April meeting.
4. The Council also instructs the Cabinet to produce a report for next meeting of the Council, into the deal with Seven Capital which includes the transfer of land at the former Clares site (with an estimated value of c£20m). The report should outline what obligations were placed upon Seven Capital to deliver the Snowdome project and the protection of the Oasis Leisure Centre. The report should also contain what break clauses are open to the council to return the land and the Oasis to Council ownership.
5. It has also been reported that GLL are assets stripping the Oasis, and removing fixture and fittings to other GLL sites. The Council instructs the Audit Committee to investigate this and look to see what contractual obligations were placed on GLL to maintain the fixtures and fittings of the Oasis and other former Swindon Borough Council leisure sites, and what should happen to these fittings if a site is relinquished by GLL. With the outcome of the investigation reporting back to the Council's April meeting."

Councillor Vinay Manro moved and Councillor Steve Heyes seconded that the Motion be amended to read:

This Council:

- Recognises the devastating impact the Covid pandemic has had on the leisure sector and the significant financial losses and liabilities incurred during 2020. The Council regrets the impact on GLL of running the Oasis and understands the reasons for its closure. The Council is committed to support the work being undertaken with both Seven and GLL to find a way of reopening a refurbished Oasis.
- Firmly believes that a long-term future can be secured for the Oasis once the pandemic is over.
- Condemns the breaking and entering into the Oasis or any other property.

This Council notes that:

- Councillors of all Political parties supported the decision to outsource the Oasis to Moirai in 2012.
- GLL secured the contract to run the Oasis in 2013 from Moirai.
- Moirai's interest was taken over by Seven Capital in 2017.
- It is the responsibility of Seven Capital to appoint a new Leisure Operator to run the Oasis, and expects this to occur as soon as possible once the pandemic ends.
- The Leader of the Council is responsible for the relationship with Seven Capital, and discussions are ongoing about the impact of Covid-19.
- The Leaders cross party CMAG on the Oasis has held its first meeting, and is looking at the options available to the Council for working with Seven Capital to reopen the Oasis.

Furthermore, Council notes:

- GLL secured a separate contract to run 6 leisure centres from Swindon Borough Council in 2014.
- There has never been a contractual relationship, or subsidy, between GLL and Swindon Council on the Oasis Leisure Centre.
- It is for GLL to decide how best to utilise their property most effectively within the Leisure Centres they operate, including the equipment they own in the Oasis.

- The Historic England listing process takes an average of 21 weeks so, while well meaning, the submission has unhelpfully caused a delay of at least six-months in any rescue plan to ensure any new conditions placed on the Oasis can be met.

Council requests that:

- The Leader continues to work collaboratively with Seven Capital and GLL and to use his absolute resolve and every endeavour to ensure the Oasis is refurbished and is open again for the residents of Swindon.
- The Leader ensures that the leaseholder protects the building from criminal activity and it is properly maintained.
- The Leader updates the Oasis CMAG with progress.
- The Leader writes to Seven Capital to confirm the Council's full support in finding a satisfactory way forward to refurbish and re-open the Oasis as soon as is practicably possible.
- The Leader brings a report to Cabinet at such time that firm proposals are available.

The amendment was put to the vote and declared carried.

A formal division was requested in accordance with Standing Order 14(2).

Councillors voting for the amended motion were:

Councillors Alan Bishop, Nick Burns-Howell, Matthew Courtliff, Malcolm Davies, Brian Ford, Dale Heenan, Steve Heyes, Russell Holland, Oladapo Ibitoye, Robert Jandy, Jenny Jefferies, Vinay Manro, Mary Martin, Nick Martin, Cathy Martyn, Brian Mattock, Barbara Parry, Kevin Parry, Maureen Penny, Garry Perkins, David Renard, Roger Smith, Bazil Solomon, Gary Sumner, Timothy Swinyard, Caryl Sydney-Smith, Rahul Tarar, Steve Weisinger and Keith Williams.

Councillors voting against the amended motion were

Councillors Junab Ali, Steve Allsopp, Abdul Amin, John Ballman, Emma Bushell, Claire Crilly, Mark Dempsey, Paul Dixon, Oliver Donachie, Steph Exell, Emma Faramarzi, Jim Grant, Fay Howard, Janine Howarth, Jane Milner-Barry, Stan Pajak, James Robbins, Adorabelle Shaikh, Imtiyaz Shaikh, Carol Shelley, Kevin Small, Andy Spry, Nadine Watts, Peter Watts and Robert Wright.

With the agreement of the Council the Substantive Motion was amended to read:

This Council:

- Recognises the devastating impact the Covid pandemic has had on the leisure sector and the significant financial losses and liabilities incurred during 2020. The Council regrets the impact on GLL of running the Oasis and understands the reasons for its closure. The Council is committed to support the work being undertaken with both Seven and GLL to find a way of reopening a refurbished Oasis.
- Firmly believes that a long-term future can be secured for the Oasis once the pandemic is over.
- Condemns the breaking and entering into the Oasis or any other property.

This Council notes that:

- Councillors of all Political parties supported the decision to outsource the Oasis to Moirai in 2012.
- GLL secured the contract to run the Oasis in 2013 from Moirai.
- Moirai's interest was taken over by Seven Capital in 2017.
- It is the responsibility of Seven Capital to appoint a new Leisure Operator to run the Oasis, and expects this to occur as soon as possible once the pandemic ends.
- The Leader of the Council is responsible for the relationship with Seven Capital, and discussions are ongoing about the impact of Covid-19.
- The Leaders cross party CMAG on the Oasis has held its first meeting, and is looking at the options available to the Council for working with Seven Capital to reopen the Oasis.

Furthermore, Council notes:

- GLL secured leases to run 6 leisure centres from Swindon Borough Council in 2014.
- There has never been a contractual relationship, or subsidy, between GLL and Swindon Council on the Oasis Leisure Centre.
- It is for GLL to decide how best to utilise their property most effectively within

the Leisure Centres they operate, including the equipment they own in the Oasis.

- The Historic England listing process takes an average of 21 weeks so, while well meaning, the submission has unhelpfully caused a delay of at least six-months in any rescue plan to ensure any new conditions placed on the Oasis can be met.

Council requests that:

- The Leader continues to work collaboratively with Seven Capital and GLL and to use his absolute resolve and every endeavour to ensure the Oasis is refurbished and is open again for the residents of Swindon.
- The Leader ensures that the leaseholder protects the building from criminal activity and it is properly maintained.
- The Leader updates the Oasis CMAG with progress.
- The Leader writes to Seven Capital to confirm the Council's full support in finding a satisfactory way forward to refurbish and re-open the Oasis as soon as is practicably possible.
- The Leader brings a report to Cabinet at such time that firm proposals are available.

The Substantive Motion was put to the vote and declared carried.

72. Motion - COVID Memorial

Councillor Matthew Courtliff moved and Councillor Junab Ali seconded:

"This Council notes that:

- The Covid pandemic has had a devastating impact on the Country, and here in Swindon. More than 200 people in Swindon have passed away due to Covid over the 12 months, and whilst a vaccine is now being rolled out, lives are still being lost.
- Several authorities are using blossom trees as a way to mark Covid and our shared experience of it, and to act as a memorial for all those whose lives have been affected.

This Council requests that:

- The Leader of the Council finds a way for a suitable Blossom Tree Memorial to be created in one of the towns Country Parks. This will serve as a lasting

reminder for the town and allow its residents to have a public space for reflection and contemplation now and in the future.”

The Motion was put to the vote and declared carried.

73. Motion - Heritage

Councillor Nick Burns-Howell moved and Councillor Jenny Jefferies seconded:

This Council:

- Acknowledges the challenges Covid presents to Regeneration Schemes that involve retail, commercial, restaurants and leisure activities
- Recognises that the Corn Exchange is a key part of Swindon's heritage and it is a prominent building in Old Town and,
- Reiterates its desire to see a viable, and deliverable, plan for the Corn Exchange in Old Town to come forward

Requests that

- Officers explore all options with the owner to see what would be required to guarantee a Regeneration scheme completed by 2025.
- Officers consider the options available, such as s215 enforcement if a scheme cannot be delivered by the owner to achieve building repairs and brought back into use.

Requests that:

- The Cabinet Member for Town Centre, Culture and Heritage, and Cabinet Member for Strategic Infrastructure, Transport and Planning, present a joint report to Cabinet in March 2021 setting out the findings and a way forward with clear actions to be implemented if a full planning application is not forthcoming by June.
- The Cabinet Member for Town Centre, Culture and Heritage and the Heritage Champion explores the potential for bringing together the heritage maintenance craft businesses, heritage bodies and the educational institutions to look at how they might create a Charitable Trust to focus on preserving traditional skills to maintain the fabric of historic buildings in Swindon.”

The Motion was put to the vote and declared carried.

74. Use of Exemption from Call-In Power

Councillor David Renard proposed and Councillor Russell Holland seconded:

“That the single use of an exemption from call-in for the Test and Trace Payment Cabinet Member Delegated decision on 19th November 2020 be noted.”

The resolution was put to the vote and declared carried.

75. Minutes of Cabinet and Decisions Delegated to Cabinet Members

The Council considered (a) the minutes of the meeting of the Cabinet held on 2nd December 2020, (b) questions to the Cabinet Members regarding their portfolio responsibilities and answers received, and (c) Cabinet Member Decision Notices.

76. Minutes of other Council Bodies

The Council (a) received the minutes set out in the “Minutes of Other Council Bodies” circulated with the Agenda, and (b) considered questions to Chairs relating to the work of their Committees and other bodies and answers received.

77. Councillors Question Time

The Chief Legal Officer reported that a Standing Order 15 Questions had been received from Councillors Jim Grant and Janine Howarth.

Councillor Jim Grant asked a supplemental question regarding the submission of required information by election candidates during the current pandemic lock-down. The Leader of the Council indicated that a written response would be provided.

Councillor Janine Howarth asked a supplemental question the future of Cavendish Square. The Leader of the Council responded at the meeting.

COUNCIL

THURSDAY 18TH FEBRUARY 2021

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 3RD FEBRUARY 2021

44. Budget Management Update (February)/Draft Budget 2021/22

Councillor Russell Holland, the Cabinet Member for Commercialisation, Education and Skills along with the Corporate Director of Finance and Assets (Section 151 Officer) submitted joint report setting out the current budget management position for the 2020/21 financial year and proposing a Budget for 2021/22. It was noted that, under the Council's Constitution, the Cabinet is required to recommend a budget to Council as part of its formal Council Tax Setting responsibilities.

Councillor Holland introduced the joint report and thanked all staff for their efforts in bringing the 2021/21 to a projected balance by the end of the financial year, having warned Cabinet at previous meetings that this might not be so. He also noted the government's financial support that had contributed towards this.

Councillor Holland added that the draft budget 2021/22 was seeking to propose to Council a Council Tax increase of 4.99%, which would include 3% permitted as the Adult Social Care precept. The Cabinet Member outlined some of the demographic and inflationary cost pressures the Council was facing. The Leader added that this proposed increase was in-line with similar councils in England.

Councillors Jim Grant and Bob Wright asked a number of questions to which Councillor Holland and Councillor Ford - the Cabinet Member for Adults and Health - responded at the meeting.

- i. How was the budget taking into account the costs of supporting the victims of 'long-Covid' as well as the additional pressures from increased domestic violence and mental health issues? Officers were aware of the budget pressures and the Council was working with the Clinical Commissioning Group and the NHS to support a 'long-Covid' treatment protocol.
- ii. How did the budget interpret the Government's concept of levelling up? This is a central government focus on regional inequalities. Swindon has received significant amounts through the Local Enterprise Partnership and the New Towns Fund.

- iii. Was the budget's focus on investment appropriate, should it address more demand issues now? The budget was continuing to focus on long-term investments that would bring tangible benefits to the Borough.

The Leader of the Council agreed to a request from Councillor Dale Heenan - Cabinet Member for the Town Centre, Culture and Heritage – to send a communication to all staff members to thank them for their efforts in balancing the budget.

Resolved: (1) That Cabinet notes the medium term financial context and impact on Swindon of the draft Local Government Finance settlement;

(2) That Cabinet notes the projected out-turn for 2020/21;

(3) That Cabinet notes the consultation feedback summarised in Appendix 3,

(4) That Cabinet notes the detailed Dedicated Schools Grant budget for 2021/22, based on a provisional funding envelope of £216.131m;

(5) That Cabinet notes that, in line with the requirements of the Local Government Act 2003, the Corporate Director of Finance and Assets, confirms the robustness of the estimates underlying the recommended Budget and adequacy of reserves, in the context of the earmarked reserves and proposed budget risk contingency.

(6) That the virements set out in Appendix 2 be approved;

(7) That the medium term financial strategy, set out in Appendix 6, be endorsed;

(8) That the specific reserves held in support of the 2021/22 Revenue Budget set out in Appendix 5 be agreed;

(9) That the Corporate Director of Finance and Assets be authorised to balance any changes between the provisional and final local government finance settlements by adjusting the Budget Risk Contingency;

(Minute for Confirmation)

(10) That Cabinet recommends to Council, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2021/22, that:-

(a) The 2021/22 Budget be set at £153.277m;

(b) The council tax be increased by 4.99%, comprising 1.99% for the basic amount of council tax and a specific adult social care precept of 3%, and;

(c) It be determined that the proposed increase in the basic amount of Council Tax for 2020/21 is not excessive in accordance with Schedule 5 of the Localism Act 2011 and therefore does not trigger the requirement for a referendum.

The reasons for the decision and alternative options are as set out in the report to the meeting.

45. Capital Programme to 2025/26

Councillor Russell Holland, the Cabinet Member for Commercialisation, Education, and Skills along with the Corporate Director of Finance and Assets, submitted joint report to provide an update to the Capital Strategy and report new capital investment requirements through to 2025/26.

Councillor Holland introduced the joint report and tabled the following additional recommendation: 'To allocate £5m to the 2021/22 Capital Programme to be used as part of a leisure opportunity in Swindon, subject to the approval of a business case by Cabinet identifying the source of funding and setting out how this can be achieved at no additional cost to the Council's revenue budget.'

Councillors Jim Grant and Bob Wright asked a range of questions to which Councillor Holland and the Leader responded at the meeting.

- i. How will this £5m be funded? This would have to be addressed in any business case. If agreed, it would form part of the Capital Financing Requirement
- ii. Is this money for the strictly for the Oasis? The Council cannot act as a 'white knight' or speculative but would continue to work with Seven Capital and GLL. The amount would be to be to facilitate leisure opportunities across Swindon.
- iii. Are the issues delaying the SnowDome related to Brexit or Covid-19? The leisure sector has been affected harshly by Covid, which has had an impact on both GLL and the SnowDome proposal.
- iv. Would the money be ring-fenced for leisure? It would be linked only to a specific business case. If that did not come forward, the money would not be borrowed.
- v. Why was the money not identified before now? This is the correct time as Council will be considering the budget for the next financial year in February 2021.
- vi. How would the Council be repaid for this money, would it be a loan or an investment? This would have to be addressed in the business case as happens with other uses of Council borrowing.
- vii. Would the Council be able to pay more? Yes if, and only if, there was a business case that justified the spending.
- viii. How was the figure of £5m reached? This was based on the Council's previous knowledge and experience.

Councillor Dale Heenan, Cabinet Member for the Town Centre, Culture, and Heritage, pointed out how Covid-19 had already delayed a listing application to Historic England. He also informed colleagues about the range of work to support leisure across the Borough.

Resolved: (1) That it be recommend that Council approves (Minute for Confirmation):

(a) The additions to the Capital Programme and funding sources for the schemes set out at Appendix 1;

(b) That the budget for the Bus Boulevard be increased to £33m following the award of £25m Future High Streets grant as detailed in paragraph 3.8;

(c) Entering into a funding agreement with the Swindon & Wiltshire Local Enterprise Partnership for £4m of Getting Building capital grant as detailed at paragraph 3.9;

(d) That further updates to the Capital Programme can be approved by Cabinet within the approved capital financing revenue budget and prudential indicators;

(e) The Capital Strategy attached at Appendix 2 and

(f) A feasibility study to help inform the Council on the development potential of the Corn Exchange and the Council's adjoining land as detailed in paragraphs 3.10 to 3.11.

(g) To allocate £5m to the 2021/22 Capital Programme to be used as part of a leisure opportunity in Swindon, subject to the approval of a business case by Cabinet identifying the source of funding and setting out how this can be achieved at no additional cost to the Council's revenue budget.

(2) That the impact on long term borrowing of the approvals sought in this report, as set out at paragraph 3.7 be noted; and

(3) That it be approved that schools capital funding is distributed as detailed in paragraph 3.18.

The reasons for the decision and alternative options are as set out in the report to the meeting.

46. Treasury management strategy statement 2021/22

Councillor Russell Holland, the Cabinet Member for Commercialisation, Education, and Skills along with the Corporate Director of Finance and Assets submitted a joint report on the Treasury Management Strategy for 2021/22, including Prudential Indicators up to 2025/26, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.

Councillor Holland introduced the joint report and summarised the Strategy, which has an important role in delivering the Capital Programme and is subject to scrutiny through the Audit Committee.

Resolved: (1) That the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, be recommended for approval by Full Council on 18th February 2021.

(2) That the prohibition of borrowing from the Public Works Loan Board to support the purchase of “debt for yield” investments, as detailed in paragraphs 3.27 to 3.29, be noted.

The reasons for the decision and alternative options are as set out in the report to the meeting.

(Councillor Dale Heenan, Cabinet Member for the Town Centre, Culture, and Heritage, left the meeting at the end of this item but returned for Agenda Item 14/Minute 53.)

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Budget 2021/22

Cabinet

Date: 3rd February 2021

Author: Cabinet Member for Commercialisation, Education and Skills
Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report proposes a Budget for 2021/22 and sets out the financial context for 2022/23 and beyond.
- 1.2 Under the Council's Constitution, the Cabinet is required to recommend a budget to Council as part of its formal Council Tax Setting responsibilities.
- 1.3 The effective management of financial resources through robust financial planning processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to note:

- 2.1 The medium term financial context and impact on Swindon of the draft Local Government Finance settlement;
- 2.2 The projected out-turn for 2020/21;
- 2.3 The consultation feedback summarised in Appendix 3,
- 2.4 The detailed Dedicated Schools Grant budget for 2021/22, based on a provisional funding envelope of £216.131m;
- 2.5 That, in line with the requirements of the Local Government Act 2003, the Corporate Director of Finance and Assets, confirms the robustness of the estimates underlying the recommended Budget and adequacy of reserves, in the context of the earmarked reserves and proposed budget risk contingency.

Cabinet is requested to:

- 2.6 Approve the virements set out in Appendix 2;
- 2.7 Endorse the medium term financial strategy, set out in Appendix 6;
- 2.8 Agree the specific reserves held in support of the 2021/22 Revenue Budget set out in Appendix 5;

Further information on the subject of this report can be obtained from Mick Bowden, on direct dial 07392 109917 or email mbowden@swindon.gov.uk.

Budget 2021/22

Cabinet

Date: 3rd February 2021

- 2.9 Authorise the Corporate Director of Finance and Assets to balance any changes between the provisional and final local government finance settlements by adjusting the Budget Risk Contingency;

(Minute for Confirmation)

- 2.10 Recommend to Council, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2021/22, that:-

2.10.1 The 2021/22 Budget be set at £153.277m;

2.10.2 The council tax be increased by 4.99%, comprising 1.99% for the basic amount of council tax and a specific adult social care precept of 3%, and;

2.10.3 It be determined that the proposed increase in the basic amount of Council Tax for 2020/21 is not excessive in accordance with Schedule 5 of the Localism Act 2011 and therefore does not trigger the requirement for a referendum.

3. Detail

Forecast Out-turn for 2020/21

General Fund

- 3.1 The forecast position is that the General Fund is anticipated to be on budget at the year end.
- 3.2 The current forecast is after the application of the COVID-19 emergency funding from the Government of £16.7m, and is based on the COVID-19 pressures during the remainder of the financial year continuing to be offset by government support.
- 3.3 The significant improvements since the last report are:
- 3.3.1 A further reduction in the corporately held bad debt provision to reflect the assessment of specific income risks (£300k);
- 3.3.2 Children Services are forecasting a reduction in the COVID related cost pressures following a review of the impact of demand on services (£428k);
- 3.3.3 Adults are forecasting a reduction in costs, mainly due to reductions in the assumed levels of demand for placements across Learning Disability, Memory & Cognition and Physical/Sensory Support (£540k).
- 3.4 The above improvements have mitigated a number of new pressures, the main ones being:

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Budget 2021/22

Cabinet

Date: 3rd February 2021

- 3.4.1 A further pressure on cost recovery associated with debt collection activity (£250k);
- 3.4.2 Shortfall on property fee income (£114K);
- 3.4.3 Further reduction in anticipated income from planning applications plus legal costs in relation to an appeal (£254k).
- 3.5 The budget risk contingency includes provision for one-off funding of £761k to support the 2021-22 budget.
- 3.6 The budget and out-turn by Department is set out in Table 1 below and the full details are contained in Appendix One.
- 3.7 A number of budget changes have been identified since the last report and Cabinet is asked to approve the virements set out in Appendix 2.

Table 1 – Revenue Budget Forecast

Department	Budget 2020/21	Forecast	Variance	Movement since last report
	£'000	£'000	£'000	£'000
Adults	66,567	69,496	2,929	(538)
Children Services	47,229	50,516	3,287	(666)
Operations	23,303	28,571	5,268	127
Enabling	16,206	16,882	676	(55)
Economy & Development	2,577	4,751	2,174	190
Finance & Assets	(6,808)	(4,477)	2,331	942
Sub-Total	149,074	165,739	16,665	0
COVID-19 Grant Funding		(16,665)	(16,665)	0
Total General Fund	149,074	149,074	0	0

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Budget 2021/22

Cabinet

Date: 3rd February 2021

Dedicated Schools Grant (DSG)

- 3.8 The DSG is forecasting an overspend of £2.493m, which is an improvement of £80k since the last report.
- 3.9 This pressure increases the cumulative deficit on the DSG to £4.1m. In July, Schools Forum agreed a timetable of consultations for a deficit recovery plan. SEND Strategic Board and Schools Forum will consider a report on the outcome of the consultation in January.

Housing Revenue Account (HRA)

- 3.10 HRA Budget Managers are currently forecasting a net underspend of £323k, which is an improvement of £412k since the last report as a result of reduced contract, materials and staff costs across the service.

The 2021/22 Provisional Local Government Finance Settlement

- 3.11 The Government published the provisional 2021/22 local government finance settlement on 17th December 2020.
- 3.12 The key points from the provisional settlement are:
- 3.12.1 The referendum threshold for increases in council tax will be 2%, with social care authorities will be able to charge an adult social care precept of up to 3%;
 - 3.12.2 A reduction in New Homes Bonus of £1.65m;
 - 3.12.3 An increase in Revenue Support Grant of £24k;
 - 3.12.4 A further £192k grant funding for adult and children's social care;
 - 3.12.5 A new one-off Lower Tier Services Grant of £281k;
 - 3.12.6 An additional £1.6m of one-off grant funding to meet cost pressures relating to the collection of council tax.

Council Tax 2021/22

- 3.13 In line with Government expectations, it is proposed that the Council increases the basic amount of council tax by 1.99% and raises an adult social care precept of 3%.
- 3.14 If agreed, the total 4.99% increase will be broken down on the face of the council tax bill, in line with national guidance, to explain that 3% of the increase is specifically to respond to the rising demand for adult social care.
- 3.15 A 4.99% increase would increase the average Council Tax bill by £5.91 per month, excluding precepts from other bodies.
-

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Budget 2021/22

Cabinet

Date: 3rd February 2021

Feedback from Scrutiny Committee

- 3.16 On 11th January 2021, the Scrutiny Committee considered a report on the 2021/22 budget setting process. The Committee resolved that:

(1) That the budget position update be noted and that the Cabinet Member for Commercialisation, Education and Skills' responses to questions about the financial context within which the budget proposals have been framed along with the budget and policy framework utilised by the Council in setting its 2021/22 budget, be noted.

(2) That the Corporate Director of Finance and Assets be requested to circulate the Local Grant settlement figures.

(3) That the Corporate Director Adult Services, Health and Housing be requested to circulate:

a) Information regarding "strength based" conversations held to support service users.

b) Information regarding the methods to be used to ensure the Directorate aligned the programme of work to operate in a more modern, efficient and effective way.

(4) That the Clerk be requested to circulate Schools Forum minutes to the meeting being held on 19th January 2021.

Consultation Feedback

- 3.17 The Council undertook consultation with the business community via a meeting with business representatives from Swindon, on behalf of non-domestic ratepayers on 6th January 2021.
- 3.18 The minutes of the meeting are set out in Appendix 3.

The Proposed Budget for 2021/22

- 3.19 Table 2 sets out the changes to close the budget gap of £3.8m reported to Cabinet at its meeting on 2nd December 2020. Specific changes relating to the Collection Fund are set out in paragraph 3.26.

Budget 2021/22

Cabinet

Date: 3rd February 2021

Table 2 – Changes since December 2020

Changes	£m
Additional adult social care precept	(1.1)
Social Care Grant	(0.2)
New Homes Bonus	(0.6)
Lower Tier Services Grant	(0.3)
Reduced allowance for pay inflation	(0.5)
Minor changes to estimates	(0.3)
Application of funding set aside from budget risk contingency in 2020-21	(0.8)
Sum of Changes	(3.8)

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Budget 2021/22

Cabinet

Date: 3rd February 2021

- 3.20 Table 3 summarises the overall changes to the current financial year in arriving at the proposed budget for 2021/22. The detailed proposals are set out in Appendix 4.

Table 3 – Summary of Budget Changes

Budget Changes Summary	2021/22 £m
Base Budget	149.1
Funding Changes	(1.7)
Inflation	3.7
Cost Pressures	10.0
Identified Savings	(7.8)
Proposed Budget for 2021/22	153.3
Funded By:	
Revenue Support Grant	4.4
Business Rates	35.9
Council Tax	113.7
Less Council Tax Collection Fund deficit	(0.7)
Total Funding	153.3

Relationship between Revenue and Capital Budgets

- 3.21 The 2021/22 revenue budget includes allowance for the estimated increase in debt charges to finance the capital programme being delivered during 2020/21 and any interest incurred on schemes starting in 2021/22.
- 3.22 The 2021/22 capital programme is set out elsewhere on the agenda and any increase in the proposed programme that is financed from borrowing will have an estimated impact on the annual revenue budget of between £40k-80k per £1m, subject to the nature of the capital investment.

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Approach to Funding Transitional Costs

- 3.23 In accordance with the freedom given by central government it is the Council's existing approach to use the capital receipts flexibility to meet expenditure related to the delivery of future long-term savings. It is proposed that this is continued where it is in the Council's financial interest to do so, with specific reference to:

3.23.1 Costs of delivering projects within the Council's improvement programme,

3.23.2 Reorganisation and restructuring costs that deliver financial savings

3.23.3 Transitional investment that delivers long-term financial benefits by reducing future service costs.

Financial Impact of COVID-19

- 3.24 As set out earlier in this report, it is currently anticipated that the additional government funding in the current financial year will enable the Council to meet the in-year additional financial pressures arising from COVID-19 during 2020/21.

- 3.25 In addition to affecting the cost of delivering services and the Council's ability to generate income, the pandemic has led to significant changes in the collection of council tax and business rates. This has included the removal of business rates liabilities for all retail, hospitality and leisure businesses during 2020/21, an increase in the number of council tax support claimants and a lower than anticipated increase in the council tax base. Whilst council tax collection rates are, to date, broadly in line with previous years there has been a reduction in the collection of business rates. These patterns are reflected across the country and have been incorporated in the information supplied to the Government throughout the year. The Government has established the following support to local authorities in dealing with deficits that arise:

3.25.1 The ability to spread elements of the losses over three years;

3.25.2 Specific funding support for eligible losses and to help meet the pressures of increased cost of council tax support;

3.25.3 Application of the general COVID-19 support funding

- 3.26 The precise calculation will be based on the final year-end position at 31st March 2021. The latest estimate is that there will be adverse financial effects of the council tax base (£0.7m), council tax collection fund balance (£1.6m) and deficit on business rates (£1.4m).

- 3.27 The Government's Spending Review announcement on 25th November 2020 included an unallocated national contingency of £21bn out of the total funding of £55bn, reflecting the level of uncertainty on the future impact of the pandemic during the 2021/22

Budget 2021/22

Cabinet

Date: 3rd February 2021

financial year. In the light of such uncertainty, COVID-19 is an exceptional budget risk that is being considered separately to the other risks that are usually considered as part of the budget setting process.

- 3.28 The spending review included the following specific measures to continue the support provided in the current year into the first part of 2021/22:

3.28.1 A general grant to meet COVID-19 funding pressures (£5.7m for Swindon)

3.28.2 The extension of the support for losses from sales, fees and charges income to cover the period to 30th June 2021.

- 3.29 These funding announcements, alongside the Government's stated intention to continue to support local authorities and keep the package of support under review, provides a level of assurance that the Council will be able to manage the budget risks in the forthcoming year. However, members are advised that the position remains uncertain and, without adequate ongoing Government support, would potentially be beyond the financial resources of the Council. A continuation of the careful monitoring of costs and reporting to the Ministry of Housing, Communities and Local Government will therefore be vital. This will be done directly on behalf of the Council and through SW Councils and the Local Government Association.

Other Budget Risks

- 3.30 Each of the savings proposals put forward as part of the budget setting cycle has been risk assessed. The level of contingency built into the proposed budget for 2021/22, alongside the level of general and earmarked reserves, reflects the overall potential risk associated with delivering the budget proposals.
- 3.31 The following significant risks have been identified in relation to the council's budget:
- 3.31.1 The total value of savings contained within the budget for 2021/22 is lower than that identified for 2020/21. However it still represents around 5% of the Council's net budget and this, in itself, provides a source of risk to the Council's financial position;
- 3.31.2 There are a number of savings proposals which are still subject to ongoing activity and therefore the precise level of saving is uncertain;
- 3.31.3 The Council also faces risks in managing the costs associated with the major demand led services, particularly in adult and children's social care and waste disposal. The investment of funding and resource to manage pressures provides some mitigation against these risks. However, it is recognised that these services will continue to be a potential challenge to the Council's financial position and

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Budget 2021/22

Cabinet

Date: 3rd February 2021

will therefore be the subject of close scrutiny in the budget management process for 2021/22.

- 3.32 Based on this assessment, and risks within the existing base budget, it is proposed that the budget risk contingency is set at £1.5m.
- 3.33 In light of this, and the specific reserves held to support the budget (set out in Appendix 5), the Corporate Director of Finance and Assets, as part of his Section 151 responsibilities, is content that the 2021/22 budget as proposed is deliverable, taking into account the level of specific and general reserves held by the Council.

General Reserves

- 3.34 In general, it is considered that uncommitted reserves of around 5% of net budget (£7.7m) provides for a reasonable level of support to manage risks, subject to the specific circumstances of each authority. However, protection against budget risks is also provided through earmarked reserves and contingencies along with the Council's experience of managing budget pressures without using general reserves.
- 3.35 The Council's level of general fund reserves has increased by £1.2m to £7.2m in the last two financial years, reflecting the successful management of the budget in that period. It is recommended that the level of general reserves the Council holds is maintained, as a minimum, at the current level of £7.2m and should gradually continue to increase over the medium term to improve the Council's financial resilience.

Schools' Budgets 2021/22

- 3.36 The provisional Dedicated Schools Grant (DSG) for 2021/22 is £216.131m, the majority of which is passported directly to schools. The Council prepared its budgets based on existing spend, inflation and known increases in demand. Due to the significant increases in demand for specialist places and High Needs top ups it has not been possible to produce a balanced budget, within the available funding and a budget gap of £1.373m is forecast. The Schools Forum considered the proposed budgets in Table 4 at its meeting on 19th January.
- 3.37 The DSG 2020/21 balance to be carried forward is forecast to be a deficit of £4.125m therefore, combined with the 21-22 budget deficit, the forecast deficit by the end of 2021-22 is £5.5m.
- 3.38 The council is required to produce a deficit recovery plan and the engagement with Schools Forum on this has been undertaken between November and January. A report on the outcome of this work was considered by Schools Forum on 19th January 2021 and agreed for progression. Final details will be provided in February 2021. Following this, council officers will undertake a Full Equalities Impact Assessment including up to a

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Budget 2021/22

Cabinet

Date: 3rd February 2021

twelve-week consultation on proposed changes to inform the final deficit recovery plan. An update on the progress of this work will be available for July Cabinet.

Table 4 - Overall DSG Funding and Expenditure 2021/22

Items	£m	£m
DSG Funding 2021/22		(216.131)
Early Years Expenditure	15.820	
Mainstream School Expenditure	161.701	
High Needs Expenditure	38.877	
Central Schools Services Expenditure	1.106	
Total Expenditure		217.504
DSG Budget Gap		1.373
Estimated overspend on DSG for 2020/21		4.125
Cumulative DSG balance at 31/03/2022		5.498
Cumulative DSG balance as a percentage of 2021/22 DSG funding		2.54%

4. Alternative Options

- 4.1 The Council is required to set a balanced budget. If Cabinet choose not to approve the budget proposals set out in this report, then further options would need to be identified to ensure that the statutory requirement is met.
- 4.2 The Cabinet could amend the package of budget proposals at the assumed council tax increase of 4.99% for 2021/22, which would require the amendments to be cost neutral.
- 4.3 The Cabinet could also choose to recommend a different council tax level to Full Council, and amend the package of proposals within the new net budget. Each 1% on council tax equates to approximately £1.1m

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The General Fund is forecasting to be on budget for the current financial year. This is after the application of the COVID-19 emergency funding from the Government of £16.7m, and is based on the COVID-19 pressures during the remainder of the financial year being offset by government support.

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Budget 2021/22

Cabinet

Date: 3rd February 2021

- 5.2 The report sets out the draft budget for 2021/22. A budget of £153.3m is proposed, requiring a council tax increase of 4.99%.

Legal and Human Rights Implications

- 5.3 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.4 This report includes the budget savings arising from the continued implementation of energy reduction through the installation of LED lighting.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 The proposals included in this budget will result in approximately 41 full time equivalent posts being deleted from the Council's staffing establishment. The Council's Managing Change, Restructuring, Redeployment & Redundancy Policy will be applied in the implementation of changes to staffing structures

Diversity Impact Assessment

- 5.6 In line with the Public Sector Equality Duty (Equality Act 2010) Swindon Borough Council is required to pay due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different protected groups when making decision. Where known, the equality impact of change must be disclosed. The Council has also included Children in Care and Care Leavers as an additional characteristic to consider when we make key decisions to strengthen our role as a Corporate Parent.
- 5.7 All saving proposals are subject to the Council's DIA screening process to assess their potential/likely impact, if any, on service users with protected characteristics. For proposals where there is no change to service or staffing a DIA is not required.
- 5.8 Where it is not possible at this stage to assess fully the impact from individual proposals, these will be subject to separate decisions informed by a separate DIA prior to implementation.
- 5.9 However, officers' current assessments conclude that the impact of adopting these proposals on front-line services or vulnerable groups would be minor. This is not to imply that there would not be any adverse impact on service users, if the proposals are approved. As part of our dynamic assessment process, should this position change, we would review each DIA, update and publish this. These are routinely reviewed by our Equality Task Group members, which includes members from the wider Swindon community and voluntary agencies.

Further information on the subject of this report can be obtained from Mick Bowden, on direct dial 07392 109917 or email mbowden@swindon.gov.uk.

- 5.10 There is a small number of staff that will be affected by this year's proposals as the majority of the posts, which are proposed for deletion, are currently vacant posts. The Council's Managing Change, Restructuring, Redeployment & Redundancy Policy provides a framework to be followed during times of organisational change to minimise the risk of a negative impact on any equality groups. The Managing Change Policy requires that staffing changes undergo a specific DIA per proposal to ensure that the restructure process is conducted in a fair, transparent and non-discriminatory manner. All of these are reviewed by the Human Resources Business Partners and members of the equality task group so that we can understand the impact not just of reductions in staff but the corresponding impact on service levels and workload to make sure proposals are realistic and sustainable.

Risk Management

- 5.11 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1: Forecast Out-turn by Directorate 2020/21
- 8.2 Appendix 2: Virements 2020/21
- 8.3 Appendix 3: Consultation Feedback
- 8.4 Appendix 4: Detailed Budget Proposals 2021/22
- 8.5 Appendix 5: Reserves Policy and Specific Reserves held to support the 2021/22 Budget
- 8.6 Appendix 6: Medium Term Financial Strategy Update

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 The Council's Budget will be determined by the full Council on 18th February 2021. This is therefore not a key decision for the Cabinet at this meeting. It is included in the Cabinet Work Programme and Forward Plan for February 2021.

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Fund	Tier 1 Pillar	Tier 2 Function	Budget 2020/21 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance	
General Fund	Resources - Enabling	Business Support & Facilities Management	3,720	3,692	(28)	(26)	Net savings on office accommodation costs mainly due to empty buildings.	
		Communications & Engagement	395	427	32	32	Shortfall on advertising income due to Covid.	
		Customer Strategy & Operations	720	1,385	665	2		
		Data, Performance and Insight	859	859	0	0		
		Digital & Business Change	2,450	2,433	(17)	(37)	Underspends on licence costs and vacancy savings.	
		Elections and Democracy	1,826	1,680	(146)	(26)	Underspends across operational budgets.	
		Human Resources and Organisational Development	2,141	2,141	0	0		
		Information Technology	2,827	2,879	52	0		
		Legal Services	1,268	1,386	118	0		
			16,206	16,882	676	(55)		
	Resources - Finance & Assets	Corporate Finance	(7,227)	(6,766)	461	795	Improved treasury forecasts and net movement in budget risk contingency.	
		Finance & Procurement Service	2,313	2,447	134	0		
		ASC Finance Services	572	539	(33)	(4)		
		Revenues & Benefits	2,593	3,108	515	250	Full year impact of shortfall on cost recovery associated with debt collection due to courts not accepting non payment cases	
		Internal Audit and Health & Safety	713	713	0	0		
		Architecture	42	39	(3)	0		
		Property	(5,814)	(4,557)	1,257	(99)	Reduction in the corporately held bad debt provision to reflect income risks (£300k) mitigating a shortfall in fee income (£114k) and additional facilities management cost pressures, including increased NNDR on void properties (£87k).	
			(6,808)	(4,477)	2,331	942		
		Resources - Operations	Streetsmart	16,219	17,307	1,088	26	Updated forecasts across the service for salaries, operational expenditure and income.
			Highway Operations and Car Parking	(601)	3,315	3,916	8	
	Operations Management		139	391	252	27		
	Transport		7,546	7,558	12	66	Additional demand costs for home to school and SEN transport (£133k) partly mitigated by forecast underspends on operational budgets (£67k).	
			23,303	28,571	5,268	127		
	Children Services	Inclusion and Achievement	4,650	5,236	586	(104)	Reduction in expected costs relating to the Library service and further savings identified by Supported Employment.	
		Children, Families and Community Health Services	42,579	45,280	2,701	(562)	A reduction in Covid-19 related spend following a review of the impact of increased demand for services on the timing of additional resourcing requirements for the current financial year (£428k) plus vacancy savings (£134k).	
	Adults, Housing & Public Health	Adults	47,229	50,516	3,287	(666)		
			66,838	68,728	1,890	(540)	Main variances relate to a reduction in demand for placements across Learning Disability, Memory & Cognition and Physical/Sensory Support; Vacancy savings due to increase in vacancies/slippage in recruitment across Care Management & Safeguarding. Savings mitigate pressure in demand for Equipment/Adaptations and increased demand for placements in Mental Health.	
		Enterprise Works	53	441	388	10		
		Public Health	0	0	0	0		
		Housing Services	(324)	327	651	(8)		
Economy & Development		66,567	69,496	2,929	(538)			
	Culture & Heritage	1,048	2,023	975	(67)			
	Economy, Growth and Place	940	974	34	(23)	Vacancy savings.		
	Highways & Transport	8	101	93	21			
	Strategic Planning	(76)	932	1,008	254	Further reduction in anticipated income from planning applications plus legal costs in relation to an appeal.		
	Regulatory Services	657	721	64	5			
		2,577	4,751	2,174	190			
	General Fund Total		149,074	165,739	16,665	0		

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2020/21 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
Health	Health Adults	Health Adults	5,859	6,112	253	132	Increased demand for Equipment and Adaptions, matched by additional funding reclaimed from CCG, GWH and SBC
	Health Adults		(5,859)	(6,112)	(253)	(132)	
	Health Children's	Children's Health Commissioning	2,524	2,527	3	3	
			(2,524)	(2,524)	0	0	
		Children's Health Delivery Services - CCG Funded	1,836	1,833	(3)	(3)	
		(1,836)	(1,836)	0	0		
Health Total			0	0	0	0	
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	78,849	82,045	3,196	(80)	Further increase in costs relating to High Needs top ups and these have been offset by a reduction in Pupil Growth Trigger funding, reduction in staff costs and savings against the equipment budget.
		DSG Skills and Attainment	(78,849)	(79,552)	(703)	0	
Dedicated Schools Grant Total			0	2,493	2,493	(80)	
Housing Revenue Account	HRA - Housing	Supervision & Management	(35,547)	(35,555)	(8)	33	Reduction in rental income due to right-to-buy sales and extended void periods on newly acquired properties to replace those sold on RTB
		Special Services	342	342	0	25	Previously forecast saving to be transferred to service charge reserves
	HRA - Operations	HRA Capital Financing	25,139	25,179	40	0	
		Repairs	10,066	9,711	(355)	(470)	Reduced contract and material costs across the service as well as staff savings due to the number of vacant posts during the last eight months. These underspends have mitigated increased fleet hire costs and the reduction in recharges to the capital programme.
Housing Revenue Account Total			0	(323)	(323)	(412)	

	Resources - Enabling £'000	Resources - Finance & Assets £'000	Resources - Operations £'000	Children Services £'000	Adults, Housing & Public Health £'000	Economy & Development £'000	Total General Fund £'000
Cabinet 02/12/2020	16,297	(6,808)	23,964	47,239	66,532	1,850	149,074
Further alignment of budgets to reflect new management reporting structure	(91)		(661)	(10)	35	727	0
Cabinet 03/02/21	16,206	(6,808)	23,303	47,229	66,567	2,577	149,074

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BUDGET CONSULTATION - NATIONAL NON-DOMESTIC RATEPAYERS

WEDNESDAY, 6 JANUARY 2021

PRESENT:- Councillors David Renard (Leader of the Council and Chair), Russell Holland (Deputy Leader and Cabinet Member for Commercialisation, Education and Skills) and Mick Bowden (Corporate Director Finance and Assets).

1. Welcome and Introduction

Councillors David Renard (Leader of the Council and Chair) welcomed participants to the virtual meeting.

It was noted that Under Section 65 of the Local Government Finance Act 1992 the Council had a duty to consult with representatives of Non-Domestic Ratepayers regarding its proposals for expenditure. The Council had set out to achieve this by way of (a) a Public Notice placed in the Swindon Evening Advertiser on 28th December 2020, (b) a similar notification being placed on the Council's website from 8th December 2020, and (c) arrangements for the virtual meeting being circulated to the business community by the Business and Economy Manager via the Business Newsletter. It was noted that Mr Aled Thomas (Swindon Advertiser) had joined the meeting as an observer. To enable those observing to join the meeting, it was recommended that they e-mailed CommitteeServices@swindon.gov.uk to enable the clerk to forward an invitation allowing them to participate in the meeting. No requests were received.

The Chair noted that a link to the publically available agenda papers that included the Budget Management Update 2020/21 report was submitted to the Cabinet on 2nd December 2020 and that the Cabinet's Budget proposals had been included in the invitation.

2. Budget Management Update 2020/21

Councillor Russell Holland introduced the report and referred to the reduction in the financial grant from Central Government over the past years. He drew attention to the increase in demand for Adult Social Care, together with Children Services, that were having an adverse financial impact on the budget. He referred to the Council's operational changes and commented on the myriad ways the Council was continuing to support the community. He added that Swindon's council tax was lower than the unitary average and that due to the increase in demand, an increase in the council tax was being proposed. Councillor Holland explained that whilst this increase was not welcomed by all, it was necessary to ensure continued help and support to those in need.

With regards to business tax, Councillor Holland confirmed that the Council helped distribute grants received from Central Government in support of local businesses and referred to the Council's inability to amend business rates as these were set by Central Government.

Due to the lack of participants at the meeting, the Chair closed the meeting. It was noted that no responses or submissions had been received to date. It was agreed that any

comments or submissions that were received from the business community prior to the Cabinet meeting on 3rd February 2021 would be reported at that meeting.

2021-22 Budget - Detailed Proposals**Service Area - Resources - Enabling**

	Draft Proposals for 2021/22
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Increased contribution to costs of Wiltshire Coroner's Office to fund additional capacity and system improvements.	50
<u>Savings (negative numbers)</u>	
Productivity savings from the deletion of vacant posts in back office teams and reductions in print and postage costs as a result of the introduction of more efficient working practices.	(372)
Total	(322)

2021-22 Budget - Detailed Proposals**Service Area - Resources - Finance & Assets**

	Draft Proposals for 2021/22
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Council wide Pay and Prices Inflation	3,672
Increase in capital financing costs	1,879
<u>Savings (negative numbers)</u>	
Review of vacant posts and service wide operational budgets to deliver ongoing efficiencies	(187)
Commercial Property Income	(500)
<u>Funding Changes</u>	
Reduction in New Homes Bonus	1,650
Additional Social Care Grant	(192)
Lower Tier Services Grant	(281)
COVID 19 impact on council tax collection fund in 20-21	(2,300)
Application of unused budget risk contingency set aside in 2020-21	(761)
Total	2,980

2021-22 Budget - Detailed Proposals
Service Area - Resources - Operations

	Draft Proposals for 2021/22
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Waste Disposal - remove fixed management fees	520
Waste Disposal - additional waste disposal gate fee costs due to growth of housing numbers	133
Service Improvement Plans Phase 1 2020/21 - non delivery of savings	225
Waste and Recycling - 2020/21 review of operations - non delivery of savings	222
Highway operations - additional pressure for traffic management costs to support the reduction of the backlog of potholes work	25
Waste disposal - costs to dispose of additional waste generated by Parishes	50
Additional capacity in tree maintenance service	100
Waste collection - costs to deliver food waste in trial areas.	160
<u>Savings (negative numbers)</u>	
Productivity savings through a range of measures including work scheduling, route optimisation and reduced reliance on temporary staff from employment agencies.	(420)
Waste disposal - programme to reduce total costs of waste service	(300)
Street Lighting electricity - reduced costs as a result of next phase of installing LED lanterns due to finish in 21/22	(400)
Grounds Maintenance - additional income from green waste service subscriptions. Assumes demand remains same as 20/21	(84)
All operational services - savings as a result of a review of 20/21 expenditure budgets net of income pressures	(200)
Highway operations - provide traffic management services in-house	(10)
Transport - review of the application of the Special Education Needs transport policy in terms of eligibility of transport currently awarded. Assumes any changes to transport are effective from September 2021	(100)
Transport - review of the effectiveness and efficiency of the Special Education Needs transport options including minibuses and Personal Travel Budgets. Assumes any changes to transport are effective from September 2021	(35)

2021-22 Budget - Detailed Proposals**Service Area - Resources - Operations**

	Draft Proposals for 2021/22
Proposal	£'000
Transport - review of demand for usage of the Concessionary Transport service	(70)
Total	(184)

2021-22 Budget - Detailed Proposals**Service Area - Children Services**

	Draft Proposals for 2021/22
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Pressure relating to annual support cost of the new Children's IT system	14
Traded services model ceasing for Therapy services resulting in a net loss of contribution to General Fund.	117
Additional staffing requirement for the Edge of Care team to support children and young people on the edge of care.	73
Pressure relating to increase in capacity required to support those on Education, Health and Care Plans within the SEND team.	437
Pressure in Education Psychology service due to increase in demand.	187
Additional staffing required to monitor and track pupil level data on attendance and NEET's	42
Additional staffing required to the monitor and track pupil level data of SEND data for 16-25	42
<u>Savings (negative numbers)</u>	
Savings relating to a reduction in the number of agency staff and review of payments	(780)
Savings relating to review of demand	(110)
Review of working practices across a number of teams has resulted in a reduction in the number of vacant posts.	(266)
Reduction in costs relating to Supported Employment	(86)
Productivity savings through consolidation of services	(21)
<u>Funding Changes</u>	
Cessation of grant from European Social Fund for Building Bridges	136
School Improvement and Monitoring Grant contribution to staffing costs	(30)
Reduction in contribution to service costs from the Troubled Families grant	81
Total	(164)

2021-22 Budget - Detailed Proposals**Service Area - Adults, Housing & Public Health**

	Draft Proposals for 2021/22
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Demand Pressure - Older People care packages, increasing numbers of service users and increasingly complex social care needs.	1,745
Demand Pressures - Learning Disabilities care packages through Children transitioning into Adult Social Care services.	3,000
	500
Demand pressures - mental health services. Increasing numbers of clients and increasingly complex social care needs.	100
Enterprise works - Retaining Community meals in house (£110k), shortfall in timber sales (£103k), reduction in grant income (£20k), other minor pressures (£7k).	240
Social Workers- locum costs due to recruitment challenge	145
<u>Savings (negative numbers)</u>	
Productivity savings have been delivered with the In House Learning Disability provider through deletion of vacant posts and reshaping Supporting People Contracts (£206k) and will be delivered in 21/22 by reshaping the Community Living Service and using cost effective accommodation options in the Homelessness service (£130k).	(336)
Productivity savings - Enterprise Works . Plans to be identified	(152)
Enterprise Works - restructure of services	(112)
Managing Learning Disability Transitions reduced cost of social care packages by supporting service users to be as independent as possible.	(1,400)
Managing OPPD demand through strength based conversations to support service users to be as independent as possible.	(840)
Managing LD long term demand through strength based conversations to support service users to be as independent as possible.	(400)
Managing Mental Health demand through strength based conversations to support service users to be as independent as possible.	(100)
Efficiency savings re the operation of In House Older People residential care.	(200)
Total	2,190

2021-22 Budget - Detailed Proposals
Service Area - Economy & Development

	Draft Proposals for 2021/22
Proposal	£'000
<u>Savings (negative numbers)</u>	
Productivity savings across the Directorate aligned to programme of work to include realignment of duties associated with vacant posts.	(297)
Total	(297)

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Reserves Policy and Specific Reserves held to support the 2021/22 Budget

The Council continues to deliver improved services at a time when the finances of local government continue to be under pressure. The pace of change at the Council, the global pandemic and the scale of savings being delivered bring with them risks in relation to the Council's capacity to deliver the planned stepped changes. These risks are both in relation to the complexity of some of the changes required to deliver the ongoing budget savings, the capacity to deliver those along with the potential need for funds to pump-prime work on future changes. The Council is managing these risks using a number of means:

Risk Assessment

Each of the savings proposals put forward as part of the Budget setting cycle has been individually risk assessed against a number of factors, namely:

- Impact on service
- Complexity of implementation
- Impact on equalities
- Contribution to strategic plans

Reserves and Contingencies

It is recommended that the minimum level of General Reserves the Council needs to hold to support the 2021/22 Budget is £7.2m, whilst aiming to gradually increase that figure over the medium term. The Corporate Director of Finance and Assets advises that this is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £1.5m.

Alongside the General Reserve, the Council is holding a number of specific reserves to support key risks and future commitments. These have been established following a thorough review of risks and needs.

By the start of 2021/22, the Council expects to be holding around £45.7m of reserves, of which £33m is earmarked to support the General Fund. Decisions to fund on-going revenue expenditure from reserves, other than on a transitional basis, increases the level of risk within the annual budget and make future years' budgets increasingly unsustainable.

The £45.7m reserves expected to be held in 2021/22 is summarised below:

General Fund (£33m)

- **£2.4m** relates to the PFI equalisation reserve. This reserve fluctuates depending on the yearly cash flows of the PFI and will be fully depleted by the end of the project's life.
- **£0.6m** relates to infrastructure and regeneration funding. This is fully allocated for feasibility works and commitments.
- **£17.7m** of general 'cash flowing' reserves to fund programmes of work to deliver future years' budgets and manage budget pressures and risks.

- **£12.3m** of service specific reserves set out below:

Insurance Fund	£1.2m	This fund is set at an industry standard level of covering twice the aggregate excess liability in any financial year. The level of reserve is reviewed annually based on an assessment of claims, both past and future.
Collection Fund Reserve	£3.7m	Specific reserve to mitigate the adverse impact of COVID-19 on the collection fund
Other	£7.4m	A number of smaller service-specific reserves often financed from external funding or earmarked for committed projects

Other Funds (£12.7m)

- **£0.2m** net deficit on Schools balances representing the combined total of all individual schools' rolled-forward balances of £4m and the non-schools retained DSG reserve deficit of £4.2m.
- **£12.9m** of HRA Balances comprising the HRA minimum working balance (£4m), the general reserve (£7.7m) and specific reserves (£1.2m).

Swindon Borough Council**Medium Term Financial Strategy and Efficiency Statement****1 Background and Scope**

- 1.1 The Council's Medium Term Financial Strategy agreed by Cabinet in February 2020 set out the financial context for the Council up to 2023/24. This document updates the strategy for the latest known funding position and the Council's approach for addressing the financial challenge over the next few years.
- 1.2 Alongside increasing demands for services, councils nationally have seen cumulative reductions in Government funding since 2010/11. As part of the multi-year settlement arrangements introduced from 2016/17 the Council is required to produce an efficiency statement demonstrating its high-level funding position and responding strategies to ensure medium-term financial sustainability. The efficiency statement is incorporated within this document.

2 Forecast Resources

- 2.1 It was anticipated that a national spending review would take place during 2020, providing a new multi-year funding settlement for local government and that this would provide the basis for a refresh of the Council's financial plans. In the light of the COVID-19 pandemic the Government announced a Spending Review for one year only, on 25th November 2020. This means that the future funding arrangements for the Council are uncertain beyond that point and will be shaped by two main issues:
- 2.1.1 Spending Review 2021 – this is expected to establish the total funding for local government nationally for 2022/23 and future years
- 2.1.2 The extent and timing of any change to the system for distributing funding between local authorities
- 2.2 In the absence of any further information the central planning assumption is that the underlying funding levels for the Council will remain at the same level as 2021/22. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, Social Care Grant and the baseline level of retained business rates. The exceptions to this being the one-off Lower Tier Services Grant for 2021/22 and New Homes Bonus as the Government has indicated that this will continue to reduce as part of a wider review of how to incentivise and reward growth in future years. The 2021/22 budget is supported by the use of The 2021/22 budget is supported by the use of £761k carried forward from the 2020/21 budget risk contingency – this only provides a one-off funding solution and therefore increases the savings to be found in 2022/23.
- 2.3 For 2021/22 the limit of core council tax increases, without requiring a referendum, is 1.99%. There is also the opportunity to raise an Adult Social Care precept of up to 3%, which can be spread across the 2021/22 and 2022/23 years. The budget for 2021/22 is

based on the full precept being raised in that year. The Government has not provided any guidance on limits in future years - the planning assumption used in the medium term projections is that increases of 3.99% (including a 2% adult social care precept) will be applied annually

- 2.4 Allowance has been made for growth in the council tax base and business rates (each increasing by £0.8m per annum). The latter item is the subject of a separate review by central government, which may change the nature of this funding stream for local authorities.

3 Forecast Expenditure

- 3.1 Following the experience of recent years the key expenditure pressures are anticipated to be related to demand pressures in children and adults social care. More generally the council will face pressures relating to population growth - particularly waste collection and disposal costs - and pay and price inflation and estimates of these have been produced for future years.
- 3.2 During the 2020/21 financial year the Council's financial position was significantly affected by Covid-19. This remains a risk that continues to be beyond the normal financial capacity of the Council and requires co-ordination with, and support from, central government. The extent to which this will be an issue over the medium term remains uncertain and will be a key element of the Council's financial planning activity over the forthcoming year. Any permanent increases in spending, or reductions in income, that are not matched by compensating increases in government funding would mean further budget savings would be required over the next four years.

4 The Council's Strategy

- 4.1 Building on its existing approach to continuous improvement the Council will maintain a focus on developing the Council to be a modern, efficient and effective organisation. The performance of the Council's companies, both wholly owned and the joint venture, will continue to be a priority. In order to address the demand pressures over the period to March 2025 the following cross-cutting themes will continue to be developed:
- Transitions – to ensure that young people make a successful transition to adulthood achieving as much independence, choice and control as is possible so they can lead independent and successful lives.
 - Strength based working - to ensure local people and families receive support that is responsive, community based and focused on resilience and keeping them in control of their lives.
 - Place based working - to help the most vulnerable children, young people and adults living in Swindon to achieve better outcomes and, by maximising our use of resources with partners, deliver services more efficiently and effectively at lower cost.

- 4.2 The overriding purpose of these themes is to give residents greater opportunities to live safe, fulfilling and independent lives and to ensure that the Council's limited resources can be targeted effectively to manage the demand pressures it faces.

5. Financial Plan

- 5.1 The approach to addressing the financial challenges includes extending the detailed financial planning period beyond the annual budget setting cycle, to reflect the time period to plan and implement the savings proposals required. This will be on a rolling basis to ensure that the Council is best placed to respond strategically to the difficult and uncertain funding position it faces.
- 5.2 In line with national guidance from the Chartered Institute of Public Finance and Accountancy the council has developed its capital strategy to set out the long-term context in which capital expenditure and investment decisions are made, reflecting both the delivery of council priorities and the associated risks and rewards.
- 5.3 In March 2016 the Secretary of State issued statutory guidance on the flexible use of capital receipts. This will enable council's to finance certain revenue expenditure from capital receipts. The key criteria to use when deciding whether expenditure can be funded using the capital receipts flexibility is that it is forecast to generate on-going savings. The guidance sets out some examples of expenditure that could be financed using this flexibility, including:
 - Sharing services
 - Service reform
 - Collaboration between councils
 - Service reconfiguration, restructuring or rationalisation
 - Setting up alternative delivery models.
- 5.4 The Council will incur expenditure of this nature in order to deliver the savings specified above. Specific areas being explored which could require up-front investment to realise future savings include increased use of digital channels the costs of restructuring and reconfiguring services. The Council may therefore utilise the capital receipts flexibility to meet expenditure that it incurs in order to realise the savings set out in this efficiency plan.
- 5.5 This flexibility will not be applied rigidly. Expenditure incurred in delivering the efficiency plan will be monitored continuously and the decision on whether or not to use the flexibility will be taken based upon the Council's best financial interests at the time.

Table 1 - Financial Projections from 2022/23

	2022/23	2023/24	2024/25
	£m	£m	£m
<u>Pressures:-</u>			
Pay and Prices Inflation	4.5	5.5	5.5
Adult Social Care Demand	4.8	4.8	4.8
Capital Financing	2.0	2.0	2.0
Other Pressures	2.0	1.0	1.0
Total Cost Pressures	13.3	13.3	13.3
<u>Funding Changes:-</u>			
Council Tax Increase - Core Element	(2.3)	(2.4)	(2.5)
Council Tax Increase - ASC Precept	(2.3)	(2.4)	(2.5)
Increase in council tax base	(0.8)	(0.8)	(0.8)
Removal of one-off funding	1.0	-	-
Reduction in Collection Fund Balance	0.4	0.4	-
Reduction in New Homes Bonus	1.5	2.1	-
Retained business rate growth	(0.8)	(0.8)	(0.8)
Total Funding Change	(3.3)	(3.9)	(6.6)
Savings needed	10.0	9.4	6.7
<u>Indicative Savings:-</u>			
Cross-cutting initiatives to address demand management	(5.5)	(5.5)	(3.5)
Operations	(1.2)	(1.2)	-
Efficiency and Productivity Savings	(1.0)	(1.0)	(1.0)
Prioritisation of core services	(2.4)	(1.7)	(2.2)
Total Indicative Savings	(10.0)	(9.4)	(6.7)

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Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

Author: Cabinet Member for Commercialisation, Education and Skills
Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To provide an update to the Capital Strategy and report new capital investment requirements through to 2025/26.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management underpins the Council's strategic objective of consistently making the best use of all available resources as well as providing focus for its change programmes.

2. Recommendations

Cabinet is recommended to:

- 2.1 Recommend that Council approves (Minute for Confirmation):
 - 2.1.1 the additions to the Capital Programme and funding sources for the schemes set out at Appendix 1;
 - 2.1.2 that the budget for the Bus Boulevard be increased to £33m following the award of £25m Future High Streets grant as detailed in paragraph 3.8;
 - 2.1.3 entering into a funding agreement with the Swindon & Wiltshire Local Enterprise Partnership for £4m of Getting Building capital grant as detailed at paragraph 3.9;
 - 2.1.4 that further updates to the Capital Programme can be approved by Cabinet within the approved capital financing revenue budget and prudential indicators;
 - 2.1.5 the Capital Strategy attached at Appendix 2 and
 - 2.1.6 a feasibility study to help inform the Council on the development potential of the Corn Exchange and the Council's adjoining land as detailed in paragraphs 3.10 to 3.11.
- 2.2 Note the impact on long term borrowing of the approvals sought in this report, as set out at paragraph 3.7; and

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884176 or Email psmith2@swindon.gov.uk

Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

2.3 Approve that schools capital funding is distributed as detailed in paragraph 3.18.

3. Detail

3.1 The CIPFA Prudential Code for Capital Finance in Local Authorities Code (“the Code”) previously introduced the requirement for authorities to produce a capital strategy. The purpose of the capital strategy is to firmly place decisions around borrowing in the context of the overall longer term financial position of the authority and to provide improved links between the revenue and capital budgets.

3.2 This report therefore sets out the investment requirements that are subject to approval of this report and the impact of the additional borrowing requirement on the revenue budget to provide better budgetary links between capital investment plans and the Medium Term Financial Plan.

3.3 An annual capital programme report will still be submitted annually, but this will provide updates to the 5 year programme rather than focusing purely on the following financial year as has previously been the case. Schools capital funding will still be set out annually and is set out in detail elsewhere in this report.

3.4 The capital strategy, attached at Appendix 2, has been updated to reflect the approvals sought in this report.

Capital Programme Approvals

3.5 Appendix 1 sets out the new approvals sought for 2021/22 and the proposed sources of funding.

3.6 Where no borrowing is required, there is no impact on the revenue budget as these proposals are either of a “spend to save” nature (i.e. they either generate savings or reduce costs in excess of the related borrowing costs) or they are fully funded from either grant or capital receipts.

3.7 The new approvals set out in this report require additional borrowing of £3.583m. The resulting estimated debt charges of £276k per annum will be built into the Medium Term Financial Plan.

3.8 In addition, the Council has been awarded £25m of Future High Streets grant towards the Bus Boulevard. In addition to the existing £3m of Local Growth Fund grant (Cabinet Minute 24, 2018/19) and £5m of Council borrowing (Cabinet Minute 64(1a), 2019/20) previously approved, this will provide an overall budget of £33m.

3.9 The Council has been successful in obtaining £4m of Getting Building capital grant to enable additional office space at Units 7 and 9 including public realm improvements at Carriageworks.

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Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

-
- 3.10 To help inform the Council on the development potential of the Corn Exchange and the Council's adjoining land, recognising the Council does not own the Corn Exchange, a consultant is to be commissioned to provide a report setting out:
- 3.10.1 a general review of previously developed schemes and provide a commentary on aspects that could be improved to improve viability and deliverability. This would include;
 - 3.10.2 a review of all available existing information (technical, heritage, planning etc);
 - 3.10.3 a review of general property market to establish demand for viable uses and potential values;
 - 3.10.4 working up a concept development scheme setting out development proposals to assess values and costs and set out the viability case and deliverability and
 - 3.10.5 providing an overview of development market appetite for the Old Corn Exchange and potential interest, but also how wider interest could be attracted to Swindon Old Town on the back of any development.
- 3.11 This would then be used to help inform discussions with the owner of the Corn Exchange with the intention of agreeing a way forward to deliver an attractive and viable redevelopment scheme.

Education Services Schemes

- 3.12 The Government allocates two main capital grants to support expenditure on school assets; maintenance grant and basic need grant. Maintenance funding is provided for maintenance and repair to existing school buildings, and Basic Need funding supports the Councils statutory requirement to provide new pupil places in new or expanded maintained schools. The Basic Need funding does not include any uplift to reflect the higher costs of providing Special Educational Needs places. Neither grant is ring-fenced to schools, but given the pressures in this area it is recommended that these funds are used as proposed in this paper.
- 3.13 No Basic Need grant has been awarded for 2020/21, and currently no funding has been notified for 2021/22. The DfE expects that any schools required as a result of development are to be funded from S106 contributions as Basic Need grant is not provided to support new developments. Any schools provided as a Free School would be funded directly through the Education and Skills Funding Agency ("ESFA") and where this school is required as a result of a new development any S106 receipts will be required to support this provision.
- 3.14 Currently there are no specific schemes that require funding in 2021/22 although there is an expectation that the Council will need to fund either expansion or new

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Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

construction in the town centre to meet demand in 2022/23. A capital bid will be brought forward to a future meeting once the full requirements are known.

- 3.15 **Capital Maintenance grant** for 2021/22 has not been notified at the date of writing this report but is estimated at c£0.9m (2020/21 £0.93). The level of grant is reduced every time a school converts to an academy as academies are funded directly from the EFA. Notification of the exact sum is not expected until spring 2021.
- 3.16 There is a demand for new schools to be opened over the next 3 years that were expected to be provided by the free school programme, however there is currently no information on when the next bidding round will open and what types of school may be eligible for funding from this source. In the event that these are not approved an update will be provided to Cabinet outlining alternative options to meet the need for these schools.
- 3.17 The Council has to meet the cost of expanding schools to meet need where it is not practical to build new schools. In addition the LA has responsibility for maintaining its special school and special resource provision.
- 3.18 This report seeks approval for the following Education Services schemes:-
- 3.18.1 To allocate the full amount of the Maintenance Grant, when notified, for condition works. This relates to high priority condition issues outside of the schools ability to fund from their own delegated funding, such as replacement heating systems.
- 3.18.2 The Council will also receive from the DfE Devolved Formula Capital Grant during 2021/22 estimated at £170k (2020/21 £193k). This grant is ring fenced for maintained schools and the Council passport to each of the maintained schools via a methodology prescribed by the DfE. The funding is to support schools in undertaking minor capital schemes as part of their management of the school premises and for IT. Permission is sought for this grant to be distributed to the maintained schools when it is received from Government.

4. Alternative Options

- 4.1 Any alternative options for specific areas are set out within the report.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The proposals contained in this report if approved will result in an additional borrowing requirement of £3.58m and estimated debt charges of £276k per annum. These are reflected in the revenue budget report elsewhere on this agenda and will be built into

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Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

the Medium Term Financial Plan. Actual charges will be dependent on both the timing of new borrowing and interest rates.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.3 The proposals would not bring a change in service delivery and Officers believe that there is no expected effect on the Council's carbon footprint.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are no such direct implications.

Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would affect services.

Risk Management

- 5.6 None other than those highlighted in the body of the report. Individual schemes will have individual Risk Assessments and DIAs, these can be obtained from the project managers.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Detailed Proposals

- 8.2 Appendix 2 – Capital Strategy 2021/22 to 2025/26

8.2.1 Annexe 1 – Investment Strategy

8.2.2 Annexe 2 - Property Acquisition and Disposal Strategy

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884176 or Email psmith2@swindon.gov.uk

Capital Programme to 2025/26

Cabinet

Date: 3rd February 2021

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for February 2021.

Appendix 1 – Capital Programme proposals 21/22 (General Fund)

	Anticipated Spend Profile				
<u>Scheme</u>	<u>21/22</u>	<u>22/23</u>	<u>Total Budget</u>	<u>Funding Source</u>	<u>Debt charges pa</u>
	£	£	£		£
Information Technology Service Management procurement - replacement tool for IT services to log and monitor workloads, trends and performance.	75,000		75,000	Borrowing/10 yrs	8,903
Steam security upgrade replacement of Access Control, Intruder Alarm and CCTV.	60,000		60,000	Borrowing/10 yrs	7,122
Lydiard Forest café purchase and installation of server	22,208		22,208	Borrowing/10 yrs	2,636
Steam exhibitions Audio Visual System replacement & upgrade	160,000		160,000	Borrowing/10 yrs	18,992
Care Director IT - Early Help and Specialist Community Health Project	421,000		421,000	Borrowing/10 yrs	49,925
Mobile working - increase in working capability in line with Digital & IT strategy	385,000		385,000	Borrowing/5 yrs	84,046
Car Park equipment - replacement of obsolete equipment	600,000		600,000	"Spend to Save"	
Whalebridge Junction improvements - feasibility funding	200,000		200,000	Borrowing/50 yrs	8,5000
Multi storey car park maintenance - 21/22 condition works	300,000		300,000	Borrowing/50 yrs	12,750
Surface level car park maintenance - 21/22 condition works	360,000		360,000	Borrowing/50 yrs	15,300
Street lighting concrete column replacement	964,000	636,000	1,600,000	Borrowing/50 yrs	68,000
TOTALS	3,547,208	636,000	4,183,208	Debt charges £/pa	276,174
New Borrowing required			3,583,208		

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**SWINDON BOROUGH COUNCIL
CAPITAL STRATEGY
2021/22 – 2025/26**

Contents

1	Executive Summary.....	1
2	What is Capital Expenditure?.....	1
3	What are Treasury Investments?.....	1
4	What are Service and Commercial Investments?.....	2
5	Due Diligence	2
6	Council Objectives/Identifying Need	3
7	Prioritising Investment.....	3
8	Governance.....	4
9	The Capital Programme 2019/20 – 2023/24	4
10	Funding Strategy and Capital Policies.....	6
11	Asset Management Planning.....	8
12	Treasury Management and Debt.....	9
13	Commercial activity	11
14	Other long-term liabilities	12
15	Procurement and Value for Money.....	12
16	Management Framework	12
17	Performance and Project Management	13
18	Risk Management	13
19	Alternate Delivery Models.....	14
20	Property Investments	14

1 Executive Summary

1.1 This purpose of this Capital Strategy is to:

- a. Set out the principles the Council will follow in its capital planning.
- b. Outline the methodology for inclusion of schemes within the Capital Programme.
- c. Set out the arrangement for management of capital schemes.
- d. Identify the investment requirements and how those schemes may be funded.

1.2 The Strategy also sets out the principles of what is a capital investment, the knowledge and skills available to the Council, an overview of governance processes and an outline of its approach to commercial activities including due diligence and risk appetite.

1.3 The capital strategy is therefore intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2 What is Capital Expenditure?

2.1 Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset that is needed to provide services. Fixed assets are tangible or intangible assets that yield benefits to the Council generally for a period of more than one year, e.g. land, buildings, roads, vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services. The definition of what can be classed as capital expenditure is a combination of accounting regulation and legislation and this distinction is important as capital funding (such as capital receipts and capital grants) cannot typically be used to fund revenue expenditure.

2.2 The capital programme is the authority's plan of capital works for future years, including details on the funding of the schemes. Included are the projects such as the purchase of land and buildings, the construction of new buildings, design fees and the acquisition of vehicles and major items of equipment. Also included could be service and commercial investments.

3 What are Treasury Investments?

3.1 Treasury Management relates to how the Council manages its cash. Treasury Investment activity covers those investments of surplus cash which arise from fluctuations in the organisation's daily cash flows through the normal course of business.

3.3 For Treasury Management investments the security and liquidity of funds are always prioritised ahead of the investment return. The management of associated risk is set out in the Treasury Management Policy and the Annual Investment Strategy.

3.4 The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments.

4 What are Service and Commercial Investments?

4.1 These are investments for policy reasons outside of normal treasury management activity. This may include:

Service investments

4.2 Investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including regeneration.

Commercial investments

4.3 Investments taken for mainly financial reasons. These may include:

- investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers;
- investments explicitly taken with the aim of making a financial surplus for the Council.

4.4 Commercial investments also include fixed assets which are held primarily for financial benefit, such as investment properties. The Government classifies these as “Debt for Yield” and has recently introduced regulations that prevents any local authority that has purchased or plans to purchase any “Debt for Yield” investments from accessing loans through the Public Works Loan Board (for any purpose whatsoever) in that year.

4.5 Due to the nature of the assets or for valid service reasons, such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported.

4.6 The S151 officer will ensure that the Council has the appropriate legal powers to undertake such investments and will ensure the proportionality of all investments so that the Council does not undertake a level of investing which exposes it to an excessive level of risk compared to its financial resources.

4.7 Annexe 1 sets out in detail the Council’s Investment Strategy around Commercial Investments.

5 Due Diligence

5.1 For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.

5.2 Due diligence process and procedures will include:

- effective scrutiny of proposed investments by the relevant body
- identification of the risk to both the capital sums invested and the returns;
- understanding the extent and nature of any external underwriting of those risks;
- the potential impact on the financial sustainability of the Council if those risks were to come to fruition;
- identification of the assets being held for security against debt and any prior charges on those assets;
- where necessary independent and expert advice will be sought.

5.3 The S151 officer will ensure that members are adequately informed and understand the risk exposures being taken on.

6 Council Objectives/Identifying Need

6.1 The Council has agreed a number of corporate aims, priorities and objectives which guide its work. The Council Plan sets out the vision for Swindon and the priorities we are trying to achieve for our residents and the borough of Swindon. The current Plan sets 4 priorities:

- Improve infrastructure and housing to support a growing, low-carbon economy
- Offer education opportunities that lead to the right skills and right jobs in the right places
- Ensure clean and safe streets and improve our public spaces and local culture
- Help people to help themselves while always protecting our most vulnerable children and adults

6.2 Capital investment projects must be in line with the Plan and priorities as well as individual service aims and objectives.

6.3 In addition to the Council's own priorities external influence may impact on capital decisions, for example central government and local enterprise partnership (LEP) priorities and funding requirements, and of course the influence of demographic and legislative changes. These need to be considered as part of the risk process when considering investment decisions.

7 Prioritising Investment

7.1 In order to ensure best use of resources, all capital investment proposals should be prioritised based on the following considerations:

- Is the proposal as a result of a statutory or urgent Health & Safety requirement and to what degree?
- Does the proposal fit within one of the Council's 4 priorities?
- Does the proposal attract significant external funding support or other sustainable income streams such as business rates or income tax?
- Does the proposal generate revenue savings, to what extent and timescales and are these acceptable?
- Does the proposal avoid future costs, to what extent and timescales and are these acceptable?

- Has risk been assessed and fully understood, is it manageable and considered acceptable?

7.2 The following processes are designed to ensure this happens.

8 Governance

8.1 In order for capital schemes to enter the capital programme, they must ultimately be approved at Cabinet/Council. Prior to this there are various layers of scrutiny to ensure all proposals are deliverable, affordable, and provide value for money.

8.2 The Commercial Investment Strategy Board (“CISB”) specifically reviews proposals that are made for purely a commercial purpose or are of a “spend to save” nature. The Investment Strategy attached at Annexe 1 to this paper details the Governance process for this Board.

8.3 General Fund Capital proposals that do not require CISB approval should be presented to the Capital Board for review and scrutiny prior to proceeding to Cabinet. The Capital Board is an officer Board and should consider schemes using the same criteria as detailed at section 7 above.

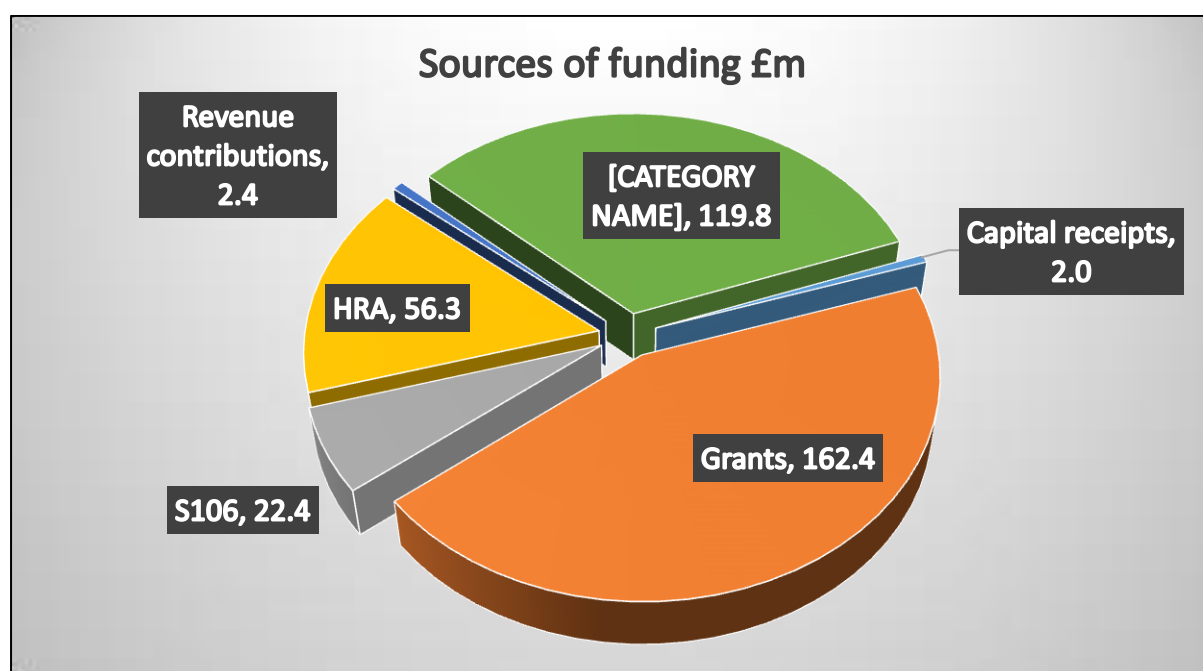
8.4 Once a proposal has been formally approved, the identified budget manager is responsible for the project budget and must ensure forecasts are updated regularly in line with financial processes so that they can be incorporated into the quarterly capital programmes reports for Cabinet. In addition, for larger projects, Project Boards should be considered chaired by the Head of Service which adds a further ability to monitor and scrutinise progress of the project against cost, time and deliverables.

9 The Capital Programme 2021/22 – 2025/26

9.1 Table 1 below sets out the existing approved capital programme over the next 5 years and how it is funded.. HRA expenditure is funded by S106 receipts and grant funding (retained RTB receipts), in addition to internal resources.

Table 1 – Existing Approved Capital Programme and sources of funding December 2020

Existing Capital Programme	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m	£m
Resources - Enabling	1.0	4.2	0.4	0.1	0.1	0.1	5.9
Resources - Finance & Assets	2.9	6.1	38.1	1.9	1.7		50.7
Resources - Operations	2.0	2.0	2.3	4.5	0.1		10.9
Children Services	2.2	8.5	1.5				12.2
Adults, Housing & Public Health	3.2	4.9	1.5	1.5	1.5		12.6
Economy & Development	64.3	91.9	16.2	12.6	5.7	1.0	216.7
General Fund Total	75.9	117.6	60.0	20.6	9.1	1.1	309.0
HRA - Housing	18.3	24.5	13.5				56.3
Total	94.2	142.1	73.5	20.6	9.1	1.1	365.3

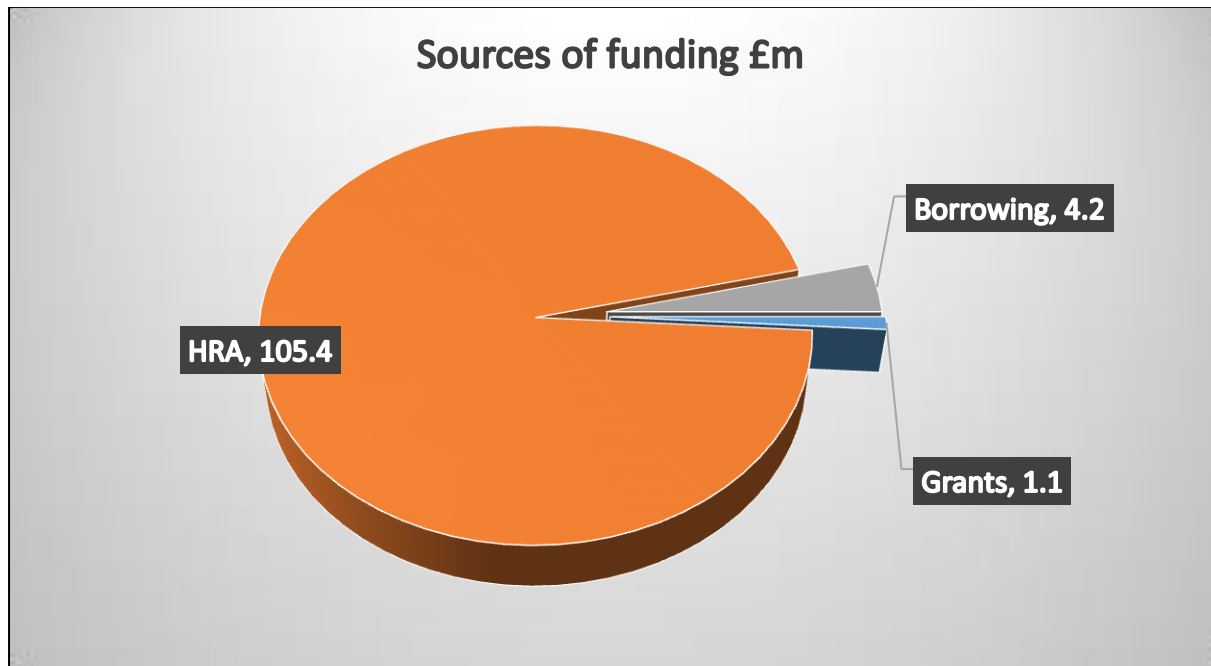


9.2 Table 2 sets out a summary of the new investment requirements for 21/22 through to 25/26 (subject to approval) and the proposed funding sources. HRA expenditure is funded by S106 receipts and grant funding (retained RTB receipts), in addition to internal resources.

Table 2 – new approvals and sources of funding

New Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
-----------------------	---------	---------	---------	---------	---------	-------

	£m	£m	£m	£m	£m	£m
Resources - Enabling	0.1					0.1
Children Services	1.1					1.1
Adults, Housing & Public Health	0.8					0.8
Economy & Development	2.7	0.6				3.3
General Fund Total	4.7	0.6				5.3
HRA - Housing	24.0	18.6	19.6	21.6	21.6	105.4
Grand Total	28.7	19.2	19.6	21.6	21.6	110.7



9.3 Section 12 sets out the impact of the new approvals on existing levels of borrowing over the next 5 years.

10 Funding Strategy and Capital Policies

10.1 This section sets out the policies of the Council in relation to funding capital expenditure and investment.

External Funding

10.2 Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants and contributions from outside bodies including central government.

10.3 Prior to submitting bids for grant funding, an assessment of the risk of cost increases must be completed to estimate the likelihood of additional funding being needed, and whether this risk is acceptable.

10.4 If additional funding is required or match funding is required as part of the bid conditions then the source of the match funding must be identified and approved via the relevant Corporate Director prior to the external funding bid being submitted. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Management Team and the relevant Portfolio Holder prior to submitting any bid for funding.

Capital Receipts

- 10.5 A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. This funding cannot be spent on revenue items other than where a statutory override exists such as through Flexible Use of Receipts detailed below.
- 10.6 The S151 officer will review all of the Council's property annually against the aims and objectives of the Corporate Asset Management Strategy. The general policy is that any capital receipts are then pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by the regulations.
- 10.7 The Government introduced Statutory Guidance on the Flexible Use of Capital Receipts in 2016 which was updated again in December 2017 to allow a continuation of the flexibility programme for a further 3 years to March 2022. This allows for certain qualifying (revenue) expenditure which is forecast to generate on-going savings to the authority to be funded from Capital Receipts. A level of governance and reporting is required to take account of this benefit and the guidance recommends that a report is taken to Full Council each year detailing the use of this flexibility to ensure there is full transparency.

S106 Developer Contributions/Community Infrastructure Levy (CIL)

- 10.8 Developer contributions and CIL are sought to mitigate the impact of development and overcome what would otherwise be a potential reason to refuse a planning application. Following the introduction of CIL the Council primarily seeks S106 contributions to meet the social housing targets within our current planning policies.
- 10.9 The CIL charging mechanism which largely replaces s106 monies can be claimed to fund Community Facilities, Indoor Sports Facilities, Public Open Space, Environmental Improvements, Public Art, Highway measures (inclusive of Park and Ride, Pedestrian measures, Cycle Facilities etc.), Education, Libraries, Waste Recycling, Youth Services, Museum Resource Centre and Day Care Provision for Adults.
- 10.10 The finance team keep a record of all S106 and CIL payments received, committed and spent. Officers should always liaise with the finance and S106/CIL teams to identify potential funding sources before submitting capital bids with funding gaps.

Revenue Funding

- 10.11 Services may use their revenue budgets to fund capital expenditure.
- 10.12 The Director of the service and the S151 officer will decide the most appropriate way of funding their service areas.

Prudential/Unsupported Borrowing

- 10.13 Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. This borrowing may also be referred to as Prudential Borrowing.
- 10.14 Capital projects that cannot be funded from any other source can be funded from Prudential Borrowing. Borrowing costs are not funded by the Government and therefore Services must be able to afford the borrowing repayment and interest charges on the loan from existing revenue budgets or the Council must see this as a key priority for the budget process and to be factored into the medium term financial strategy accordingly.

- 10.15 The S151 officer will make an assessment of the overall prudence, affordability and sustainability of the total borrowing requested. The impact of this borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance.
- 10.16 The view of the S151 officer will be fed into the corporate bidding process so that, should the borrowing levels be unaffordable or not prudent, then the schemes will be prioritised against the available funding from borrowing using the prioritisation framework in this strategy.
- 10.17 The S151 officer will also determine the timing and extent of any external borrowing as part of the Treasury Management Strategy.

Spend to Save Schemes

- 10.18 Occasionally projects arise for which services require assistance with meeting the set up costs of projects which may bring long term service delivery improvements and/or cost savings. The initial set up costs may be of a revenue or capital nature. Assistance for these schemes must be considered on an individual basis by the Corporate Management Team and then the Cabinet with consideration to the Council's overall priorities and resources.
- 10.19 For 'spend to save' schemes assistance may be given for initial set up costs, but it is expected that in the longer term these schemes will produce savings and/or additional income that will as a minimum fund any additional operational or borrowing costs. If the additional savings/income does not cover the additional costs incurred, then the service will be required to fund the gap from their existing budgets (i.e. they will underwrite the savings/income).

Leasing

- 10.20 The S151 officer may enter into finance leasing agreements to fund capital expenditure on behalf of services. However, a full option appraisal and comparison of other funding sources must be made and the S151 officer must be certain that leasing provides the best value for money method of funding the scheme.
- 10.21 Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

11 Asset Management Planning

- 11.1 Disposals of the existing commercial portfolio are considered on the basis set out in the investment and disposal strategy which has been agreed through the Commercial Investment Strategy Board. There are no planned disposals, opportunities are considered as they arise and in the context of the disposals strategy, recognising the fact that commercial properties are revenue producing and that the Council is looking to retain and maximise the return from revenue making assets, and acquire further assets in line with the investment strategy.
- 11.2 There are also sites that are available for disposal that are non-income producing that are dealt with as part of business as usual. These mainly consist of undeveloped plots where planning is either available or specific planning briefs are obtained to maximise the value as part of the marketing and disposal process, or assets that are no longer required for operational use. Opportunities are considered taking into account:
- Potential demand if a site is marketed and the ability to maximise the sale value;

- The holding cost of assets. The higher the cost the more this will influence the timing of a proposed sale;
- Whether there is an opportunity for a sale to one of the Council's fully owned companies to maximise revenue generation.

11.3 On-going costs of existing assets are reflected in budgets and these are taken into account when considering disposal opportunities.

12 Treasury Management and Debt

12.1 Treasury Management performance, the effective management of the Authority's daily cash balances, is reported to Cabinet twice a year and an Annual Treasury Strategy is approved at Council every year. Under the Council's Constitution, the Audit Committee scrutinises the treasury management activities undertaken by the S151 officer and his team, including compliance with agreed policies.

12.2 The amount of long term borrowing undertaken to fund capital expenditure is therefore is relevant to this strategy. The reports provide full information around the strategy for the year ahead and the performance for the previous period, but some of the key information is replicated below from the latest reports.

12.3 There are 2 key components of debt, the actual debt at a point in time, and the Capital Financing Requirement or "CFR" which takes the actual debt and adds on further capital expenditure incurred for which the borrowing is still to be taken.

12.4 The difference between the CFR and actual borrowing is known as **Internal Borrowing** and represents the use of cash backed reserves and cashflow surpluses as a temporary measure in advance of further long term borrowing. This saves the Council interest as the opportunity cost of temporarily using existing cash surpluses to fund expenditure is currently lower than the cost of long term borrowing.

12.5 As at the end of March 2020, the Councils debt position compared with March 2019 was as follows:

CFR and BORROWING POSITION	31/03/19 Actual £m	31/03/20 Actual £m	Change £m
Long term debt	375.8	398.4	22.6
Of which HRA	109.0	104.0	(5.0)
Of which General Fund	266.8	294.4	27.6
Capital Financing Requirement			
General Fund (£m)	369.7	390.1	20.4
HRA (£m)	109.0	104.0	(5.0)
Total CFR incl PFI liabilities	478.7	494.1	15.4
Less PFI Liability	(49.6)	(47.6)	1.9
Total CFR excl. PFI liabilities	429.2	446.5	17.3
Internal Borrowing (total CFR less total debt)	102.9	95.7	(7.2)

12.6 PFI liabilities, representing the remaining principal payments due to 2032 under the Councils Schools PFI contract, technically form part of the CFR and have therefore been included in the table above but removed for comparison with actual debt.

12.7 Debt is repaid through an annual charge to the revenue budget broadly equating to the life of the underlying asset that has been financed and is known as the **Minimum Revenue Provision**. This is a charge which sets aside cash to repay the principal element of any borrowing and for the General Fund is calculated with reference to the life of the assets being financed and interest rates. The MRP Policy Statement forms part of the Treasury Management Strategy taken to Cabinet and approved at Full Council annually.

12.8 HRA borrowing forms part of overall Council borrowing for treasury management purposes but charges are earmarked to the HRA on an accounting basis which reflects the initial debt allocation when HRA subsidy was abolished less annual repayments. Effectively charges are ring-fenced between the General Fund and the HRA.

Future borrowing levels

12.9 Section 9 of this strategy sets out the estimated future level of capital investment and the level of borrowing required to support it.

12.10 The following table sets out the estimated debt position taking into account further borrowing assumptions to fund and re-finance the existing approved capital programme (£123.3m) over the next 5 years, plus new borrowing to fund the new approvals detailed at paragraph 9.2, again assumed over 5 years. Actual timing of borrowing will be dependent on treasury management policy including interest rate forecasts, as well as the spend profile of the capital programme.

12.11 This shows long term debt increasing annually from £351m at the end of March 2020 through to £444m by the end of March 2026.

Table 3

Borrowing Position (excluding PFI)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Debt b/fwd.	350.8	361.1	400.1	439.2	449.3	448.0
Debt Repayment	(11.9)	(21.9)	(14.0)	(24.3)	(15.7)	(12.5)
New Borrowing	22.2	61.0	53.0	34.3	14.4	8.6
Debt c/fwd.	361.1	400.1	439.2	449.3	448.0	444.0

12.12 The Medium Term Financial Plan will take into account the additional borrowing costs which are dependent on future interest rate movements and timings of new loans.

Borrowing Limits

12.13 The Council is required by the Cipfa Prudential Code to set Prudential Indicators around limits on external debt which include both an **Authorised Limit** and an **Operational boundary**. These are set at Council as part of the Annual Treasury Strategy but is set out below.

12.14 **The Operational Boundary** is the limit beyond which external borrowing is not normally expected to exceed i.e. a best estimate of the maximum level if all borrowing requirements were undertaken plus a contingency. This limit reflects the Councils current estimated debt position, with the assumption that internal borrowing (using existing working capital cash balances temporarily to fund capital expenditure in advance of undertaking new external borrowing) will be reduced as new external borrowing is undertaken. Other long term liabilities represent PFI and finance leases.

The operational boundary for 2021/22 is **£558.2m** (subject to approval of the 21/22 treasury strategy)

12.15 **The Authorised Limit** for external borrowing is a further key prudential indicator, this represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited. This has been set to reflect the Council's estimate of the Capital Financing Requirement for borrowing, and for other long term liabilities (PFI and other leases) at £5m above the Operational Boundary (i.e. the expected level). The limit for 21/22 is therefore **£563.2m** (subject to approval of the 21/22 treasury strategy)

12.16 The prime policy objectives of local authority investment activities are the security and liquidity of funds, and authorities should avoid exposing public funds to unnecessary or unquantified risk. However, all treasury management activity is subject to risk, including the 'do nothing' option and treasury management is all about the management of risk.

12.17 The key risks inherent in treasury management activity are set out below but the Treasury Management Policy and Treasury Management Practices (Annexe to the Policy) sets out more detail:

12.17.1 Borrowing – it is important the any new borrowing is taken out at the lowest possible cost to the Council. As loans also have to be replaced upon maturity, it is important that the Council has a balanced portfolio in terms of varying loan period so that the risk of having to replace maturing loans in any one period when interest rates may be high is mitigated.

12.17.2 Lending – the priorities for lending are security and liquidity, followed by yield. The primary risks are therefore that the Council will receive its money back (Security), and that the funds lent can be returned as quickly as required.(Liquidity) The Policy strategy sets out in full the framework around who the Council can invest with and the restrictions in place.

12.18 The Council sets out its Treasury management Strategy to Full Council annually in the Treasury Strategy Statement and regularly updated its Treasury Management Practices document which sets out how officers will apply the strategy and mitigate the risks. The Councils S151 officer and Treasury management team meet quarterly to review borrowing and investment requirements in the light of interest rate movements and obtain expert advice as required.

12.19 The Council currently uses external advisors, Link Asset Services, to provide Treasury Management advice and support its internal team. This includes both technical advice as well as advice around the market outlook given this is a key area for successful management of loans and investments. The Councils internal treasury team have significant experience in this area gained with a number of local authorities over many years.

12.20 In addition, staff undertake regular training to ensure knowledge is up to date and Member training is periodically provided using both in house and external resources.

12.21 The annual Treasury Management Policies and Strategies are presented annually to Council for approval and contain significantly more detail around Treasury Management and Debt.

13 Commercial activity

- 13.1 The updated 2017 Prudential Code and Treasury Management Codes now require that an Investment Strategy should be approved annually, either as a stand-alone strategy or as part of either the Capital Strategy (this document) or the Treasury Management Strategy.
- 13.2 This document sets out the authority's risk appetite and governance processes which include due diligence.
- 13.3 The Councils Investment Strategy is attached at Annexe 1.

14 Other long-term liabilities

- 14.1 Other long term liabilities relate to off balance sheet items such as finance lease and PFI. The largest long term financial liability that the Council is committed to is its 7 schools PFI contract signed in 2005 and in operation until 2032. This contract with Education and Support Swindon Limited, a company operated by John Laing and provides Design, Build, Finance and Operates services to the Council at a cost of c£11m per annum.
- 14.2 Other than the PFI contract which is managed and monitored through an in-house client team, the Council does not have any other long-term liabilities. Any future leasing arrangements should be advised to the Treasury team within the finance function so that consideration of the value for money and accounting issues can be ascertained.

15 Procurement and Value for Money

- 15.1 The Council is under a general Duty of Best Value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- 15.2 Procurement is the purchase of goods, services, consultancy and works with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.
- 15.3 The Council has a Procurement team that ensures that effective procedures and scrutiny are in place to deliver value for money and identify opportunities for efficiency savings to be maximised.
- 15.4 It is essential that all procurement activities comply with both the Councils own Contract Standing Orders (that incorporates national legislation) and financial regulations in addition to the EU procurement directives to ensure compliance with all of the relevant procedures and regulations.
- 15.5 The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

16 Management Framework

- 16.1 The governance structure of the Council has the Corporate Management Team that takes a corporate and group view on the capital programme and investment.
- 16.2 The Corporate Management Team and a Capital Board will also ensure a corporate and group portfolio perspective to the use and allocation of the Council's capital assets and those within its control, and in planning capital investment. The team receives reports on proposed capital projects and recommends to the Cabinet proposals for the development of the capital programme.

17 Performance and Project Management

- 17.1 Clear measurable outcomes should be developed for each capital scheme and should include a project plan with milestones as well as robust budgets with contingencies that reflect known and unknown risks taking into account internal and external influences.
- 17.2 All capital projects should have an identified budget manager responsible for managing the performance of the scheme in terms of both time and cost. All individual projects with a total budget of greater than £1m should consider setting up a Project Board, or be overseen by a wider Project Board, that meets regularly to monitor scheme progress against required outcomes, and gives strategic direction to the Project Manager.
- 17.3 After the scheme has been completed, services should check if outcomes have been achieved and within original timescales and budgets.
- 17.4 If Project Boards are set up, they should ensure that agendas are prepared and circulated beforehand, minutes taken, and include as a minimum a risk register and project plan with key dates and tasks. Project Boards should also review the project risk register and provide strategic direction to the project manager where required.
- 17.5 Formal post scheme evaluation reviews should be completed by Departments for all schemes over £1 million and this should be signed off by the Project Board when the project is complete.
- 17.6 Post project reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

18 Risk Management

- 18.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.
- 18.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 18.3 The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.
- 18.4 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.
- 18.5 It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and return must be applied.
- 18.6 The S151 officer will report explicitly on the affordability and risk associated with the Capital Strategy. Where appropriate he will have access to specialised advice to enable him to reach his conclusions.
- 18.7 An assessment of risk should therefore be built into every capital project and major risks recorded in a Risk Register.

19 Alternate Delivery Models

19.1 In response to reducing capital resources the Council has looked to existing and new delivery models to continue its significant capital investment in the town which levers in other partners and innovative financing. These include:

- Public Power Solutions Ltd – Wholly owned subsidiary offering waste and power solutions
- Solar Farms – Common and Chapel Farms are wholly owned companies delivering solar power
- Swindon Housing Company Ltd – wholly owned Housing development companies
- Wichelstowe Joint Venture – 50/50 Joint Venture between Barratt Developments and the Council to deliver up to 2,800 homes on Wichelstowe

19.2 A Shareholder Panel meets every 6 months to review the performance of the companies listed above, their wider benefit to the Council and risks.

19.3 Innovative funding streams and partnerships will be explored where these could provide benefits to the Council but will be subject to rigorous assessment and approval in line with the Capital Strategy and wider Council governance processes.

20 Property Investments

20.1 As part of Commercial activity and the response to reducing resources, the Council has looked to purchase property where returns are greater than the cost of funding. This is underpinned through a Commercial Acquisitions & Disposal Strategy and purchases are approved via a business case to the Commercial Investment Strategy Board chaired by the Deputy Leader of the Council and Cabinet Member for Finance. The strategy is attached and sets out changes to PWLB lending terms that may impact this strategy.

20.2 Hartnell Taylor Cook, a firm of specialist commercial property consultants, have been procured to offer external expert advice on proposed purchases as well as an overview of the overall Council portfolio to ensure the portfolio is balanced, and risks are actively identified and managed.

20.3 The Council has also engaged specialist accounting and financial advisors to support this process.

Appendices

Annexe 1 - Investment strategy

Annexe 2 - Property Investment and Disposal Strategy

Annexe 1

Investment Strategy (Non-Financial Investments)

Investment Types

1.1 Authorities may invest in other financial assets, including loans and property primarily for financial return, which are not part of treasury management activity.

Other investments may include:

- service investments held clearly and explicitly in the course of the provision and for the purposes of operational services, including regeneration
- commercial investments which are taken for mainly financial reasons, including investments arising as part of business structures, such as shares and loans in subsidiaries or other outsourcing structures such as IT providers or building services providers; or investments explicitly taken with the aim of making a financial surplus for the organisation; commercial investments also include non-financial assets which are held primarily for financial return such as investment properties. These are termed **“non-financial investments”**

1.2 Where authorities invest in other financial assets and property primarily for profit (also known as “debt for yield”), these investments should be proportional to the level of resources available to the authority, and the authority should ensure that the same robust procedures for the consideration of risk and return are applied to these decisions as would be applied to any other decision. Robust and transparent governance procedures and decision making remain critical in all investments the authority makes and the following section set out the Councils governance procedures around such proposals.

1.3 In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB’s lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020.

1.4 On 25th November 2020 the Government ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield. Part of the assurance process introduced is for Local Authorities to submit their spending plans for the next 3 years, including their expected use of PWLB and the S151 officer must certify that the authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. (as assessed against guidance)

1.5 Authorities that wish to buy commercial assets primarily for yield remain free to do so but are unable to take out new loans from the PWLB for any purpose in that financial year, either for new investments or for re-financing existing debt.

1.6 If Swindon Borough Council were to continue to invests in assets purely for a financial return, there is a clear and robust governance process in place for such investments which is set out below:

Governance Processes

1.6.1 All Commercial Investment proposals must be taken through the Commercial Investment Strategy Board ("CISB") in the form of a business case which sets out the financial implications and the risks.

1.6.2 The Board, which is chaired by the Cabinet Member for Commercialisation, Education and Skills and is attended by the Chief Executive and Corporate Director of Finance and Assets, meets monthly to review all proposals. If successful they either proceed to Cabinet for approval if the investment required is greater than £10m, or through a Cabinet Member Decision Note process if less than £10m. In addition, there is a CMAG (Cabinet Member Advisory Group) for additional scrutiny and comment.

1.6.3 The CISB will also obtain external expert advice if required, including additional legal advice if required, and has procured expert commercial property advice for this purpose as it continues to look for commercial property investments to support the budget.

1.6.4 The CISB has also approved a Property Acquisition and Disposal Strategy which sets out a number of criteria by which property acquisition proposals will be assessed. This is attached at Annexe 2.

1.6.5 Proposals other than those assessed against the criteria in the Property Acquisition and Disposal Strategy will be assessed against the following criteria:

- Is the overall profit acceptable to the risk?
- Are the timescales for returns realistic and acceptable?
- Are the risks acceptable and/or controllable?
- Is the investment required proportional to the level of resources available to the Authority?
- Is external expertise required to fully understand the business case proposal and risks?

1.6.6 The purpose of the criteria set out above is to set a framework by which to assess commercial proposals and ensure consistency is applied when making decisions.

Risk Appetite and Indicators

- 1.7 In general, the Council's risk appetite is assessed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income volatility. In terms of Treasury Investments, this is through the primary considerations being Security and Liquidity, with yield being a secondary consideration.
- 1.8 For non-financial investments, the Council seeks to minimise its exposure to risks that are unwanted and unrewarded.
- 1.9 The Council is exposed to a wide range of risks, key ones being:
- Financial risks related to the investment of the Council's assets and cash flow, market volatility, currency etc.
 - Economic risks related to the performance of the economy, nationally and locally, interest rates and inflation.
 - Credit and counterparty risks related to investments, loans to institutions and individuals and counterparties in business transactions.
 - Strategic risks related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its objectives.
 - Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.
 - Governance risks related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.
- 1.10 All business case proposals will clearly identify risk to ensure these are acceptable to the Council with a clear focus on the impact of the downside risk on the overall sustainability of the authority.
- 1.11 Managing the Council's risks is an area of significant focus for senior management and members, and risk management is at the heart of all investment as well as operational decisions.
- 1.12 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.
- 1.13 The following local indicators will be used to assess the Councils total risk exposure as a result of its **commercial investment decisions** and will form part of the treasury management out-turn report.
- Total Investment in commercial undertakings by Property/Other
 - Total Investment funded through borrowing
 - Average investment return before financing costs
 - Total investment income as a proportion of the Councils Net General Fund budget

- Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl lease liabilities and HRA)
- Fair value of property investments as a proportion of all Council property assets

1.14 In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.

1.15 Returns from treasury management investments are fully detailed in the bi-annual treasury management reports which are scrutinised at Audit Committee.

Ongoing Management and Reporting

1.16 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.

1.17 Regular monitoring of the portfolio will identify any changes in Security, Liquidity and Yield and will also identify any lifecycle costs required to maintain the income potential of any property based assets. Values will also be regularly assessed to identify any significant changes in the value of the investments and market conditions that might impact upon this.

1.18 Any material change in the investment risk or threat to ongoing yield will be reported immediately to the next Board meeting (or immediately to the Chair if urgent action is required) so that mitigating action can be established.

Local Indicators

1.19 The Strategy includes quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. The following indicators have been calculated for 20/21 and relate to all purchases for a pure commercial purpose since April 2017.

Non-Treasury investments - Property	actual 31/03/20 £m	current 31/12/20 £m
No of Properties	1	1
Property	7.7	7.7
Amount Funded through borrowing	0.0	0.0
Average investment return before financing costs	7.5%	7.5%
Total investment income as a proportion of the Councils Net General Fund budget	0.4%	0.4%
Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)	0.0%	0.0%

Fair value of property investments as a proportion of all Council property assets (excl. HRA)	1.5%	1.5%
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These currently are based on assumptions as to the level of year end debt and the fair value of assets and will be updated as part of the Treasury out-turn reports in the new year.

In addition to the above, the guidance also requires authorities to have regard to the guidance if it makes loans to local enterprises, local charities, wholly owned companies and joint ventures and can demonstrate that the overall exposure to these loans is proportionate. At the end of March 2020, the Council had outstanding loans of this type totalling £24.5m and this is considered proportionate in relation to the Councils net general fund budget, £145.3m, and its overall debt level of £350.8m. In addition, these loans are to wholly owned companies with direct control and oversight from the Council.

The limits on loans by type are as follows:

- Wholly owned companies and joint ventures - £51m
- Local Enterprises and charities - £1m

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Annexe 2 - Property Acquisition and Disposal Strategy

Investment Strategy

On 25th November 2020 the Government ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield. Part of the assurance process introduced is for Local Authorities to submit their spending plans for the next 3 years, including their expected use of PWLB and the S151 officer must certify that the authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. (as assessed against guidance)

Authorities that wish to buy commercial assets primarily for yield remain free to do so but are unable to take out new loans from the PWLB for any purpose in that financial year, either for new investments or for re-financing existing debt.

Swindon Borough Council holds a substantial portfolio of property held for non-operational purposes. Within this portfolio is a large estate of income-producing property that would traditionally form the basis of an investment portfolio, comprising the retail, office and industrial premises together with ground rents. This produces an annual revenue income of about £5.6m used to support the delivery of Council services.

In September 2017 Hartnell Taylor Cook were appointed to advise on the performance of the existing portfolio and devise a strategy and criteria for future investment acquisitions. They reviewed the performance of the portfolio in March 2020 and the portfolio will be reviewed again once the impact of the pandemic on commercial property values is clearer recognising the ongoing impact lockdown is having on the economy. The findings of Hartnell Taylor Cook's review of March 2020 are summarised below. :

Current Portfolio

1. Reflecting some new acquisitions, the portfolio increased in value from January 2019, from £68.8million to £86.8million in March 2020.
2. New acquisitions have rebalanced the sector weightings; these are now well balanced between the primary sectors of retail, which has reduced from 26% to 19%, industrial (which historically is one of the best performing classes in Swindon and likely to show the highest rental growth), which has increased from 15 to 26%, and office, which has changed from 21% to 23%.
3. Total portfolio rental income has increased from £4.6million (Jan 2019) to £5.6million (March 2020). Income from ground rents is 18% of the total portfolio income, this is a sensible weighting for this secure income. The proportion of income from retail assets has reduced from 26% to 23% of the total income whilst the industrial income has increased from 15% to 24%. The income from the portfolio is well balanced with relatively equal weighting across the sectors

4. There is no direct exposure to some established or emerging use classes such as retail warehousing or hotels
5. The portfolio is nevertheless balanced and relatively well split across the other sectors it holds, and the current gross yield of circa 6.4% which is a good overall return.
6. Funding of Kimmerfields will provide a further £1,851,328 a year of rental income secured on the Zurich Assurance Ltd covenant, when the new Zurich headquarters is completed which is expected in summer 2022. Zurich are taking a 20 year lease on the majority of the new building.

Acquisition Strategy

1. The portfolio lacks modern industrial buildings, retail warehousing and has a low modern office content but this will be improved with the acquisition of the Zurich headquarters. Target asset classes for new acquisitions should prioritise industrial investments), the retail warehouse sector with a lower priority focus on recycling office investment to target quality office income. The portfolio should remain balanced at all times.
2. The current portfolio is quite dated, with obsolescence an ongoing issue and many smaller properties with high levels of management. Preference should be for assets with minimal associated management costs and those with low obsolescence costs, typically modern single let properties or those with 2-3 tenants and unexpired lease terms of 5-10 years reducing the requirement for active management. A regular review of potential disposals and the recycling of sale proceeds into opportunities to achieve a better or more sustainable return should be carried out to identify higher risk properties in the portfolio (see **Disposal Strategy** and **Disposal Criteria** below)
3. In addition to reviewing potential disposals, asset management opportunities to increase the commercial return / investment value from existing portfolio should be pursued. These may include buying in existing long leasehold interests for increased revenue, pursuing early lease renewal negotiations to add certainty to income streams, extending / restructuring shortening leasehold and long leasehold interests, and pursuing site assembly and joint venture opportunities with adjoining owners, leaseholders and developers to release and maximise values

Purchase Criteria – New Acquisitions

Aim –“to provide a set of principals in the form of target purchase criteria for the acquisition of properties to support service requirements in particular regeneration and growth and provide additional and sustainable sources of income over the medium to long term.

Location: candidate properties within Swindon Borough Council boundaries are preferred but other properties may be considered if they meet the overall aims set out above..

Preferred Sectors: Industrial (single and multi-let), retail warehousing but with a preference of maximising rental income and minimising management costs

Target lot size: £2,000,000 to £10,000,000

Lease length: 5 years minimum, or Weighted Average Unexpired Lease Term (WAULT) of at least 5 years.

Repairing covenants: Full Repairing and Insuring (FRI) or FRI via service charge

Tenant Covenant: Tenants with a Credit safe credit rating in excess of 50B

Rental income profile: Estimated Rental Value (ERV). Treat over-rented buildings with care.

Target yield: To meet the criteria outlined the likely yield range will be 6.00% -7.00%. Yields above this will be subject to careful risk scrutiny and likely to be within the Swindon boundaries. Yields below this will be considered on their merits but will be dependent on candidate properties exceeding the minimum lease length and tenant covenant strength criteria

Capital expenditure: Candidate properties requiring capital expenditure within the first 5 years of ownership are generally to be avoided

Disposal Strategy

1. As highlighted in the Purchase Strategy, the current portfolio is quite dated, with obsolescence an ongoing issue and many smaller properties with high levels of management. The preference should be for assets with minimal associated management costs and those with low obsolescence costs, typically modern single let properties or those with 2-3 tenants and unexpired lease terms of 5-10 years reducing the requirement for active management. A regular review of potential disposals and the recycling of sale proceeds into opportunities to achieve a better or more sustainable return should be carried out, aiming to maintain a balanced portfolio at all times.
2. The Council undertook a programme in recent years of rebuilding several of its older suburban shopping parades but other properties remain that are close to being functionally obsolete, or require significant expenditure to bring them up to date. In addition, MEES (Minimum Energy Efficiency Standards) have come into force meaning that properties that fall below a certain threshold will no longer be able to be lawfully let.
3. Properties that are likely to need significant capital expenditure to maintain the current income stream should be considered for disposal where that expenditure will not guarantee a return on the expenditure that cannot be achieved or bettered

elsewhere

4. In addition to the sale of properties where obsolescence is a major factor or capital expenditure is required, opportunities will arise for a sale of a property at above market value. Typically (but not exclusively) such circumstances will be:
 - Where an occupying lessee wishes to invest significant sums in on improvements to the building or business expansion, and requires the freehold to raise the necessary finance or justify the expense
 - Where a lessee holds the property on a long ground lease from the Council, paying a ground rent and wishes to acquire the freehold to merge the interests and release latent marriage value, shared with the Council as freeholder
 - Where a purchaser owns nearby or adjacent properties and has a special interest in acquiring the Council's property

Disposal Criteria – Existing Stock

***Aim** –“to provide a set of principals against which to identify properties within the portfolio for sale and the re-investment of the proceeds of the sale into opportunities to achieve a better or more sustainable source of income over the medium to long term to support the delivery of council services”*

Sale Price: properties will be considered for disposal where opportunities arise for a sale at above market value.

Capital Expenditure Exposure: properties will be considered for sale where substantial capital expenditure is likely to need to be incurred within the next five years and where incurring such expenditure cannot be justified

Balanced Portfolio: properties will be considered for sale where the portfolio shows an unacceptable imbalance in any sector which requires correction, or where opportunities arise for reducing the need for active management.

Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

Author: Cabinet Member for Commercialisation, Education and Skills
Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report Treasury Management Strategy for 2021/22, including Prudential Indicators up to 2025/26, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to (Minute for Confirmation):

- 2.1 Recommend the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, for approval by Full Council on 18th February 2021.
- 2.2 Note the prohibition of borrowing from the Public Works Loan Board to support the purchase of "debt for yield" investments, as detailed in paragraphs 3.27 to 3.29

3. Detail

Treasury Strategy

- 3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

3.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

3.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3.5 CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and 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.”

Reporting requirements

3.6 The Council is required to receive and approve, as a minimum, three treasury management reports and a capital strategy report each year.

Capital Strategy

3.7 **Capital Strategy (Part of the Capital Programme Report on this agenda)**

3.8 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

3.8.1 A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

3.8.2 An overview of how the associated risk is managed

3.8.3 The implications for future financial sustainability

3.9 The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.10 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles,

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Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- 3.10.1 The corporate governance arrangements for these types of activities;
 - 3.10.2 Any service objectives relating to the investments;
 - 3.10.3 The expected income, costs and resulting contribution;
 - 3.10.4 The debt related to the activity and the associated interest costs;
 - 3.10.5 The payback period (MRP policy);
 - 3.10.6 For non-loan type investments, the cost against the current market value;
 - 3.10.7 The risks associated with each activity.
- 3.11 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 3.12 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.
- 3.13 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.
- 3.14 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Treasury Management reporting

- 3.15 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- 3.16 **Treasury Strategy Statement** (this report) - The first, and most important report is forward looking and covers:
- 3.16.1 The capital plans, (including prudential indicators);
 - 3.16.2 A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - 3.16.3 The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - 3.16.4 An investment strategy, (the parameters on how investments are to be managed).

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

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- 3.17 **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- 3.18 **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

- 3.19 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

Treasury Management Strategy for 2021/22

- 3.20 The strategy for 2021/22 covers two main areas:

3.21 **Capital issues**

- 3.21.1 The capital expenditure plans and the associated prudential indicators;
- 3.21.2 The minimum revenue provision (MRP) policy.

3.22 **Treasury management issues**

- 3.22.1 The current treasury position;
- 3.22.2 Treasury indicators which limit the treasury risk and activities of the Council;
- 3.22.3 Prospects for interest rates;
- 3.22.4 The borrowing strategy;
- 3.22.5 Policy on borrowing in advance of need;
- 3.22.6 Debt rescheduling;
- 3.22.7 The investment strategy;
- 3.22.8 Creditworthiness policy; and
- 3.22.9 The policy on use of external service providers.

- 3.23 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

- 3.24 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members training sessions will be arranged as required.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

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- 3.25 The training needs of treasury management officers are kept under review, and officers attend training events and seminars held by CIPFA and the Council's treasury advisers.
- 3.26 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council seeks independent expert advice in relation to this activity.

Borrowing for Commercial Investments

- 3.27 In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020.
- 3.28 On 25/11/20 the Government ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield. Part of the assurance process introduced is for Local Authorities to submit their spending plans for the next 3 years, including their expected use of PWLB and the S151 officer must certify that the authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. (as assessed against guidance)
- 3.29 Authorities that wish to buy commercial assets primarily for yield remain free to do so but are unable to take out new loans from the PWLB for any purpose in that financial year, either for new investments or for re-financing existing debt.

4. Alternative Options

- 4.1 Any alternative options for specific areas are set out within the report.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 These proposals ensure that a robust financial framework is in place to provide governance for the treasury function, thereby seeking to safeguard the Council from extremes within the financial markets.

Treasury Strategy Statement 2021/22

Cabinet

Date: 3rd February 2021

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.3 The proposals would not bring a change in service delivery and Officers believe that there is no expected effect on the Council's carbon footprint.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are no such direct implications.

Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) is not relevant to this report as this is a regulatory report, which covers the Councils treasury management processes and doesn't directly affect any services.

Risk Management

- 5.6 None other than those highlighted in the body of the report.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 - Treasury Management Strategy 2021/22

8.1.1 Annex 1 - The Capital Prudential Indicators

8.1.2 Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for February 2021.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Appendix 1 - Treasury Management Strategy 2021/22

TREASURY MANAGEMENT STRATEGY 2021/22

Contents:

- 1. Current Portfolio Position**
- 2. Prospect for Interest Rates and Economic Outlook**
- 3. Minimum Revenue Provision Policy Statement**
- 4. Borrowing Strategy**
- 5. Investment Policy, Creditworthiness Policy and Investment Strategy**
- 6. Policy on the use of external service providers**

Annex 1 – Prudential Indicators

Annex 2 - Credit and Counterparty Risk Management, Specified and Non- Specified Investments

Appendix 1 - Treasury Management Strategy 2021/22

1. Current Portfolio Position

- 1.1 The capital expenditure plans set out in Annex 1 to Appendix 1 summarises the Council's current and future plans. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 1.2 The Council's actual treasury portfolio position at 31 March 2020, with December 2020 actuals are summarised in the tables below.

Table 1 - Investment Portfolio - Treasury Investments

INVESTMENT PORTFOLIO				
Treasury Investments	Actual 31/03/20 £m	Actual 31/03/20 %	Current 31/12/20 £m	Current 31/12/20 %
UK Banks	0.0	0%	0.0	0%
Non UK Banks	0.0	0%	0.0	0%
Local authorities	12.0	21%	30.0	39%
Call Accounts	10.0	18%	13.5	17%
Money market funds	20.0	35%	20.0	26%
Total managed in house	42.0	74%	63.5	82%
Property funds	14.7	26%	14.0	18%
Total managed externally	14.7	26%	14.0	18%
Total treasury investments	56.7	100%	77.5	100%

- 1.3 The Council's Non-Specified Treasury Investments are detailed below. The property fund is a non-specified investment by virtue of the fact that it has a maturity profile of greater than 1 year, it is included in both the table above showing Treasury Portfolio as well as the table below. The value in table 2 below represents the original investment as compared to the current values in table 1.

Table 2 - Investment Portfolio – Non Specified Treasury Investments

Non Specified Treasury Investments	Sum Invested (£m)
Local Authority Property Fund	15.000
Local Charity	0.022

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Appendix 1 - Treasury Management Strategy 2021/22

- 1.4 Table 3 below shows the value of non-treasury investments which are primarily loans to companies which are wholly owned by the Council or which the Council has an interest.

Table 3 - Investment Portfolio – Non-Treasury Investments – Subsidiary Companies

Non Treasury Investments – Subsidiary Companies	Investment Limit £m	Loan Value 31/03/20 £m	Loan Value 31/12/20 £m	Share Capital £
Loans to Subsidiary Companies				
- Public Power Solutions Ltd.	15	9.7	9.6	100
- Swindon Chapel Farm Solar Plc.	3	2.8	2.9	50,000
- Swindon Common Farm Solar CIC Plc.	3	2.9	2.8	50,000
- Swindon Housing (Rent) Co. Ltd.				100
- Swindon Housing Development Co. Ltd.	15	4.9	2.2	1,000
Wichelstowe Joint Venture	15	2.4	3.0	1
Total Non-Treasury Investments	51.0	22.7	20.5	101,201

- 1.5 The Council's actual commercial investment portfolio position at 31 March 2020, with December 2020 actuals is summarised below.

Table 4 - Investment Portfolio – Non-Treasury Investments - Property

Non-Treasury investments - Property	Actual 31/03/20 £m	Current 31/12/20 £m
No of Properties	1	1
Property	7.7	7.7
Amount Funded through borrowing	0.0	0.0
Average investment return before financing costs	7.5%	7.5%
Total investment income as a proportion of the Councils Net General Fund budget	0.4%	0.4%
Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)	0.0%	0.0%
Fair value of property investments as a proportion of all Council property assets (excl. HRA)	1.5%	1.5%

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Appendix 1 - Treasury Management Strategy 2021/22

1.6 The Council's Current borrowing position is shown in table 5

Table 5 - Debt Portfolio

TREASURY BORROWING PORTFOLIO						
	31-Mar-20 Principal £m	Rate/ Return %	Average Maturity Years.	31/12/20 Principal £m	Rate/ Return %	Average Maturity Years
Long term borrowing						
- Local authorities				10.0	1.68%	2.4
- Other Financial Institutions	31.0	4.16%	21.8	31.3	4.12%	16.8
- PWLB	319.8	3.15%	17.1	308.3	3.16%	16.6
<i>of which</i>						
- HRA	104.0			104.0		
- General Fund	246.8			245.6		
Total long term borrowing	350.8	3.24%	17.3	349.6	3.12%	16.1
PFI liabilities	47.6	n/a		46.6	n/a	
Total long term borrowing incl. PFI	398.4			396.1		
Short term Borrowing						
- Local authorities	24.5	1.13%	0.5	10.0	0.15%	0.3
Total Gross debt	422.9			406.1		
Total investments	(56.7)	1.87%		(77.5)	0.49%	
Total Net debt	366.2			328.6		

1.7 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing requirement, (the Capital Financing Requirement or "CFR"), highlighting any over or under borrowing.

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Appendix 1 - Treasury Management Strategy 2021/22

Table 6 – Capital Financing Requirement

CAPITAL FINANCING REQUIREMENT						
Whole Council Projections	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 April	446.5	456.9	494.8	529.4	534.0	526.4
PFI liabilities	47.6	45.5	43.1	40.5	37.6	34.3
CFR incl. PFI	494.1	502.4	538.0	569.9	571.6	560.7
Add Capital Expenditure funded through borrowing	15.0	44.1	44.1	15.1	3.7	1.0
Add Lease / PFI adjustments	2.6	2.8	2.6	2.9	3.3	3.7
Less MRP (debt repayment)	(7.3)	(8.9)	(12.2)	(13.4)	(14.6)	(14.7)
Underlying Borrowing Requirement	456.9	494.8	529.4	534.0	526.4	516.3
Add PFI Liabilities	45.5	43.1	40.5	37.6	34.3	30.7
CFR c/fwd. 31 March	502.4	538.0	569.9	571.6	560.7	547.0
Long Term External Borrowing b/fwd. 1 April	(350.8)	(360.8)	(399.9)	(439.0)	(449.0)	(447.7)
Less Loans maturing	11.9	21.9	14.0	24.3	15.7	12.5
Add New Loans for capital expenditure	(10.0)	(39.1)	(39.1)	(10.1)	-	-
Add Replacement loans for maturing loans	(11.9)	(21.9)	(14.0)	(24.3)	(14.4)	(8.6)
Long Term External Borrowing c/fwd. 31 March	(360.8)	(399.9)	(439.0)	(449.0)	(447.7)	(443.8)
Under / (Over) Borrowing	96.1	94.9	90.4	85.0	78.6	72.6
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	<i>21%</i>	<i>19%</i>	<i>17%</i>	<i>16%</i>	<i>15%</i>	<i>14%</i>

- 1.8 Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt (Long Term External Borrowing Requirement) does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.
- 1.9 The Corporate Director of Finance and Assets reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

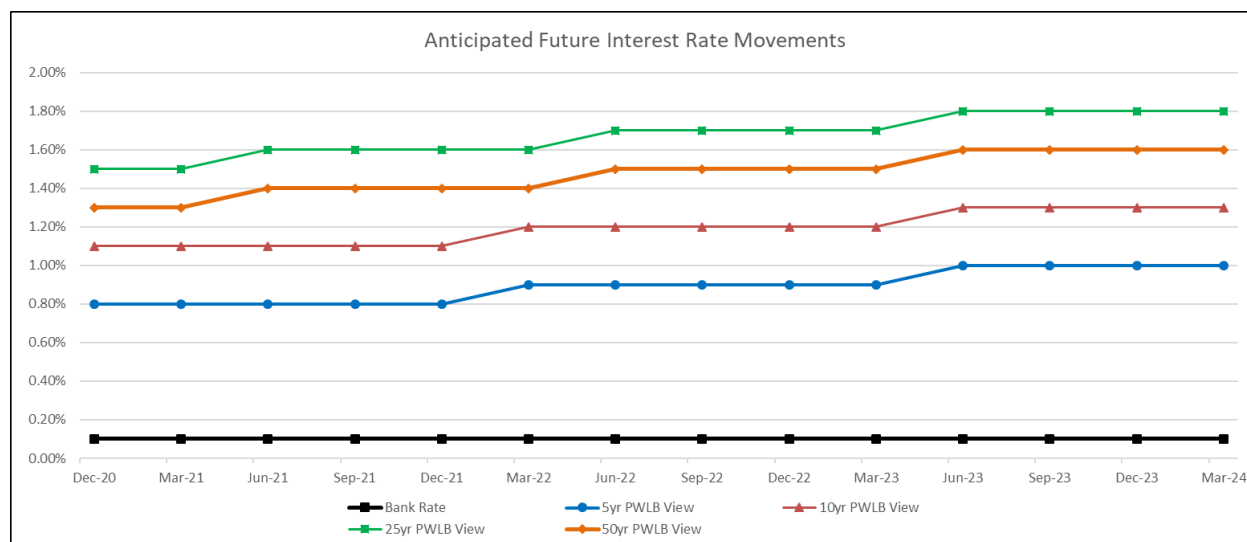
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Appendix 1 - Treasury Management Strategy 2021/22

2. Prospects for Interest Rates

- 2.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Link view on interest rate movements.

Table 7 Link view on interest movements



- 2.2 The coronavirus outbreak has resulted in huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected as economic recovery is expected to be only gradual and, therefore, prolonged.
- 2.3 Gilt yields (to which PWLB rates are linked) had been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020. After gilt yields spiked up during the financial crisis in March, these yields have fall sharply to unprecedented lows as investors panicked during March in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. Gilt yields and therefore PWLB rates have been at remarkably low rates so far during 2020/21.
- 2.4 As the interest forecast table above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes

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Appendix 1 - Treasury Management Strategy 2021/22

in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

- 2.5 In addition, PWLB rates are subject to decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down.
- 2.6 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments
- 2.7 In summary:
 - 2.7.1 Investment returns are likely to remain low during 2021/22 with little increase in the following two years
 - 2.7.2 Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years.
 - 2.7.3 While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will remain a cost of carry. Any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

3. Minimum Revenue Provision Policy Statement

- 3.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 3.2 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
 - 3.2.1 For all unsupported borrowing, the MRP will be based on the estimated life of the assets, on an annuity basis, in accordance with the regulations. Annuity method charges will be calculated using the relevant PWLB annuity rates for the estimated asset lives as at 31 March in the year of expenditure. MRP charges commence the year after the asset becomes operational.

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Appendix 1 - Treasury Management Strategy 2021/22

- 3.2.2 MRP will be deferred in relation to capital expenditure funded through borrowing where there is an intention to repay the borrowing from future receipts and where there is a strong likelihood that this will happen. Should there be a shortfall between the debt and eventual receipts, the balance will incur an annual MRP charge.
- 3.2.3 MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2021 it is not anticipated that any VRP overpayments will be made, the Council will apply this policy as required in future years.
- 3.2.4 For PFI contracts MRP will be based on the estimated life of the assets, on an annuity basis, in accordance with the regulations. Annuity method charges will be calculated based on the PWLB annuity rates at 31st March in the year that the assets became operational.
- 3.2.5 Where non-ring-fenced capital receipts are available, these can be applied to meet the cost of PFI liability repayment (or part thereof). Where capital receipts are applied in this manner, the MRP charge for the PFI would be reduced by an equal amount in that year.
- 3.2.6 For any future finance leases the MRP requirement would be met by a charge equal to the element of the charge applied to write down the liability.
- 3.3 No revenue charge is currently required for the HRA, although the existing voluntary policy is to repay £5m per annum.
- 4. Borrowing Strategy**
 - 4.1 The Council is currently maintaining an under-borrowed position. This means that the amount of long-term loans required exceeds the actual level of long term loans taken out. Long term loans are required to fund capital expenditure which Council has approved as “funded through borrowing”, but there is a timing difference between when the expenditure is made and when the long term loan is taken out. The timing of the taking of long term loans is part of the wider cash management strategy.
 - 4.2 The difference between long term borrowing required and what has actually been taken out is known as “Internal Borrowing” and represents the temporary use of cash reserves and working capital to bridge the timing difference. As cash from reserves and working capital is currently invested at historically low rates, then the policy of delaying long-term borrowing and using existing cash balances as an interim measure is currently a cheaper option for the Council.

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Appendix 1 - Treasury Management Strategy 2021/22

- 4.3 While the council will maintain an under borrowed position on the General Fund (the HRA is fully borrowed up to the CFR), future movements in interest rates will dictate the future policy and the timing of taking out long-term loans, and will be kept under careful review.
- 4.4 Against this background and the risks within the economic forecast, caution will continue to be adopted with the 2021/22 treasury operations. The Corporate Director of Finance and Assets will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
 - 4.4.1 If it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
 - 4.4.2 If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
 - 4.4.3 Any borrowing decisions will be reported to the Audit Committee as part of the annual cycle of reports.
- 5. **Borrowing in Advance of Need**
 - 5.1 The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 6. **Loan Re-scheduling**
 - 6.1 Opportunities from rescheduling loans to generate savings will be monitored through the year but need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
 - 6.2 The reasons for any rescheduling to take place will include:
 - 6.2.1 The generation of cash savings and / or discounted cash flow savings;
 - 6.2.2 Helping to fulfil the treasury strategy;
 - 6.2.3 Amending the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

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Appendix 1 - Treasury Management Strategy 2021/22

- 6.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 6.4 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.
- 7. New financial institutions as a source of borrowing and / or types of borrowing**
 - 7.1 Consideration will be given to sourcing funding at cheaper rates, than those offered by PWLB, from the following:
 - 7.1.1 Local authorities (primarily shorter dated maturities)
 - 7.1.2 Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
 - 7.1.3 Municipal Bonds Agency
 - 7.2 The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing and will be kept under review.
- 8. Investment Policy, Creditworthiness Policy and Investment Strategy**
 - Investment Policy**
 - 8.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (this forms part of the Capital Report elsewhere on this agenda).
 - 8.2 The Council’s investment policy has regard to the following: -
 - 8.2.1 MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - 8.2.2 CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - 8.2.3 CIPFA Treasury Management Guidance Notes 2018
 - 8.3 The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
 - 8.4 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
 - 8.4.1 Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus

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Appendix 1 - Treasury Management Strategy 2021/22

avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

- 8.4.2 Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- 8.4.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 8.4.4 This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Annex 2 under the categories of ‘specified’ and ‘non-specified’ investments.
- 8.4.5 Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
- 8.4.6 Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.
- 8.5 This authority has engaged external consultants, (see section 6), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 8.6 All investments will be denominated in sterling.
- 8.7 As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23).

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Appendix 1 - Treasury Management Strategy 2021/22

- 8.8 Investment instruments identified for use in the financial year are listed in Annex 2 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.
- 8.9 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

9. Creditworthiness Policy

- 9.1 This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- 9.1.1 Credit watches and credit outlooks from credit rating agencies;
 - 9.1.2 CDS spreads to give early warning of likely changes in credit ratings;
 - 9.1.3 Sovereign ratings to select counterparties from only the most creditworthy countries.
- 9.2 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.
- 9.3 The Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
- 9.4 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 9.5 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.
- 9.6 If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- 9.7 In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided

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Appendix 1 - Treasury Management Strategy 2021/22

exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

- 9.8 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

10. Country limits

- 10.1 The Council has determined that it will only use approved counterparties from the UK and countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). This list will be amended by officers should ratings change in accordance with this policy.

11. Investment Strategy

- 11.1 In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

12. Investment returns expectations

- 12.1 Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.
- 12.2 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2020/21	0.10%
2021/22	0.10%
2022/23	0.10%
2023/24	0.10%
2024/25	0.25%
Later years	0.50%

13. Negative investment rates

- 13.1 While the Bank of England is unlikely to introduce a negative Bank Rate, at least in the next 6 -12 months, some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this

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Appendix 1 - Treasury Management Strategy 2021/22

has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on.

- 13.2 As for money market funds (MMFs), yields have continued to drift lower. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a surfeit of money swilling around at the very short end of the market. This has seen a number of market operators, now including the DMADF, offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions for investments at the very short end of the yield curve.
- 13.3 Inter-local authority lending and borrowing rates have also declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government.

14. Investment Periods

- 14.1 Specified Investment periods are currently restricted to no longer than 24 months. Lending to counterparties is in line with the creditworthiness policy detailed above and recommended by Link and these are limited to a total of £20m. Any investments to banks and building societies for a period in excess of 365 days would be classed as a “non-specified investment” as detailed in Annex 2 to this strategy.
- 14.2 Non Specified Investments are limited to a maximum of £10m for any one counterparty; however, investments in the Local Authority Property Fund or any similar multi asset fund may exceed this limit. These investments will be subject to a specific Cabinet approval before they are undertaken.
- 14.3 The Council balances held in our current account and outside the list of treasury investments are simply for transactional purposes and not active investments. These will be kept as close to a minimum as Council cash flow allows.” These balances will fluctuate on a daily basis and this fluctuation is managed by the use of short term deposit / instant access accounts. These balances will be will not exceed £20m.
- 14.4 There may be occasions where the Council has investments with Lloyds which, in addition to the operational bank account, will exceed the £20m threshold per counterparty. The overall deposits with Lloyds will therefore be limited to a maximum of £40m.
- 14.5 The Council will use the DMADF for any funds that cannot be accommodated within existing approved counterparties. The DMADF is an arm of Central Government and therefore the security is the best available in the market, however as noted above there is a risk that there will be either no / negative returns. The DAMDF will therefore only be used to ensure that all other counterparty limits are adhered to, there will be no upper limit to funds that can be invested.

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Appendix 1 - Treasury Management Strategy 2021/22

14.6 The maximum amount the council will invest for more than 1 year is £20m.

15. Investment risk benchmarking

15.1 This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 3 month LIBOR. At the end of the financial year, the Council will report on its investment performance as part of its Annual Treasury Report.

16. Policy on the use of external service providers

16.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

16.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

16.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

17. Annexes

17.1 Annex 1 - Prudential Indicators.

17.2 Annex 2 - Credit and Counterparty Risk Management, Specified and Non- Specified Investments

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

Annex 1 – The Capital Prudential Indicators 2021/22 – 2025/26

- 1 The Council's capital expenditure plans are a key driver of treasury management activity. The outputs from capital expenditure plans are reflected in prudential indicators, which are designed to assist the Members overview and confirm capital expenditure plans.

2 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Table 1 – Capital Expenditure Projections

Capital Expenditure Projections	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
General Fund Approved	75.6	142.5	60.0	20.5	9.0	1.1	308.7
General Fund New	0.0	4.6	0.6	0.0	0.0	0.0	5.2
HRA Approved	18.3	24.5	13.5	0.0	0.0	0.0	38.3
HRA Estimated New		24.0	18.6	19.6	21.6	21.6	105.4
Total	93.9	195.6	92.7	40.1	30.6	22.7	475.6

- 2.1 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.
- 2.2 The figures in this indicator (General Fund approved £308.7m, HRA approved £38.0m, Total £346.7m) represent the level of current scheme approvals as reported to Cabinet in December 2020 as part of the quarterly capital monitoring process (Including new schemes agreed at that meeting). Figures in the "general fund new (£5.3m)" row represent proposed approvals for Council in February 2021. These represent total approvals, irrespective of funding source. Figures in the "HRA estimated new (£105.4m)" represent the annual capital expenditure in the HRA maintenance and new build programme.
- 2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

Table 2 – Capital Expenditure Funding

Capital Expenditure Funding	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Capital receipts	0.9	2.9	2.7	2.5	2.5	2.5	14.0
Capital grants	49.0	89.0	15.0	5.3	5.3	0.0	163.6
S106	9.9	13.2	1.1	0.1	0.0	0.0	24.3
HRA	18.1	44.2	29.8	17.2	19.2	19.2	147.7
Revenue	0.9	2.2	0.0	0.0	0.0	0.0	3.1
Increase in borrowing requirement	15.1	44.1	44.1	15.0	3.6	1.0	122.9
Total spend	93.9	195.6	92.7	40.1	30.6	22.7	475.6

3 The Council's borrowing need (the Capital Financing Requirement)

- 3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £47.6m (as at 1 April 2020) of such schemes within the CFR.
- 3.4 The Council is asked to approve the CFR projections below. Note the figures are estimates, not commitments.

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

Table 3 – Capital Financing Requirement – General Fund

CAPITAL FINANCING REQUIREMENT						
General Fund Projections	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
CFR excl. PFI b/fwd. 1 April	342.5	357.8	400.8	440.3	450.0	447.4
PFI liabilities	47.6	45.5	43.1	40.5	37.6	34.3
CFR incl. PFI	390.1	403.4	443.9	480.9	487.6	481.7
Add Capital Expenditure funded through borrowing	15.0	44.1	44.1	15.1	3.7	1.0
Add Other Treasury adjustments	2.6	2.8	2.6	2.9	3.3	3.7
Less MRP (debt repayment)	(2.3)	(3.9)	(7.2)	(8.4)	(9.6)	(9.7)
Underlying Borrowing Requirement	357.8	400.8	440.3	450.0	447.4	442.3
PFI Liabilities	45.5	43.1	40.5	37.6	34.3	30.7
CFR c/fwd. 31 March	403.4	443.9	480.9	487.6	481.7	473.0
External Borrowing b/fwd. 1 April	(246.8)	(261.9)	(306.0)	(350.0)	(365.1)	(368.8)
Loan Maturities	11.9	21.9	14.0	24.3	15.7	12.5
HRA Debt repayment transfer to GF	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
New Loans	(21.9)	(61.0)	(53.0)	(34.3)	(14.4)	(8.6)
External Borrowing c/fwd. 31 March	(261.9)	(306.0)	(350.0)	(365.1)	(368.8)	(369.9)
Under / (Over) Borrowing	96.0	94.8	90.3	84.9	78.5	72.5
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	<i>27%</i>	<i>24%</i>	<i>21%</i>	<i>19%</i>	<i>18%</i>	<i>16%</i>

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

Table 4 – Capital Financing Requirement – HRA

CAPITAL FINANCING REQUIREMENT						
HRA Fund Projections	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 April	104.0	99.0	94.0	89.0	84.0	79.0
Less MRP (debt repayment)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Underlying Borrowing Requirement	99.0	94.0	89.0	84.0	79.0	74.0
CFR c/fwd. 31 March	99.0	94.0	89.0	84.0	79.0	74.0
External Borrowing b/fwd. 1 April	(104.0)	(99.0)	(94.0)	(92.0)	(87.0)	(82.0)
HRA Debt repayment transfer to GF	5.0	5.0	5.0	5.0	5.0	5.0
External Borrowing c/fwd. 31 March	(99.0)	(94.0)	(89.0)	(84.0)	(79.0)	(74.0)
Under / (Over) Borrowing	-	-	-	-	-	-

- 3.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

Core funds and expected investment balances

- 3.6 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

4 Affordability Indicators

- 4.1 Prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans and subsequent finance costs on the Council's overall finances.

Ratio of financing costs to net revenue stream

- 4.2 The table below shows the estimated financing costs (interest and debt repayment) as a proportion of the General Fund and HRA budgets.

Table 5 – Ratio of Financing costs to Revenue Stream

Estimate of the ratio of financing costs to net revenue stream						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
General Fund	2.0%	3.4%	6.0%	7.1%	8.1%	8.0%
HRA	38.7%	37.6%	36.4%	35.0%	33.1%	32.8%

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

4.3 The table below shows the HRA CFR & includes the anticipated HRA investment balances which are expected to reduce over the next 4 years as the HRA uses its capital reserves to purchase property & new build schemes.

Table 6 – HRA Portfolio

HRA Portfolio	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
HRA CFR 31st March	99.0	94.0	92.0	87.0	82.0	77.0
HRA Average investment balance	25.0	13.0	7.0	4.0	4.0	4.0
Number of HRA dwellings	9,858	9,798	9,738	9,678	9,618	9,558
Debt per dwelling	£10,044	£9,595	£9,449	£8,991	£8,527	£8,058

Treasury Indicators: limits to borrowing activity

4.4 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed. This limit reflects the Councils current estimated debt position, with the assumption that internal borrowing (using existing working capital cash balances temporarily to fund capital expenditure in advance of undertaking new external borrowing) will be reduced as new external borrowing is undertaken. Other long term liabilities represent PFI and finance leases.

Table 7 – Operational Boundary

Operational Boundary	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
CFR (borrowing requirement)	456.9	494.8	529.4	534.0	526.4	516.3
PFI liabilities	45.5	43.1	40.5	37.6	34.3	30.7
Uplift	20.0	20.0	20.0	20.0	20.0	20.0
Total	522.4	558.0	589.9	591.6	580.7	567.0

4.5 **The Authorised Limit for external borrowing.** A further key prudential indicator, this represents a control on the maximum level of borrowing. This represents a legal limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following authorised limit:

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

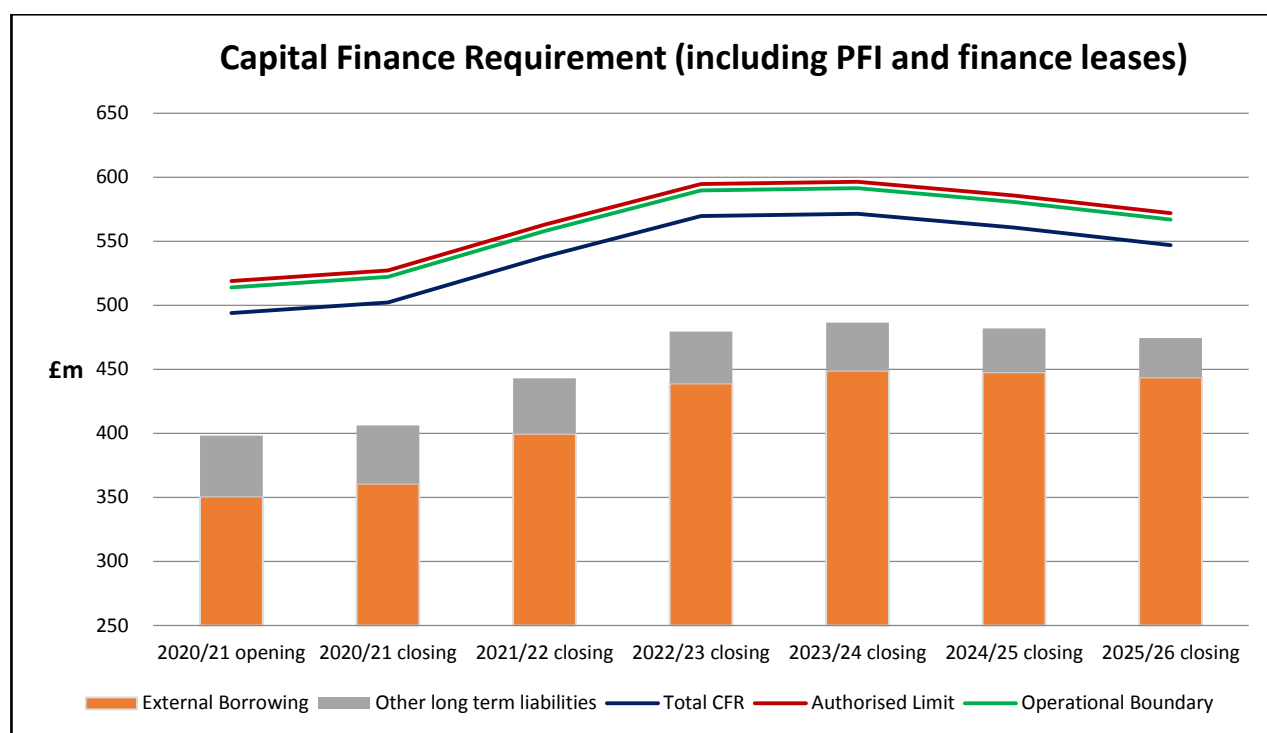
Date: 3rd February 2021

Table 8 – Authorised Limit

Authorised Limit	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Operational Limit	522.4	558.0	589.9	591.6	580.7	567.0
Uplift	5.0	5.0	5.0	5.0	5.0	5.0
Total	527.4	563.0	594.9	596.6	585.7	572.0

4.6 The above information is summarised in the graph below, showing existing debt, the CFR, the Operational Limit and the Authorised Limit

Table 9 – Capital Finance Requirement (Graph)



5 Activity Limit Indicators

5.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- **Upper limits on variable interest rate exposure.**

This identifies a maximum limit for variable interest rate loans, net of investments

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Treasury Management Strategy 2021/22 Appendix 1- Annex 1

Cabinet

Date: 3rd February 2021

- **Upper limits on fixed interest rate exposure.**
This identifies a maximum limit on fixed interest rates loans, net of investments.
- **Maturity structure of borrowing**
These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a single period;

Table 10 – Activity Limit Indicators

Interest rate Exposures		
	Upper	
Limits on fixed interest rates based on net debt	100%	
Limits on variable interest rates based on net debt	30%	
Maturity Structure of fixed & variable interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	35%
5 years to 10 years	0%	35%
10 years and above	0%	80%
In any 10 year period above 10 years	0%	40%

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

Annex 2 – Credit and Counterparty Risk Management, Specified and Non- Specified Investments

1 Treasury Management Practices – Treasury Investments

- 1.1 The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy.
- 1.2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on the 1st April 2008 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Director of Finance and Assets has produced its Treasury Management Practices (TMPs). This part, (TMP1), covering investment counterparty policy requires approval each year.
- 1.3 **Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
 - The strategy guidelines for choosing and placing investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

2 Treasury Management Practices – Non-Treasury Investments

- 2.1 The Council's Capital Strategy contains the criteria that will be adhered to when Non-Treasury investments are being considered, they are replicated here to enable all of the indicators to be consolidated in one place. (Annex 3 to the Capital Strategy)

Risk management

- 2.2 All business case proposals will clearly identify risk to ensure these are acceptable to the Council with a clear focus on the impact of the downside risk on the overall sustainability of the authority.

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

- 2.3 Managing the Council's risks is an area of significant focus for senior management and members, and risk management is at the heart of all investment as well as operational decisions.
- 2.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.
- 2.5 The following local indicators will be used to assess the Council's total risk exposure as a result of its commercial investment decisions and will form part of the treasury management out-turn report
- Total Investment in commercial undertakings by Property/Other
 - Total Investment funded through borrowing
 - Average investment return before financing costs
 - Total investment income as a proportion of the Council's Net General Fund budget
 - Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)
 - Fair value of property investments as a proportion of all Council property assets
- 2.6 In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.
- 2.7 The limits on loans by type are as follows:
- Wholly owned companies and joint ventures - £51m
 - Local Enterprises and charities - £1m

Performance, measurement and management

- 2.8 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.
- 2.9 Regular monitoring of the portfolio will identify any changes in Security, Liquidity and Yield and will also identify any lifecycle costs required to maintain the income potential of any property based assets. Values will also be regularly assessed to identify any significant changes in the value of the investments and market conditions that might impact upon this.
- 2.10 Any material change in the investment risk or threat to ongoing yield will be reported immediately to the next Board meeting (or immediately to the Chair if urgent action is required) so that mitigating action can be established. In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.

Decision making, governance and organisation

- 2.11 All Commercial Investment proposals must be taken through the Commercial Investment Strategy Board ("CISB") in the form of a business case which sets out the financial implications and the risks.
- 2.12 The Board is chaired by the Cabinet Member for Finance, Education and Skills and is attended by the Chief Executive and Corporate Director of Finance and Assets. It meets monthly to review all proposals. If successful they either proceed to Cabinet for approval if the investment required is greater than £10m, or through a Cabinet Member Decision Note process if less than £10m. In addition, there is a CMAG (Cabinet Member Advisory Group) for additional scrutiny and comment.
- 2.13 The CISB will also obtain external expert advice if required, including additional legal advice if required, and has procured expert commercial property advice for this purpose as it continues to look for commercial property investments to support the budget.
- 2.14 The CISB has also approved a Property Acquisition and Disposal Strategy which sets out a number of criteria by which property investment proposals will be assessed. These are covered in the Capital Strategy, (this forms part of the Capital Report elsewhere on this agenda).
- 2.15 Proposals other than those assessed against the criteria in the Property Investment and Disposal Strategy will be assessed against the following criteria:
- Is the overall profit acceptable to the risk?
 - Are the timescales for returns realistic and acceptable?
 - Are the risks acceptable and/or controllable?
 - Is the investment required proportional to the level of resources available to the Authority?
 - Is external expertise required to fully understand the business case proposal and risks?
- 2.16 The purpose of the criteria set out above is to set a framework by which to assess commercial proposals and ensure consistency is applied when making decisions.

Training and qualifications

- 2.17 Hartnell Taylor Cook, a firm of specialist commercial property consultants, have been procured to offer external expert advice on proposed purchases as well as an overview of the overall Council portfolio to ensure the portfolio is balanced, and risks are actively identified and managed.
- 2.18 The Council has also engaged specialist accounting and financial advisors to support this process.

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

- 2.19 The training needs of property management officers are kept under review, and officers attend training events and seminars held by CIPFA and other Training Organisations relevant to their professional qualifications.

3 Specified/Non-Specified Investments

- 3.1 The main strategy guidelines are contained in the body of the Treasury Strategy statement. The paragraphs below detail the Council's use of Specified and Non-Specified Investments
- 3.2 **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:
- The UK Government (such as the Debt Management Account deposit facility (DMADF), UK Treasury Bills or Gilt with less than one year to maturity).
 - Supranational bonds of less than one year's duration.
 - A local authority, parish council or community council.
 - Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
 - A body that is considered of a high credit quality (such as a bank or building society) in accordance with the Councils creditworthiness Policy.
- 3.3 Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. The Council has historically maintained a position of minimising investment balances and using these to reduce the requirement for borrowing. The investments made by the Council will therefore be timed to coincide with predicted day to day treasury requirements and thus are primarily of a short term nature.
- 3.4 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 5 types of non-specified investments:
- Cash deposits > 1 year (Category (e) below)
 - Share Capital (Category (f) below)
 - Loan Capital (Category (g) below)
 - The Local Authority Property Fund (Category (i) below).
 - Loan to local Charity (Category (j) below).

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

Other Non-specified investments that the Council could make would include any investments with:

	Non Specified Investment Category
a	<p>Supranational Bonds greater than 1 year to maturity</p> <p>Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
b	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
c	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance any balances will be maintained on an instant access basis</p>
d	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies but will take specific advice before doing so.</p>
e	<p>Any bank or building society that complies with the Council's creditworthiness policy for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>
f	<p>Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.</p>
g	<p>Loan capital in a body corporate. See note 1 below.</p>
h	<p>Bond funds. See note 1 below.</p>
i	<p>Property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider</p>

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Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

	using.
j	Loan capital to local charity – The Council will provide loans to local charities that meets the Council's priorities and can demonstrate that they are sustainable in the medium term and able to meet their repayments as they fall due. Such loans will be for no more than 3 years, and will be closely monitored to ensure any risk of default is minimised.

Note 1: This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and if required new counterparties which meet the criteria will be added to the list.

4 TREASURY MANAGEMENT SCHEME OF DELEGATION

4.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

4.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

4.3 Audit Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- Recommending treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.
- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- Ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management, including investment and risk management criteria for any material non-treasury investment portfolios;

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

Treasury Management Strategy 2021/22 - Appendix 1 Annex 2

Cabinet

Date: 3rd February 2021

- Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation, including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information, including where and how often monitoring reports are taken;
- Training and qualifications, including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

Author: Cabinet Member for Commercialisation, Education and Skills
Corporate Director of Finance and Assets

Wards: All Wards

Parishes Affected: All Parishes

1. Purpose and Reasons

- 1.1 To enable Members to formally resolve the Borough's Council Tax for 2021-22, recognising that Billing Authorities have a statutory requirement to set the annual Council Tax bills by 11th March.

2. Recommendations

Council is recommended to:

- 2.1 Approve that there will be a 4.99% increase in the Council Tax levels for the Borough Council element of the 2021-22 bills in accordance with the budget proposed by Cabinet on 3rd February 2021.
- 2.2 Determine that the Basic Amount of Council Tax for the Financial Year 2021-22 is not excessive within the statutory definitions set out within part I of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) and that therefore no referendum is required;
- 2.3 Pass the Resolution set out as Annex 2 to this report covering all aspects of the bills.

3. Detail

Council Tax Calculations

- 3.1 The calculations include precept figures from the Police and Crime Commissioner for Wiltshire and Swindon, the Dorset and Wiltshire Fire and Rescue Authority and the Town and Parish Councils within the Borough as well as the Council's own budget requirement including the precept amount specifically to contribute towards the increasing cost of adult social care.
- 3.2 The provisional 2021-22 Council Tax calculations and the formal Council Tax Resolution are set out as Appendix 1 and Annex 2 respectively. These proposals are based on the budget proposals agreed by Cabinet on 3rd February 2021 resulting in a net budget for 2021-22 of £153.3m, including the adult social care "precept" of £12.7m. Should the Council's net budget for 2021-22 be amended at the Council meeting or any proposed changes be made to the level of Council Tax for 2021-22 a revised Resolution and set of Council Tax calculations will be made available at the meeting.

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

- 3.3 These calculations are based on provisional precept figures from Dorset & Wiltshire Fire and Rescue Service. If the final precept figure differs from the provisional figures, revised calculations will be made available at the meeting of Council on 18th February 2021.
- 3.4 The legal position is set out by the Chief Legal Officer in Annex 1.
- 3.5 Table One sets out the provisional precept and budget figures for each element of the Council Tax bill with a comparison with the previous year.

Table One – Changes in Budgets and Precepts 2021-22

Element of Council Tax Bill	2021-22 £'000	2020-21 £'000	% Change
Amount of SBC Budget met from Council Tax	113,746	107,798	5.5%
Police and Crime Commissioner Precept	17,637	16,410	7.5%
Dorset and Wiltshire Fire and Rescue Authority Precept	5,939	5,794	2.5%
Total Town and Parish Precepts	9,235	8,703	6.1%
Total	146,557	130,815	
Tax Base	75,878.9	75,878.9	0.5%
Band D Average Council Tax	£1,921.79	£1,827.99	5.1%

Referendum Test

- 3.6 In accordance with Schedule 5 of the Localism Act 2011, the Council has a duty to determine whether its Council Tax increase is considered to be excessive in which case it would be required to hold a referendum.
- 3.7 Section 33 of the Local Government Finance Act 1992 (amended by section 41 of Local Audit and Accountability Act 2014) sets out the calculation of the 'relevant basic amount' of council tax.
- 3.8 The 'relevant basic amount' of council tax is calculated by the following steps and is set out in table two below:-
- 3.8.1 Calculating the council tax requirement which is the balance of the Council's budget after taking account of income from RSG, NNDR and adjusting for the Council's collection fund surplus or deficit.
- 3.8.2 Dividing the council tax requirement by the taxbase.
- 3.9 The referendum test is a comparison between the 'relevant basic amount' of council tax set by an authority in the relevant year, and that set in the preceding year.

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

3.10 For 2021-22, the Government has set the referendum threshold at 5%. This comprises 2% under the core principle and up to 3% for the Adult Social Care (ASC) precept.

3.11 The proposed changes are within the referendum thresholds and therefore no referendum is necessary.

Table Two – Comparison of Relevant Amount of Council Tax

	2021-22	2020-21
Balance of budget to be met from Council Tax	£113,746,050	£107,798,118
Taxbase	76,260.3	75,878.9
Relevant Basic Amount of Council Tax	£1,491.55	£1,420.66
Increase on 2020-21 (£-p)	£70.89	
Increase on 2020-21 (%)	4.99%	

3.12 The resulting Council Tax levels and percentage increases for a Band D property are summarised in Table Three.

Table Three – Headline Band D Council Tax Changes

	Band D Council Tax 2021-22	Band D Council Tax 2020-21	% Increase
#Swindon Borough Council	£1,491.55	£1,420.66	4.99%
Wiltshire Police and Crime Commissioner	£231.27	£216.27	6.94%
Dorset and Wiltshire Fire and Rescue Authority	£77.78	£76.36	1.99%
*Average headline charge for Parish / Town Councils	£121.09	£114.70	5.57%
Total Bill	£1,921.79	£1,827.99	5.13%

*These figures will differ per parish as set out in Appendices One and Two.

The figure of £1,491.55 represents the average Council Tax levied by Swindon Borough Council, representing a 4.99% increase compared to 2020-21. The Borough Council's element of the Council Tax bill will appear as two separate lines on the bill as set out in Table Four.

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

Table Four – Swindon Borough Council Elements of the Council Tax Bill

	Band D Council Tax 2021-22	Band D Council Tax 2020-21	% Increase*
Swindon 'General Expenses'	£1,324.77	£1,296.50	1.99%
**Swindon Adult Social Care Precept	£166.78	£124.16	3.00%
Total SBC Increase	£1,491.55	£1,420.66	4.99%

** The increases are calculated on the Swindon charge of £1,420.66 for 2020-21.

4. Alternative Options

4.1 Not applicable.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 The starting position for the Council Tax calculations is the Council's budget for 2021-22. The Council Tax figures have been calculated based on the precepts agreed by the precepting bodies and the budget proposed by Cabinet on 3rd February 2021. Should any change be made to the final budget agreed by Council on the night, the figures will be recalculated and an amended version of Appendices 1 and 2 and the formal Council Tax Resolution in Annex 2 will be circulated at the meeting.

Legal and Human Rights Implications

5.2 The implications of the Council's 2021-22 Budget are covered by the Revenue Budget report elsewhere on the agenda.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 This report recommends no changes to services so no other implications are envisaged as a result of the recommendations.

Diversity Impact Assessment

5.4 No diversity impact assessment has been undertaken for this report as a Council Tax has to be set by each Billing Authority and the increase is below the Government's referendum threshold.

Risk Management

5.5 No new risks are envisaged as a result of the recommendations.

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (Section 151 Officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 Revenue Budget Report to Cabinet – 3rd February 2021

8. Appendices

- 8.1 Annex 1 - Legal Position
- 8.2 Annex 2 - Council Tax Resolution 2021-22
- 8.3 Appendix 1 - Council Tax Levels 2021-22
- 8.4 Appendix 2 - Parish Precepts 2020-21 and 2021-22

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

Annex 1

COUNCIL TAX 2021-22 - LEGAL POSITION

1. Introduction

- 1.1 A Member is not regarded as having a personal and prejudicial interest in a matter unless it affects the member "to a greater extent than other council tax payers, ratepayers or inhabitants" of Swindon, and is so significant that it is likely to prejudice the Member's judgment of the public interest. However any Member who is in arrears with their Council Tax payments needs to give careful consideration to the provisions of Section 106 of the Local Government Finance Act 1992. This states that if any arrears remain unpaid for at least 2 months, then the Member must disclose this at the beginning of any meeting which is to consider any Council Tax calculation or any matter which might affect the Council Tax calculation, and shall not vote on any such matter. If any Member is likely to be in such a position, or is concerned as to whether any interest should be declared, then advice should be sought as quickly as possible from the Chief Legal Officer. So far as any potential disclosable pecuniary interest in relation to the setting of the Council Tax is concerned, all members have applied for and been granted a dispensation under section 33 of the Localism Act 2011 in order to enable them to participate and vote in any discussion in that regard.

2 Statutory Position

- 2.1 The Borough Council is required to maintain a Collection Fund for both Council Tax and National Non-Domestic (Business) Rates. Any sums paid into an authority's Collection Fund shall be used in the making of payments which are to be met from that fund or transfers from it.
- 2.2 The Council as "billing authority" for the Borough is required, to set an amount of Council Tax for each financial year and for each category of buildings. In accordance with the Council's Standing Order 14(3) and the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, at a meeting of the Council at which it is to determine its budget and Council Tax:
- (a) Immediately after any vote is taken at a budget decision making meeting of the Council there must be recorded in the minutes of the proceedings of that meeting the names of the Members who cast a vote for or against the decision or who abstained from voting.
 - (b) Reference to a "budget decision making meeting" for the purposes of Standing Order 14(3) means a meeting where the Council (i) makes a calculation (whether originally or by way of substitute) in accordance with any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992 (as amended); or (ii) issues a precept under Chapter 4 of Part 1 of that Act,

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COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

(c) Reference to a "vote" for the purposes of Standing Order 14.(3) are references to a vote on any decision related to the making of the calculation or the issuing of the precept referred to in (b) above as the case may be.

- 2.3 The amounts of Council Tax must be set by billing authorities before 11 March in any financial year, but such amounts are not invalid merely because they are set on or after that date. No amount may be set before the earlier of the following:-
- (a) 1 March
 - (b) The date of issue to the Council of a precept for the relevant financial year from a "major precepting authority" (e.g. the Police and Crime Commissioner).
- 2.4 No amount may be set unless the Council has made the calculations required by the 1992 Act (as amended by Section 74 of the Localism Act 2011). Members will recall that one of the required steps was to determine the respective Council Tax Base for the Borough and for each parished and non-parished area. The Local Government Act 2003 (section 84) replaces section 67 Local Government Finance Act 1992 which required full Council to formally approve the Council Tax base for the whole of its area. Under the new regulations, it is now for each Local Authority to make its own arrangements for adopting the Council Tax base. The tax base for 2021-22 has been calculated in accordance with The Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended (the 1992 Regulations). The figures within Appendix 3 show the Tax Base for both 2021-22 and 2020-21 as a consequence of following these rules.
- 2.5 The 1992 Act provides that billing and precepting authorities may make substitute calculations of their budget requirements and amounts of Council Tax. Except in certain special cases (e.g. where the previous calculations have been quashed), the substitute budget requirement cannot be greater than the previous requirement. In the case of billing and major precepting authorities, any substitute amount of tax calculation as applicable to any dwelling cannot exceed the previously calculated amount.
- 2.6 If the amount of Council Tax set as a result of substitute calculations is less than the original amount set, persons who have overpaid may require repayment or may allow the billing authority to choose whether to repay or credit the overpayment.
- 2.7 Differential charging is provided for within a billing authority's area. These provisions require the Council to set differential amounts of Council Tax for different parts of the Borough in response to precepts issued for parts from parishes and for its own special expenses. For 2021-22 this element only relates to the precepts issued by Town and Parish Councils as there are no longer any special expenses.
- 2.8 A "major precepting authority" under the 1992 Act includes the Police and Crime Commissioner, and a Fire Authority whilst a "local precepting authority" includes a parish council and the chair of a parish meeting. In the case of a local precepting authority
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Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

(e.g. a parish council) the billing authority has no power to set substitute amounts of Council Tax if the precept is issued late, but in this event regulations allow billing authorities to anticipate such precepts.

- 2.9 A billing authority, which has set amounts of Council Tax, is required to publish notice of the amounts within 21 days of setting them in at least one newspaper circulating in the area. Failure to do this does not make the amounts invalid.
- 2.10 In accordance with Schedule 5 of the Localism Act 2011, as a billing authority the Borough has a duty to determine whether its relevant basic amount of council tax for a financial year is excessive. If, according to the principles approved in Section 52ZB of the Local Government Act 1992 the Borough's council tax for the year is deemed to be excessive the Borough will be required to hold a referendum. The Secretary of State has proposed the Council Tax principles he is minded to set for 2021-22. It is understood that, in essence, these are that billing authorities like Swindon will be required to seek the approval of their local electorate if, compared with 2021-22, they set an increase in the basic amount of Council Tax of 5% (comprising 3% for expenditure on adult social care and 2% for other expenditure), or more. The Secretary of State has also required billing authorities to show this split on the face of Council Tax bills.

3 General Advice

- 3.1 In considering whether to approve any given level of expenditure, Members must be satisfied that there is evidence which establishes that such a level of expenditure is necessary to meet the needs of the Borough and to comply with the statutory duty to set amounts of Council Tax. Members should have particular regard to the effect on Council Tax payers of various expenditure levels.
- 3.2 Members should consider whether income can reasonably be increased commensurate with the responsibility to meet what Members perceive are the needs of the community.

Chief Legal Officer

9th February 2021

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

Annex 2

COUNCIL TAX RESOLUTION 2020-21

1 Legal Advice

That it be recorded that the advice of the Chief Legal Officer has been taken into account in the setting of the level of Council Tax for 2021-22.

2 Revenue Budget

That it be noted that the Council's revenue budget is £153,277,452 as recommended by the Cabinet to this Council on 3rd February 2021.

That it be recorded that the advice of the Corporate Director of Finance and Assets (Section 151 Officer) has been taken into account in the setting of the level of Council Tax for 2021-22.

3 Council Tax Base

That it be noted that in accordance with Section 31B of the Local Government Finance Act 1992 (as amended) the Council's Tax Base for 2021-22 is 76,260.3 in total with the breakdown by Parish set out in Appendix 3.

4 Borough / Parish Council Tax Rates

That the following amounts be calculated by the Council in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended by the Localism Act 2011:-

- (a) **Borough / Parish Gross Expenditure** £535,861,027 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the 1992 Act taking into account all precepts issued to it by Parish Councils.
- (b) **Borough Gross Income plus Collection Fund Balance** £412,880,365 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) **Borough/Parish Net Expenditure** £122,980,662 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its COUNCIL TAX REQUIREMENT for the year.
- (d) **Basic Amount of Tax (including average parish precepts)** £1,612.64 being the amount at 4(c) above divided by the amount at 3 above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. In accordance with Schedule 5 of the Localism Act 2011, this sum is not considered to be excessive.
- (e) **Special Items** £9,234,612 being the aggregate of Parish Precepts and collectively known as special items and referred to in Section 34(1) of the Act.

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

COUNCIL TAX RESOLUTION

Council

Date: 18th February 2021

- (f) **Basic Amount of Tax ##** £1,491.55 being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 3, 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.
- (g) **Basic Amount of Tax (Special and Parished Areas)** the amounts shown in Appendix 2, being the amounts given by adding to the amount at 4(f) above, the amounts of the special items relating to dwellings in the appropriate part of the Council's area - divided by the appropriate amount at 3 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which a special item relates.
- (h) **Borough/Parish Council Tax Rates** the amounts shown in Appendix 1, being the amounts given by multiplying the amounts at 4(g) 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 amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 5 Police and Crime Commissioner for Wiltshire and Swindon** That it be noted that for the year 2021-22 the Police and Crime Commissioner has stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£154.18	£179.88	£205.57	£231.27	£282.66	£334.06	£385.45	£462.54

- 6 Dorset and Wiltshire Fire and Rescue Authority** That it be noted that for the year 2021-22 the Swindon and Wiltshire Joint Fire Authority has stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£51.92	£60.57	£69.23	£77.88	£95.19	£112.49	£129.80	£155.76

Footnote

*The Basic Amount of Tax of £1,491.55 comprises £1,324.77 for services generally plus £166.78 specifically relating to a 3% increase in the previous year's bill to contribute towards the increased cost of adult social care.*

Further information on the subject of this report can be obtained from Mick Bowden, Direct Dial 07392 109917, mbowden@swindon.gov.uk

SUMMARY OF COUNCIL TAX BILLS BY VALUATION BAND

AREA OF THE BOROUGH	VALUATION BAND							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
Bishopstone	1,226.52	1,430.94	1,635.35	1,839.77	2,248.60	2,657.45	3,066.29	3,679.54
Blunsdon	1,252.15	1,460.84	1,669.52	1,878.22	2,295.59	2,712.98	3,130.36	3,756.43
Castle Eaton	1,299.31	1,515.87	1,732.41	1,948.96	2,382.06	2,815.17	3,248.28	3,897.93
Central Swindon North	1,290.73	1,505.85	1,720.97	1,936.09	2,366.33	2,796.57	3,226.82	3,872.18
Central Swindon South	1,291.73	1,507.02	1,722.30	1,937.59	2,368.16	2,798.74	3,229.32	3,875.19
Chiseldon	1,296.46	1,512.53	1,728.60	1,944.68	2,376.82	2,808.98	3,241.14	3,889.36
Covingham	1,257.44	1,467.01	1,676.58	1,886.15	2,305.29	2,724.44	3,143.59	3,772.31
Hannington	1,244.28	1,451.66	1,659.03	1,866.42	2,281.17	2,695.93	3,110.70	3,732.83
Haydon Wick	1,263.48	1,474.06	1,684.63	1,895.21	2,316.36	2,737.53	3,158.69	3,790.42
Highworth	1,326.96	1,548.12	1,769.27	1,990.43	2,432.75	2,875.07	3,317.39	3,980.87
Inglesham	1,200.47	1,400.55	1,600.62	1,800.70	2,200.85	2,601.01	3,001.17	3,601.40
Liddington	1,243.38	1,450.61	1,657.83	1,865.07	2,279.52	2,693.98	3,108.45	3,730.13
Nythe, Eldene & Liden	1,236.73	1,442.86	1,648.97	1,855.09	2,267.33	2,679.58	3,091.83	3,710.19
South Marston	1,276.26	1,488.97	1,701.67	1,914.38	2,339.79	2,765.22	3,190.64	3,828.76
St Andrews	1,237.40	1,443.63	1,649.86	1,856.09	2,268.55	2,681.02	3,093.49	3,712.18
Stanton Fitzwarren	1,257.63	1,467.24	1,676.83	1,886.44	2,305.65	2,724.86	3,144.07	3,772.88
Stratton St Margaret	1,327.16	1,548.36	1,769.54	1,990.74	2,433.12	2,875.51	3,317.90	3,981.48
Wanborough	1,265.80	1,476.76	1,687.72	1,898.69	2,320.61	2,742.55	3,164.48	3,797.38
West Swindon	1,268.08	1,479.43	1,690.77	1,902.11	2,324.80	2,747.50	3,170.19	3,804.23
Wroughton	1,305.29	1,522.84	1,740.38	1,957.93	2,393.02	2,828.12	3,263.22	3,915.86

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Bishopstone</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Bishopstone	26.05	30.39	34.73	39.07	47.75	56.44	65.12	78.14
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,226.52	1,430.94	1,635.35	1,839.77	2,248.60	2,657.45	3,066.29	3,679.54
<u>Blunsdon</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Blunsdon	51.68	60.29	68.90	77.52	94.74	111.97	129.19	155.03
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,252.15	1,460.84	1,669.52	1,878.22	2,295.59	2,712.98	3,130.36	3,756.43
<u>Castle Eaton</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Castle Eaton	98.84	115.32	131.79	148.26	181.21	214.16	247.11	296.53
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,299.31	1,515.87	1,732.41	1,948.96	2,382.06	2,815.17	3,248.28	3,897.93
<u>Central Swindon North</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Central Swindon North	90.26	105.30	120.35	135.39	165.48	195.56	225.65	270.78
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,290.73	1,505.85	1,720.97	1,936.09	2,366.33	2,796.57	3,226.82	3,872.18
<u>Central Swindon South</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Central Swindon South	91.26	106.47	121.68	136.89	167.31	197.73	228.15	273.79
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,291.73	1,507.02	1,722.30	1,937.59	2,368.16	2,798.74	3,229.32	3,875.19
<u>Chiseldon</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Chiseldon	95.99	111.98	127.98	143.98	175.97	207.97	239.97	287.96
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,296.46	1,512.53	1,728.60	1,944.68	2,376.82	2,808.98	3,241.14	3,889.36
<u>Covingham</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Covingham	56.97	66.46	75.96	85.45	104.44	123.43	142.42	170.91
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,257.44	1,467.01	1,676.58	1,886.15	2,305.29	2,724.44	3,143.59	3,772.31
<u>Hannington</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Hannington	43.81	51.11	58.41	65.72	80.32	94.92	109.53	131.43
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,244.28	1,451.66	1,659.03	1,866.42	2,281.17	2,695.93	3,110.70	3,732.83

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Haydon Wick</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Haydon Wick	63.01	73.51	84.01	94.51	115.51	136.52	157.52	189.02
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,263.48	1,474.06	1,684.63	1,895.21	2,316.36	2,737.53	3,158.69	3,790.42
<u>Highworth</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Highworth	126.49	147.57	168.65	189.73	231.90	274.06	316.22	379.47
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,326.96	1,548.12	1,769.27	1,990.43	2,432.75	2,875.07	3,317.39	3,980.87
<u>Inglesham</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Inglesham	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,200.47	1,400.55	1,600.62	1,800.70	2,200.85	2,601.01	3,001.17	3,601.40
<u>Liddington</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Liddington	42.91	50.06	57.21	64.37	78.67	92.97	107.28	128.73
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,243.38	1,450.61	1,657.83	1,865.07	2,279.52	2,693.98	3,108.45	3,730.13
<u>Nythe, Eldene & Liden</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Nythe, Eldene & Liden	36.26	42.31	48.35	54.39	66.48	78.57	90.66	108.79
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,236.73	1,442.86	1,648.97	1,855.09	2,267.33	2,679.58	3,091.83	3,710.19
<u>South Marston</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
South Marston	75.79	88.42	101.05	113.68	138.94	164.21	189.47	227.36
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,276.26	1,488.97	1,701.67	1,914.38	2,339.79	2,765.22	3,190.64	3,828.76
<u>St Andrews</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
St Andrews	36.93	43.08	49.24	55.39	67.70	80.01	92.32	110.78
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,237.40	1,443.63	1,649.86	1,856.09	2,268.55	2,681.02	3,093.49	3,712.18
<u>Stanton Fitzwarren</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Stanton Fitzwarren	57.16	66.69	76.21	85.74	104.80	123.85	142.90	171.48
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,257.63	1,467.24	1,676.83	1,886.44	2,305.65	2,724.86	3,144.07	3,772.88

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Stratton St Margaret</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Stratton St Margaret	126.69	147.81	168.92	190.04	232.27	274.50	316.73	380.08
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,327.16	1,548.36	1,769.54	1,990.74	2,433.12	2,875.51	3,317.90	3,981.48
<u>Wanborough</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Wanborough	65.33	76.21	87.10	97.99	119.76	141.54	163.31	195.98
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,265.80	1,476.76	1,687.72	1,898.69	2,320.61	2,742.55	3,164.48	3,797.38
<u>West Swindon</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
West Swindon	67.61	78.88	90.15	101.41	123.95	146.49	169.02	202.83
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,268.08	1,479.43	1,690.77	1,902.11	2,324.80	2,747.50	3,170.19	3,804.23
<u>Wroughton</u>								
Swindon 'General Expenses'	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.55	2,207.95	2,649.54
Swindon Adult Social Care precept element	111.19	129.72	148.25	166.78	203.84	240.91	277.97	333.56
Wroughton	104.82	122.29	139.76	157.23	192.17	227.11	262.05	314.46
Dorset and Wiltshire Fire and Rescue Authority	51.92	60.57	69.23	77.88	95.19	112.49	129.80	155.76
Wiltshire Police and Crime Commissioner	154.18	179.88	205.57	231.27	282.66	334.06	385.45	462.54
BILL AMOUNT	1,305.29	1,522.84	1,740.38	1,957.93	2,393.02	2,828.12	3,263.22	3,915.86

	Band D Charge 2021-22	Tax Base 2021-22	Precept 2021-22	Band D Charge 2020-21	Tax Base 2020-21	Precept 2020-21	Band D Charge Change 2020-21 to 2021-22		Precept Change 2020-21 to 2021-22	
Bishopstone	£39.07	328.8	£12,847	£39.08	325.9	£12,736	-£0.01	0.0%	£110	0.9%
Blunsdon	£77.52	1,094.6	£84,850	£79.89	1,126.5	£90,000	-£2.38	-3.0%	-£5,150	-5.7%
Castle Eaton	£148.26	113.9	£16,887	£141.02	114.8	£16,189	£7.24	5.1%	£698	4.3%
Central Swindon North	£135.39	9,753.7	£1,320,553	£128.96	9,773.00	£1,260,292	£6.43	5.0%	£60,261	4.8%
Central Swindon South	£136.89	18,753.3	£2,567,193	£125.89	18,623.20	£2,344,468	£11.00	8.7%	£222,725	9.5%
Chiseldon	£143.98	993.2	£143,000	£139.94	993.3	£139,000	£4.04	2.9%	£4,000	2.9%
Covingham	£85.45	1,490.8	£127,394	£72.16	1,493.0	£107,734	£13.29	18.4%	£19,660	18.2%
Hannington	£65.72	118.6	£7,794	£65.72	126.1	£8,287	£0.00	0.0%	-£493	-5.9%
Haydon Wick	£94.51	9,005.9	£851,159	£91.23	9,014.5	£822,376	£3.28	3.6%	£28,783	3.5%
Highworth	£189.73	3,116.2	£591,250	£159.25	3,120.9	£497,000	£30.49	19.1%	£94,250	19.0%
Inglesham	£0.00	55.0	£0	£0.00	51.0	£0	£0.00	0.0%	£0	0.0%
Liddington	£64.37	290.6	£18,705	£61.30	220.5	£13,517	£3.07	5.0%	£5,188	38.4%
Nythe, Eldene & Liden	£54.39	3,490.1	£189,841	£52.15	3,500.3	£182,539	£2.24	4.3%	£7,302	4.0%
South Marston	£113.68	395.7	£44,984	£110.37	394.6	£43,553	£3.31	3.0%	£1,431	3.3%
St Andrews	£55.39	6,938.4	£384,319	£53.68	6,588.90	£353,714	£1.71	3.2%	£30,605	8.7%
Stanton Fitzwarren	£85.74	104.5	£8,960	£85.20	103.1	£8,784	£0.54	0.6%	£176	2.0%
Stratton St Margaret	£190.04	7,208.9	£1,369,964	£187.98	7,287.9	£1,369,964	£2.06	1.1%	£0	0.0%
Wanborough	£97.99	929.7	£91,099	£89.08	922.5	£82,175	£8.91	10.0%	£8,924	10.9%
West Swindon	£101.41	8,873.3	£899,872	£97.84	8,929.70	£873,662	£3.58	3.7%	£26,210	3.0%
Wroughton	£157.23	3,205.1	£503,941	£150.66	3,169.2	£477,477	£6.57	4.4%	£26,464	5.5%
Total	£121.09	76,260.3	£9,234,612	£114.70	75,878.9	8,703,467	£6.39	5.6%	£531,145	6.1%

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COUNCIL

THURSDAY 18TH FEBRUARY 2021

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 3RD FEBRUARY 2021

47. Housing Revenue Account (HRA) - Rents and Charges 2021/22

Councillor Cathy Martyn, the Cabinet Member for Housing and Public Safety along with the Director of Housing submitted a joint report setting out the proposed rents, service charges, support charges for 2021/22 and proposed Housing Revenue Account (HRA) budget for 2021/22.

Councillor Martyn introduced the joint report setting out the outcome of the on-line consultations on a 1.5% rent increase. The Cabinet Member also informed colleagues about the impact of four years of government-mandated rent reductions, and the ongoing pressures on the maintenance and repair programme because of the loss of income. Councillor Martyn drew Members' attention to the specific modifications and improvements that were being made to homes to help meet the Council's carbon reduction targets.

Councillors Emma Bushell and Jim Grant asked the Cabinet Member about when the work on the two high-rise blocks, first put forward in 2015/16, would take place as their condition is continuing to deteriorate. Councillor Martyn responded that this would be addressed in an options report that she would bring to Cabinet in the 2021/22 financial year.

Councillor Keith Williams, the Cabinet Member for Climate Change, welcomed how the Council owned-housing was ahead of the private sector in being improved to improve energy efficiency and reduce the carbon footprint.

Resolved: (1) That Council be recommended to approve the proposed average social rent for Housing Revenue Account (HRA) dwellings for 2021/22 of £82.55 per week (52 week basis), which is an increase of 1.5% (£1.22 per week per average dwelling). The range of increases is shown in paragraph 3.7.

(2) That the Director of Housing be authorised to seek authority from the Secretary of State to extend permission to continue providing a budget of £200k within the HRA for payments to Council's tenants under the Discretionary Housing Payments scheme in 2021/22 as detailed at paragraphs 3.22.

- (3) That the housing related support charges for 2021/22 and service charges for 2021/22 as outlined in Appendix 2 be approved.
- (4) That the leaseholder service charges for 2021/22 as shown in Appendix 3 be approved.
- (5) That both the Housing Revenue Account (HRA) proposed budget 2021/22, set out in Appendix 4, and the HRA Capital Budget and Funding as set out in Appendix 5 be approved.
- (6) That the draft 5 year capital projects and planned maintenance programme at an indicative funding level of £16.0m (2020/21 prices) for 2021/22 as shown in Appendix 5 be approved.
- (7) That the revision to the budget for the two bungalow schemes in the New Development Programme of £800k included in Appendix 5 be approved, reflecting additional costs associated with our commitment to delivering low carbon energy efficient homes.
- (8) That the Director of Housing be authorised to undertake a new acquisition programme and approves the acquisition programme budget of £8m for 2021/22 in accordance with paragraph 3.18, to include the purchase of 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care.
- (9) That the increase in rents charged on General Fund properties in line with the Government's Direction on the Rent Standard 2019 also applied to Housing Revenue Account rents be authorised. This allows for rent increases of up to the Consumer Price Index (CPI) for the September of the preceding financial year, plus 1%. Increases for 2021/22 will therefore be capped at 1.5%.
- (10) That the service charges for General Fund properties for 2021/22, as shown in Appendix 6, be authorised.
- (11) That the charges for Private Sector Leased (PSL) accommodation for those accepted as homeless to remain at the pre-Covid 2020/21 Local Housing Allowance rates as set out in Appendix 6 be authorised.
- (12) That it be noted that any underspend or overspend on the 2020/21 Housing Revenue Account be managed through the general revenue reserves.

The reasons for the decision and alternative options are as set out in the report to the meeting.

Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

Author: Cabinet Member for Housing and Public Safety
Cabinet Member for Highways, Maintenance and Waste Services
Director of Housing

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To present the proposed rents, service charges, support charges for 2021/22 and proposed Housing Revenue Account (HRA) budget for 2021/22.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities for the HRA.
- 1.3 The funding that is provided from rents is of direct benefit to all tenants as it contributes to the maintenance of the housing stock over both the short and long term.
- 1.4 This will promote the Council's Corporate priorities One and Four to "Improve Infrastructure and housing to support a growing, low-carbon economy" and "Help people to help themselves while always protecting our most vulnerable children and adults."

2. Recommendations

Cabinet is invited to recommend to the Council as follows (Minute for Confirmation) that Council:

- 2.1 Approves the proposed average social rent for Housing Revenue Account (HRA) dwellings for 2021/22 of £82.55 per week (52 week basis), which is an increase of 1.5% (£1.22 per week per average dwelling). The range of increases are shown in paragraph 3.7.
- 2.2 Authorises the Director of Housing to seek authority from the Secretary of State to extend permission to continue providing a budget of £200k within the HRA for payments to Council's tenants under the Discretionary Housing Payments scheme in 2021/22 as detailed at paragraphs 3.22.
- 2.3 Approves the housing related support charges for 2021/22 and service charges for 2021/22 as outlined in Appendix 2.
- 2.4 Approves the leaseholder service charges for 2021/22 as shown in Appendix 3.

Further information on the subject of this report can be obtained from Karl Read, tel: 07824 081182, ksread@swindon.gov.uk.

Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

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- 2.5 Approves both the Housing Revenue Account (HRA) proposed budget 2021/22, set out in Appendix 4, and the HRA Capital Budget and Funding as set out in Appendix 5.
 - 2.6 Approves the draft 5 year capital projects and planned maintenance programme at an indicative funding level of £16.0m (2020/21 prices) for 2021/22 as shown in Appendix 5.
 - 2.7 Approves the revision to the budget for the two bungalow schemes in the New Development Programme of £800k included in Appendix 5 reflecting **additional costs associated with our commitment to delivering low carbon energy efficient homes.**
 - 2.8 Authorises the Director of Housing to undertake a new acquisition programme and approves the acquisition programme budget of £8m for 2021/22 in accordance with paragraph 3.18, to include the purchase of 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care.
 - 2.9 Authorises the increase in rents charged on General Fund properties in line with the Government's Direction on the Rent Standard 2019 also applied to Housing Revenue Account rents. This allows for rent increases of up to the Consumer Price Index (CPI) for the September of the preceding financial year, plus 1%. Increases for 2021/22 will therefore be capped at 1.5%.
 - 2.10 Authorise the service charges for General Fund properties for 2021/22, as shown in Appendix 6.
 - 2.11 Authorise the charges for Private Sector Leased (PSL) accommodation for those accepted as homeless to remain at the pre-Covid 2020/21 Local Housing Allowance rates as set out in Appendix 6.
 - 2.12 Notes that any underspend or overspend on the 2020/21 Housing Revenue Account be managed through the general revenue reserves.

3. Detail

- 3.1 The Housing Revenue Account (HRA) is a statutory account set up in accordance with the Local Government and Housing Act 1989. This is a significant budget for the Council amounting to £50.8m of Gross Income in 2021/22 (a budget overview is provided at Appendix 1). The account is ring fenced and cannot be subsidised by the General Fund or vice versa.
- 3.2 The HRA contains all expenditure relating to the Council's landlord function of circa 10,259 dwellings, including 4 supported housing schemes, 31 sheltered schemes, as well as some commercial premises. Income is generated through rents, charges and interest received on balances.

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

Housing Revenue Account (HRA) Rents and Charges

- 3.3 Swindon's Housing Revenue Account (HRA) receives the majority of its income from the charges it levies upon its tenants. Tenants can pay up to 3 elements for their homes:
- 3.3.1 **Rent** - a charge for the occupation of a dwelling. Rents pay for the management and maintenance of the properties.
 - 3.3.2 **Service charge** - additional services which may not be provided to every tenant, or which may be connected with communal facilities e.g. a caretaker service.
 - 3.3.3 **Support charge** - additional services to help tenants maintain their tenancies i.e. the Supported Housing Officer service in supported accommodation and the Homeline alarm system.

Government Rent Policy and Capital Investment

- 3.4 This year, 2020/21, represents the first year in the last 5 where rents were increased. Under the Welfare Reform and Work Act 2016, the previous 4 years saw a year on year 1% rent reduction that had a significant impact on the rent income generated and therefore, the funding available for capital investment. The HRA lost approximately £18m of capital investment up until 2019/20.
- 3.5 The Government introduced a rent policy from 2020/21 that reverted to the previous system where rents can rise up to a cap of CPI + 1%. Based on the September CPI, this would be a cap of 1.5% in 2021/22. This is increasingly important because of the much needed investment required in the Council's non-traditionally built homes and upgrades required to the sheltered housing stock.

Housing Revenue Account Budget 2021/22

- 3.6 Tenants have been consulted on just the one proposed increase for 2021/22, providing for an increase of 1.5% based on the preceding September CPI rate plus 1%. This is 1.2% less than the 2.7% increase in 2020/21. It is also significantly below the assumed increases in previous business plans where rent increases were assumed to rise by an historic average figure of 3%. Importantly the increase will allow for a small increase in capital investment from £15.8m to £16m in 2021/22 to bring additional improvements to tenants' homes.
- 3.7 Table 1 shows the social rent increase by property size and the range of increases within that band. The historical rent calculation formula means that there is no "average" property within the stock as the rent for each property is based on a combination of the number of bedrooms and the 1999 property value. Government policy assumes that all properties will move to their target rent when they become void which is why rent for

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

new tenants remain at a higher rate. As a result of a significant amount of the HRA stock not reaching their target rents there is still a wide range of actual rents being paid.

Table 1 Average and range of social rents by property size (52-week basis)

No. of properties at Oct 2020	No. of Bedrooms	Actual Rents at Oct 2020	2021/22 Rents assuming a 1.5% increase	Net Change in rent	Lowest rent per week	Highest rent per week
262	Bedsits	66.86	67.86	1.5%	59.32	71.22
3,172	1	74.38	75.50	1.5%	61.72	86.25
2,685	2	81.48	82.70	1.5%	69.86	95.01
3,503	3	87.56	88.88	1.5%	77.04	114.99
184	4	100.55	102.06	1.5%	83.76	132.00
4	5	106.07	107.66	1.5%	81.90	114.18
0	5>					
9,810	Overall	81.33	82.55	1.5%		

- 3.8 The table excludes the “affordable rent” properties whose rents are calculated on a different basis to social housing rents as they are a product of the growing housing development programme. There are currently approximately 447 affordable rented properties within the HRA stock. The table below shows the averages for the affordable rented properties.

Table 2 Average and range of affordable rents by property size (52-week basis)

No. of properties at Oct 2020	No. of Bedrooms	Actual Rents at Oct 2020	2021/22 Rents assuming a 1.5% increase	Net Change in rent	Lowest rent per week	Highest rent per week
2	Bedsits	66.73	67.73	1.5%	0.00	0.00
87	1	94.27	95.68	1.5%	79.28	110.33
171	2	106.04	107.63	1.5%	85.20	137.34
159	3	127.03	128.93	1.5%	55.23	161.12
25	4	138.23	140.30	1.5%	53.91	172.68
0	5	0.00	0.00	0.0%	0.00	0.00
3	5>	251.22	254.99	1.5%	242.84	262.94
447	Overall	113.81	115.52	1.5%		

- 3.9 Appendix 1 provides a high-level budget and Appendix 4 shows the HRA budget in more detail. The following paragraphs outline the major movements (key variances) from the 2020/21 base budget to the proposed 2021/22 budget. This section will also bring to Members’ attention the short and medium term financial implications and challenges facing Swindon’s HRA.

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

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- 3.10 The current HRA debt will stand at £99 million on 1 April 2021 and the average interest rate for this is 3.32%. Although a policy of debt reduction in recent years has reduced the Council's HRA debt, the interest payments on the remaining debt are still significant, and for 2021/22 the interest payment will be £3.3m (item 26, Appendix 4).
- 3.11 The budgeted cost of revenue repairs (item 3 & 4, Appendix 4) has increased slightly from the £12.0m budget in 2020/21 to £12.7m. This reflects an increase in the responsive work being completed by the Repairs teams and their associated costs.
- 3.12 The proposed budget includes a bad debt provision of £600k for 2021/22. Collection rates have improved in recent years but this budget provision allows for ongoing challenges as a result of the continued uptake of Universal Credit for tenants and potential pressures on paying rents due to the pandemic. It is standard practice to make an allowance for bad debts, officers will continue to make inroads to keeping amounts owed as low as possible. Excellent work has been done to stabilise rent loss by ensuring a high collection rate (as at December 2020 this stood at 95.00% which is slightly lower than the December 2019 performance of 96.65 %). It is anticipated that this difference will be recovered before financial year end. The allowance is included in item 11, Appendix 4.

Capital Programme

- 3.13 The HRA Capital Improvement Programme covers 3 major areas, these are:
- 3.13.1 Capital projects e.g. kitchens & bathrooms, insulation improvements including a more comprehensive External Wall Insulation (EWI) programme on non-traditional properties, which will bring these properties up to date.
- 3.13.2 Planned maintenance programme e.g. fencing, paths, electrical maintenance, heating
- 3.13.3 Regeneration, acquisition and new build programme.

Capital Projects and Planned Maintenance

- 3.14 The capital projects and planned maintenance programme has been set at £16m for 2021/22 (Item 6, Appendix 4) slightly higher than the 2020/21 funding level of £15.8m. Appendix 5 provides a summary of the retained Right-to-buy (RTB) income that is available for investment in new build programmes.
- 3.15 Any other new build and major regeneration programmes will be brought to Cabinet for separate approval and will take account of the Housing Strategy. Following the removal of the borrowing cap at the end of October 2018, regeneration and new build opportunities can take advantage of additional borrowing where required as well as

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

capital receipts from Right-to-buy sales, Section 106 funding for affordable housing and Government funding from Homes England (HE). Appendix 5 identifies an anticipated spend on the Housing Development Programme of £10m in 2021/22. This includes works on the Queens Drive development delivering 149 homes and two bungalow developments at Ventnor Close (8 units) and Ashley Close (3 units). The estimated cost of these last two schemes has increased by £0.8m due to inflationary costs associated with the construction industry including the cost of materials, market forces relating to the shortage of local skilled labour and changes to Part L and Part F of the Building Regulations for new dwellings. There are additional costs associated with our commitment to delivering low carbon energy efficient homes, this includes our target to achieve an EPC A rating where possible, Triple Glazing, PV panels, Air Source Heat Pumps, Mechanical Ventilation & Heat Recovery, Improved fabrics to reduce heat loss.

- 3.16 A draft 5-year capital programme is included at Appendix 5. The purpose of recommending a 5-year programme rather than for just 1 year is to enable better forward planning and provide certainty. The programme will be kept under review as the Government develops its rent policies. It is recommended that the indicative level of spend outlined in Appendix 5 be approved.

Regeneration and Acquisition

- 3.17 Alongside the current Regeneration programme, which includes Queens Drive and a number of smaller bungalow projects, the HRA has been acquiring properties as part of a £4m acquisition programme agreed as part of last year's budget setting. It is essential the Council uses this fund to acquire all property types, including 1 to 4 bed general purpose properties, bungalows, adapted properties, wheelchair accessible properties, and properties that meet the needs of Adult Social Care clients. It should be noted that the use of right-to-buy receipts from its sale of council houses also enables, in part, the avoidance of repayment of these receipts to the Government, which it would otherwise have had to do within three years of the right-to-buy sale. So far, since 2017/18, we have purchased 129 properties which are included in the Additions column in the table below. Sales of council houses during the same period were 214.

Table 3 – Stock movements 2017/18 to 2020/21

Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

	RTB Sales	Additions	Demolitions / Other Changes	TOTAL stock
2017/18	-59	53	28	10,299
2018/19	-66	119	-52	10,300
2019/20	-52	32	1	10,281
2020/21 to Dec 20	-37	15	0	10,259

- 3.18 The current acquisition programme is likely to come to an end at the end 2020/21, but the need for the HRA to maintain levels of purchasing additional properties to address homelessness pressures remains. The required use of right-to-buy receipts over the next few years is steadily increasing as a result of RTB sales in the previous 3 years. During 2021/22, the HRA will have to spend £8.7m on development and acquisitions to avoid repaying RTB receipts to the Government. For this reason, it is proposed to approve a £8m acquisition programme in 2021/22 which combined with existing build programmes will ensure no RTB monies will need to be repaid to Government. The scope of this programme will include the purchase of all property types including 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care.

General Fund Rents and Service Charges

- 3.19 Rent charges for the residential properties owned by the General Fund (including the David Murray John Tower - DMJ) have followed the same rent setting approach as used for HRA properties. A review of the service charges for these properties has resulted in no changes for 2021/22 as outlined in Appendix 6 and it is recommended that the charges for the General Fund properties be approved.

Homelessness Contributions

- 3.20 The level of homelessness contributions for private leased accommodation has historically been linked to the Local Housing Allowance (LHA) that is payable for each size of property. This enables a degree of affordability for tenants whilst also reducing costs on the homelessness budget. During 2020/21 an issue has emerged whereby the gap between rent charged to tenants that attracts housing benefit, and the housing benefit subsidy received by the Council to cover the housing benefit costs has widened. For this reason, it is proposed to keep the charges for 2021/22 the same as those used in 2020/21, thereby ensuring this gap in funding does not widen as shown in Appendix 6.

Further information on the subject of this report can be obtained from Karl Read, tel: 07824 081182, ksread@swindon.gov.uk.

Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

Affordable Rents

- 3.21 Affordable Rents were based historically on 80% of the Local Housing Allowance. The current method is to base them on 80% of Market Rent as per the latest Homes England guidance as set out in 2018 on new build schemes. There are currently 447 affordable rent properties. However, affordable rents are subject to the same restrictions as social rents in terms of the Government imposed rent increases and therefore the budget has been prepared on the basis of a 1.5% rent increase on 2020/21 levels.

Discretionary Housing Payments Fund (DHP)

- 3.22 Following a ground breaking initiative achieved by the Council a specific Secretary of State approval has been rolled out nationally allowing all local authority HRAs to provide a Discretionary Housing Payments Fund (DHP) for tenants struggling with specific Welfare Reforms. For 2021/22 it is proposed to set this at £200k subject to Secretary of State Consent. In 2020/21, it is anticipated that we may spend below this level, although demand for this may increase due to the economic pressures of the pandemic.

Support and Service Charges

- 3.23 Indications on the price of utility services have shown that there are likely to be some increases in these costs for 2021/22. Where reserves exist due to over-recovery in previous years, these reserves have been used to mitigate any increased charges where possible. As a result, many of the service charges have therefore avoided any significant increases. Full details of all service charges can be found in Appendix 2.

Leaseholder Service Charges

- 3.24 Leaseholders are recharged the full cost of providing services. The charges proposed for leaseholders are shown in Appendix 3.
- 3.25 Administration charges to cover the costs involved in the resale of leases is proposed to increase by 1.5% in line with the Consumer Prices Index (CPI) +1% from £179.40 to £182.09 per transaction as shown in Appendix 3.

Garage Rents and Parking Charges

- 3.26 As a result of an increasing number of garages becoming void during 2020/21, it is proposed to leave garage rents charges for 2021/22 at the same level as 2020/21. The majority of garage rents are now held within the General Fund and managed by the HRA, but this approach to pricing will also apply to cross over spaces linked to properties in the HRA. Details are shown in Appendix 2.

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

Provisional Budget for 2021/22

- 3.27 A summary of the budget proposals contained in this report is provided in Appendix 1. This demonstrates the budget is balanced with the operating surplus being used to fund Capital Expenditure without the need to draw on reserves.

HRA Business Plan 2021/22 – 2024/25

- 3.28 Appendix 7 shows the estimated impact of proposals set out in this report on the funding available for investment through to 2024/25, compared with the previous business plan. The overall change in funding available for capital investment is a decrease of £3.8m from £73.6m to £69.8m. The key business plan assumptions are set out below.
- 3.29 CPI and RPI estimates are based on Treasury and ONS (Office of National Statistics) data available at September 2020. Due to the effect of the pandemic on the national economy, CPI was particularly low in September 2020 at 0.5%. The business plan now assumes that this will not rise to 2% until 2024/25, resulting in lower than previously forecast rent increases, and therefore income. This is the primary reason for the reduction in funding available for capital investment over the next 4 years.
- 3.30 A void allowance of 0.96%, which represents lost rent when properties are vacant between tenancies, has been included in the Business Plan for 2021/22. This is the same rate applied in 2020/21 and based on 2021/22 income represents £404k to reflect the increase in rents. This follows targeted improvement action over the last year. Also included in the Business Plan assumptions is a bad debt allowance referred to in para 3.13 of £600k, or 1.43% of rents. This will allow for any increase in rent arrears as a result of the continuing effects of the pandemic. A full and updated HRA Medium Term Resource Plan will be presented to Cabinet early in the new financial year to reflect ongoing performance.

Investment requirements

- 3.31 A budget of £9.327 million has been allocated to replace components such as roof coverings, doors and windows, electrical wiring and central heating etc. in order to maintain homes to the Decent Homes Standard, which is in line with the recommendations of the 2016 Stock Condition Survey. A new Survey will be conducted once the new Decent Homes Standard is published.
- 3.32 A budget of £650k has been set aside for Contingent Major Repairs which may include safety measures, structural and specialist repairs and fire safety works.
- 3.33 A budget of £2.03m has been allocated to deliver external Cyclical Planned Maintenance to ensure that homes continue to be maintained to a good standard.
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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

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- 3.34 We continue to invest in the refurbishment, insulation and maintenance of the non-traditional stock with an allocation of a further £1.0 million. Due to an opted change in the way these works are delivered, internal improvements and component replacements will be undertaken separately. Previously all works were undertaken as part of an external wall insulation programme. This is reflected in the indicative budget with additional funding made available under components.
- 3.35 A budget of £1.23m has been allocated to undertake Improvements such as the refurbishment of door entry systems and communal area upgrades etc.
- 3.36 A budget of £1.5m has been allocated to meet the increasing demand for Major Adaptations to allow residents with any special needs to live independently
- 3.37 We plan to allocate £250k to replace the vehicles for our in-house workforce and any associated infrastructure expenditure for electric/hybrid vehicles. This will also help to reduce the hire of vehicles and enable the Housing Service to increase the use of electric/hybrid vehicles within fleet. These are summarised in Appendix 5.
- 3.38 The investment for extensive refurbishment works to the first of 2 high-rise blocks of flats has been deferred whilst an options appraisal on whether to refurbish or redevelop the blocks is conducted during 2021/21 (Cabinet report dated 4 December 2019 refers).

Consultation

- 3.39 The rent setting presentations to tenants and leaseholders outlined the impact of lower than forecast inflation over the next 4 years and the impact that will have on funding available for capital investment. This is following previous rent reductions of 1% each year in four of the last 5 years. For this reason, tenants have been presented with only the one option, for the 1.5% rent increase in line with Government guidance based on (CPI +1%). Following work with officers to deliver operational savings, increase rentals from acquisitions, the budget for 2021/22 can only be balanced with this level of increase. Any rent increase below this level will require either a reduction in reserves or the funding available for capital investment.
- 3.40 A briefing paper on the Cabinet Report will be discussed at the Housing Management CMAG on the 27th January. Any feedback will be provided at the Cabinet meeting.

4. Alternative Options

- 4.1 The parameters for setting local authority rents are largely controlled by Central Government who have now confirmed that rents for the next 4 years can increase up to a cap based on the previous September's CPI +1%.

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

- 4.2 The setting of service charges is a local decision. Service charges should generally be set at a level that recovers the cost of providing those services, but does not make a profit. Should service charges be set lower than at a level that recovers costs, then the deficit will be funded through general rent income and result in less funding available to support capital investment.
- 4.3 The current policy is to repay £5m of HRA debt per annum, which reduces the following year's annual interest payments by £166,000. Cabinet could decide not to repay either some or all of this, which would increase the funding available for capital investment, but would incur additional debt interest charges. Appendix 7 shows how changes in the 2021/22 budget have impacted on the previous business plan through to 2024/25. The current capital programme does have an in year backlog following the impact of covid restrictions, reducing the programme by £5m could allow sufficient time for the programme to catch up, however it would also mean depleting the capital reserve by £5m for future years expenditure in line with the needs of the stock condition survey.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 These have been reflected in the body of the report.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.3 The new development and maintenance programmes delivered to date have continually evolved to take on latest practice in addressing climate change, including as an example, the programme of External Wall Insulation (EWI) that was delivered to over 200 properties. Officers continue to work through the emerging requirements to mitigate any adverse carbon impact as new developments are designed and maintenance programmes developed. Examples include the Queens Drive development being constructed to target an Energy Performance Certificate (EPC) A rating where possible, using solar Photo Voltaic (PV) panels and Mechanical Heat Recovery Ventilation (MHRV) to improve energy efficiency. Any new developments will be brought back to the Cabinet Members to consider.
- 5.4 In addition, as the market for electric vehicles expands and develops with larger vans becoming available, work will continue to move towards the use of more electric vehicles as the current fleet is replaced, further reducing carbon emissions.

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 The continued investment in welfare adaptations and the development of specialist new properties will support those with specific health and care needs such as those with physical disabilities.
- 5.6 Members should note that Care Leavers are also housed and supported within the Housing Revenue Account stock. Additional support is provided for those who need extra help maintaining their tenancies.

Diversity Impact Assessment

- 5.7 A thorough Diversity Impact Assessment was carried out in support of the HRA Rents and Charges proposals and this has been thoroughly reviewed and updated and a copy can be obtained from the report author.
- 5.8 Based on the information contained in this report the following considerations have been made
 - 5.8.1 Setting of local authority rents is subject to Government guidance, which allows local authorities to increase rents by up to 1.5% based on CPI +1%.
 - 5.8.2 A careful balance needs to be struck between affordability and tenants being able to benefit from warmer and healthier homes. For those on the lowest incomes there will be no impact as their rents are covered by Housing Benefit or the Housing element in their Universal Credit claim. Support to enable them to do this is provided both by housing officers and benefits advisers. Housing Officers additionally provide tenants with information on how to claim for the Warm Homes Discount Scheme where they meet the specified criteria in relation to low income to ensure they are aware of the scheme.
 - 5.8.3 The Discretionary Housing Payment scheme funded by both the General Fund and the Housing Revenue Account, subject to Ministerial consent and set criteria, will continue to be available to alleviate hardship by meeting gaps in benefit previously received.
 - 5.8.4 Tenants who fall into rent arrears will be managed according the Council's Rent Arrears Policy for which a Diversity Impact Assessment has also been completed.

Risk Management

- 5.9 Failure to raise enough revenue through rents to fund a capital programme that secures the long-term future of the council's housing stock is an important consideration that is

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Housing Revenue Account (HRA) - Rents and Charges 2021/22

Cabinet

Date: 3rd February 2021

part of the rent setting process. The implications of the Government's revised rents regime allowing for increases of up to CPI +1% is set out in Appendix 7.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 All appendices are in a single document

8.1.1 Appendix 1 – Proposed HRA Budget Overview 2021/22.

8.1.2 Appendix 2 – Service charges for 2021/22.

8.1.3 Appendix 3 – Leaseholder charges for 2021/22.

8.1.4 Appendix 4 – Detailed HRA Budget 2021/22.

8.1.5 Appendix 5 – Proposed 5 year HRA Capital Budget and funding.

8.1.6 Appendix 6 – Proposed HGF Rents & Service Charges 2021/22.

8.1.7 Appendix 7 – Comparison of Business Plans showing the impact of proposed budget changes.

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This item is included in the Cabinet Work Programme for February 2021. This is not a key decision to be made by Cabinet because the final decisions are to be made by full Council on 18th February 2021.

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Appendix 1 – Overview of HRA Revenue Budget

	2020/21 Budget	2021/22 Proposed Budget
	£	£
Expenditure		
Management (staff, overheads and service charge costs)	13,295,900	13,475,900
Repairs (incl. staff costs)	12,041,600	12,685,600
Discretionary Housing Payments	200,000	200,000
Rent, Rates & Taxes	110,000	110,100
Debt Management fees and Debt Rescheduling Premium	60,000	60,000
Gross Expenditure	25,707,500	26,531,600
Income		
Rents	(44,171,100)	(44,972,200)
Voids and Bad debts	1,000,300	1,004,800
Service Charges	(3,908,900)	(4,015,500)
Other Income (garages, commercial property, Homeline)	(2,706,900)	(2,817,800)
Gross Income	(49,786,600)	(50,800,700)
Net Cost of Services	(24,079,100)	(24,269,100)
Net Interest costs (after interest receivable has been deducted)	3,310,900	3,282,300
Contribution to Capital Expenditure and loan repayment	5,000,000	5,000,000
Contribution from General Reserves	0	0
Projected (surplus) / deficit for the year	(15,768,200)	(15,986,800)
Use of operating Surplus with £5m Loan Repayment		
Funding available for Capital Investment	15,768,200	15,986,800
Use of Operating Surplus	15,768,200	15,986,800

Appendix 2 – Service charges for 2021/22

	Current Charge 2020/21	Proposed Charge 2021/22
	£	£
<u>Flats (Communal entrance)</u>		
Service Charge - Staircase Lighting	0.75	0.70
Multi Storey service charge	10.50	9.54
Neighbourhood Wardens Low & medium rise blocks service charge	1.87	1.81
Neighbourhood Wardens General stock service charge	1.00	1.00
Townsend House	9.86	9.86
<u>Sheltered Housing</u>		
Sheltered service charge	27.40	27.27
Heating charge - private use	7.02	7.02
Heating charge - communal use	2.83	2.83
Water charge	4.55	4.55
Extra Care (Newburgh House)	4.83	4.83
Guest room charge	16.50	16.50
Guest flat charge	18.50	18.50
<u>Other</u>		
Cable TV charge	2.20	2.25
Communal TV aerials	1.20	1.23
Grass Cutting	5.00	5.50
Hedge	2.50	2.75
Furniture Charge - Full Flat	5.00	5.00
Emergency Room Service Charge	18.61	19.08
<u>Support Charges</u>		
Sheltered housing support charge	3.13	3.13
Sheltered transitional protection	-1.67	-1.67
Homeline Charge	4.90	4.97
Homeline transitional protection	-0.30	-0.30
Homeline Charge - private tenants	7.86	7.98
Homeline Plus level 1	14.16	14.16
Homeline Plus level 2	15.76	15.76
Homeline Plus level 3	17.88	17.88

Appendix 2 – Service charges for 2021/22 (continued)

	Current Charge 2020/21 £	Proposed Charge 2021/22 £
<u>Garage / Parking Charges</u>		
Garage rent	9.12	9.12
Account Garage + VAT	10.10	10.10
Parking space	3.09	3.09
Cross over - existing tenants	2.66	2.66
Cross over - new tenants	5.21	5.21
Cross over - new build properties (2 spaces)	10.41	10.41
Account parking space + VAT	3.44	3.44
Premium Garage + VAT	12.11	12.11
Premium parking space + VAT	7.57	7.57
<u>Supported Housing</u>		
Service Charge	45.79	46.48
Heating charge - private use	6.03	6.12
Heating charge - communal use	2.51	2.63
Water charge	6.23	6.52
Electricity	6.35	6.45
<u>Small Housing Schemes</u>		
Service charge - Moredon Road	35.26	35.26
Service charge - William Robins Court - LD clients	22.85	22.45
Service charge - William Robins Court - General needs	12.28	12.28
Service charge - Baileys Farm Gardens - General needs	14.59	14.70
Service charge - Baileys Farm Gardens - General needs water	4.34	4.41
Service charge - Marlowe Avenue	24.36	24.36
Service charge - Twyford Close	9.47	9.47
Service charge - Evelyn House (SBC element)	15.87	15.87
Service charge - Tyndale Gardens (SBC element)	14.48	14.48
Service charge - Kimmerfield Court (SBC element)	6.32	6.50
Service charge - Kimmerfield Court - Private heating charge	3.99	3.99
Service charge - Kimmerfield Court - Communal heating charge	1.74	1.87
Service charge - Sussex Place	1.37	1.37

Appendix 3 - Leaseholder Charges

	Current Charge 2020/21	Proposed Charge 2021/22
	£	£
Ground Rent - Annual Charge	10.00	10.00
Leaseholder management charge - all properties	177.84	180.50
Leaseholder management charge - properties with communal areas	212.96	216.15
Service Charge - Staircase Lighting adjusted to actual charge during annual review	39.53	41.50
Multi Storey service charge	448.59	403.21
Administration charge dealing with the re-sale of leasehold interest	179.40	182.09
In addition leaseholders pay property insurance based on the insured value of their property and a contribution to any repairs carried out on their block of flats		

Appendix 4 - Detailed HRA Budget 2021/22

Item		2020/21 Budget	2021/22 Proposed Budget
		£	£
	<u>EXPENDITURE</u>		
1	S&M General	7,268,500	7,448,200
2	S&M Special	6,027,400	6,027,700
3	Repairs Administration	1,049,000	1,140,400
4	Contribution to Repairs Account	10,992,600	11,545,200
5	Rent, Rates & Taxes	110,000	110,100
	<u>Capital Financing</u>		
6	Funding available for Capital Investment	15,768,200	15,986,800
7	Debt Management	60,000	60,000
8	Discretionary Housing Payments	200,000	200,000
9	TOTAL EXPENDITURE	41,475,700	42,518,400
	<u>INCOME</u>		
	<u>Rent income</u>		
10	Dwellings	(44,171,100)	(44,972,200)
11	Provision for Bad Debts	600,300	600,300
12	Less voids	400,000	404,500
13	Garages	(230,000)	(260,000)
14	Shops / Commercial	(76,000)	(76,000)
15	Support charges - Sheltered	(216,000)	(216,000)
16	Sheltered Housing Service Charges	(2,575,300)	(2,673,800)
17	Supported Housing Service Charge	(455,200)	(463,000)
		(46,723,300)	(47,656,200)
18	Miscellaneous Properties Rent	(95,000)	(70,000)
19	Service Charges - Flats	(92,800)	(92,800)
20	Sheltered Housing Heating Charges	(569,600)	(569,900)
21	Homeline	(1,068,600)	(1,129,800)
22	Other Service Charges / Other income	(1,237,300)	(1,282,000)
23	Contribution from General Reserves	0	0
		(3,063,300)	(3,144,500)
24	TOTAL INCOME	(49,786,600)	(50,800,700)
25	NET COST OF SERVICES	(8,310,900)	(8,282,300)
26	Loan Charges - Interest	3,453,300	3,287,300
27	Interest on balances (interest receivable)	(142,400)	(5,000)
28	Right to buy mortgage interest (interest receivable)	0	0
29	NET OPERATING EXPENDITURE	(5,000,000)	(5,000,000)
30	Loan repayments	5,000,000	5,000,000
31	PROJECTED (SURPLUS) / DEFICIT FOR THE YEAR	0	0

Appendix 5 - Proposed 5 year Capital Programme & Funding

Element	2021/22 Proposed £000's	2022/23 Indicative £000's	2023/24 Indicative £000's	2024/25 Indicative £000's	2025/26 Indicative £000's
Components #	9,327	9,737	10,296	12,349	12,358
Contingent Major Repairs	650	300	300	300	300
Cyclical Planned Maintenance	2,030	2,030	2,030	2,030	2,030
EWI Refurbishment	1,000	2,000	2,400	2,400	2,400
Improvements	1,230	900	900	900	900
Major Adaptations	1,500	1,500	1,500	1,500	1,500
Vehicle Replacement Programme	250	150	150	150	150
Total Planned Maintenance Programme	15,987	16,617	17,576	19,629	19,638
New Development Programme	10,090	12,430	11,350		
Acquisition Programme	8,000	2,000	2,000	2,000	2,000
Total Capital Investment	34,077	31,047	30,926	21,629	21,638
Financed by:					
Funding available for Capital Investment (Major Repairs Reserve)	15,987	16,617	17,576	19,629	19,638
Section 106 Funding	2,000				
RTB Funding Used	2,400	2,000	2,000	2,000	2,000
Homes England Funding		1,935	1,935		
Sales Income	1,971	1,971	1,971		
HRA Reserves	11,719	8,524	7,444	0	
Total Capital Funding	34,077	31,047	30,926	21,629	21,638

- Components typically cover the replacement of kitchens, bathrooms, roofs, windows, doors, boilers, central heating, rewiring etc

All budgets are shown at 2020/21 prices.

Any shortfall between the Capital Programme planned expenditure shown above and the funding available as indicated in the business plan at Appendix 8, will be addressed as part of budget setting at the start of each year.

Appendix 6 - Proposed HGF Rents & Service Charges **2021/22**

	Current Charge 2020/21	Proposed Charge 2021/22
<u>Christopher House, Marlowe Avenue</u>		
Service Charge	12.06	12.06
<u>David Murray John Building</u>		
Service charge - 1 bed property	18.09	18.09
Service charge - 2 bed property	21.28	21.28
<u>PSL rents</u>		
1 Bed	114.95	114.95
2 Bed	137.58	137.58
3 Bed	170.00	170.00
4 Bed	213.74	213.74

Appendix 7 - Comparison of Business Plans showing the impact of changes made as part of the budget setting for 2021/22 over the next 4 years

Current HRA Business Plan (as presented in the Medium Term Financial Plan)										
Income						Expenditure		Net Available for Investment		
Year	Rental Income	Voids & Bad Debts	Net Rental Income	Other income	Total Income	Total expenses	Debt Interest	Net Operating Expenditure	Debt Repayment	Available for Capex
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1 2021.22	42,935	(1,025)	41,910	9,386	51,296	(26,231)	(3,384)	21,681	(5,000)	16,681
2 2022.23	44,027	(1,050)	42,977	9,609	52,586	(26,876)	(3,213)	22,497	(5,000)	17,497
3 2023.24	45,455	(1,075)	44,380	9,851	54,231	(27,534)	(3,042)	23,655	(5,000)	18,655
4 2024.25	47,822	(1,123)	46,699	10,162	56,861	(28,207)	(2,871)	25,783	(5,000)	20,783
Totals	180,239	(4,273)	175,966	39,008	214,974	(108,848)	(12,510)	93,616	(20,000)	73,616
Revised 21/22 HRA Business Plan										
Income						Expenditure		Net Available for Investment		
Year	Rental Income	Voids & Bad Debts	Net Rental Income	Other income	Total Income	Total expenses	Debt Interest	Net Operating Expenditure	Debt Repayment	Available for Capex
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1 2021.22	42,236	(1,005)	41,231	9,521	50,752	(26,418)	(3,347)	20,987	(5,000)	15,987
2 2022.23	43,034	(1,019)	42,015	9,746	51,761	(26,931)	(3,213)	21,617	(5,000)	16,617
3 2023.24	44,219	(1,039)	43,180	10,025	53,205	(27,587)	(3,042)	22,576	(5,000)	17,576
4 2024.25	46,524	(1,085)	45,439	10,319	55,758	(28,258)	(2,871)	24,629	(5,000)	19,629
Totals	176,013	(4,148)	171,865	39,611	211,476	(109,194)	(12,473)	89,809	(20,000)	69,809
Business Plan Variations										
Income						Expenditure		Net Available for Investment		
Year	Rental Income	Voids & Bad Debts	Net Rental Income	Other income	Total Income	Total expenses	Debt Interest	Net Operating Expenditure	Debt Repayment	Available for Capex
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1 2021.22	-699	20	(679)	135	(544)	(187)	37	(694)	0	(694)
2 2022.23	-993	31	(962)	137	(825)	(55)	0	(880)	0	(880)
3 2023.24	-1,236	36	(1,200)	174	(1,026)	(53)	0	(1,079)	0	(1,079)
4 2024.25	-1,298	38	(1,260)	157	(1,103)	(51)	0	(1,154)	0	(1,154)
Totals	(4,226)	125	(4,101)	603	(3,498)	(346)	37	(3,807)	0	(3,807)

The decrease in funding available for Capital Investment is linked directly to reduced rental income forecasts over the next four years due to reduced rates in the Consumer Price Index over that period.

COUNCIL

THURSDAY 18TH FEBRUARY 2021

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 3RD FEBRUARY 2021

48. Pay Policy Statement: April 2021 (Minute for Confirmation)

Councillor Robert Jandy, the Cabinet Member for Organisational Excellence along with the Director Human Resources & Organisational Development submitted a report as the Localism Act 2011 requires local authorities to agree and publish a Pay Policy Statement by 1st April each year. The joint report sets out the Council's Pay Policy Statement for 2021/2022 for consideration by Cabinet, prior to referral to Full Council for approval.

As Councillor Jandy was unable to be present, the Leader introduced the joint report and invited Members to note a slight reduction in the ratio of highest to lowest paid from 1:7 to 1:6.7. The Leader drew Members' attention to the fact that the increase in the number of officers paid over £50,000 was the consequence of a national pay-award benefiting existing staff, not the creation of new posts. The Deputy Leader and Cabinet Member for Commercialisation, Education and Skills advised Members to note that around two thirds of staff members were paid less than £30,000 per year, which may help to refute myths about salaries. The Deputy Leader also noted that some posts were highly specialised and hence needed appropriate pay levels to retain staff.

Resolved (1) That it is noted that Cabinet reviewed the Council's Pay Policy Statement for 2021 / 2022, as set out in Appendix 1 to the report Clear statement of what is recommended and who is to be authorised to take the actions required and by when.

(Minute for Confirmation)

(2) That Cabinet recommends the Pay Policy Statement to the Council for approval, and, if approved, authorise the Director of Human Resources & Organisational Development to update the salary information on 1st April 2021 prior to publication.

The reasons for the decision and alternative options are as set out in the report to the meeting.

Pay Policy Statement: April 2021

Cabinet

Date: 3rd February 2021

Author: Cabinet Member for Organisational Excellence
Director of Human Resources & Organisational Development

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 The Localism Act 2011 requires local authorities to agree and publish a Pay Policy Statement by 1st April each year. This report sets out the Council's Pay Policy Statement for 2021 / 2022 for consideration by Cabinet, prior to referral to Full Council for approval.
- 1.2 The Council's policies in respect of pay and terms and conditions support the Council's strategic objectives as part of ensuring that services to the community can be delivered to the required standards and with due regards to economy, efficiency and effectiveness.

2. Recommendations

Cabinet is recommended to:

- 2.1 Review the Council's Pay Policy Statement for 2021 / 2022, as set out in Appendix 1 to the report Clear statement of what is recommended and who is to be authorised to take the actions required and by when.

(Minute for Confirmation)

- 2.2 Recommend the Pay Policy Statement to the Council for approval, and, if approved, authorise the Director of Human Resources & Organisational Development to update the salary information on 1st April 2021 prior to publication.

3. Detail

- 3.1 Section 38 of the Localism Act 2011 placed a requirement on local authorities to prepare a Pay Policy Statement for each new financial year. The Pay Policy Statement for 2019 / 2020 has been updated for 2021 / 2022 and must be approved by Full Council before 31st March 2021. It must be published as soon as is reasonably practicable after approval and this must include publication on the authority's website. The Statement must set out the Council's policies relating to the following:
- 3.1.1 Remuneration of its Chief Officers;
- 3.1.2 Remuneration of its lowest paid employees; and

Further information on the subject of this report can be obtained from Sonia Grewal, Director of Human Resources & Organisational Development, 07823 525459, sgewal@swindon.gov.uk.

Pay Policy Statement: April 2021

Cabinet

Date: 3rd February 2021

-
- 3.1.3 The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.
- 3.2 The Pay Policy Statement does not cover or include school employees and is not required to do so.
- 3.3 Each Council is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for tax payers. The provisions of the Localism Act do not seek to change this or determine what decisions on pay should be taken. They do, however, require Councils to be open about their policies in relation to pay and how decisions are made.
- 3.4 The proposed Swindon Pay Policy Statement has been put together, taking into account the relevant sections within Chapter 8 “Pay Accountability” of the Localism Act 2011. In its development, considerations has also been given to the guidance produced by the Department for Communities and Local Government – Openness and Accountability in Local Pay (February 2012) – guidance under Section 40 of the Localism Act” and the Code of Recommended Practice for Local Authorities on Data Transparency.
- 3.5 The Pay Policy Statement is broadly the same as that published for 2020 / 2021 with the following changes and updates having been made:
- 3.5.1 Pages 3 – 6: Structure Overview – this section has been amended to reflect the changes to the organisation and will be updated again in April 2021 to reflect any further changes. The number of employees has slightly increased from 2626 in April 2020 to 2654 in October 2020.
- 3.5.2 Pages 8: Pay Relationships - Gender Ratio - the table in this section indicates that the Council has an overall positive gender balance. This is also reflective of our employees who are on senior salaries (over £60,000 pa).
- 3.5.3 Page 10: Highest to Lowest Paid Employees – this section has been amended to reflect the changes in mean pay. In April 2020, the mean pay was £28,310.23 and in October 2020 increased to £29,237.75. The pay ratios have not changed apart from a decrease on the ratio of median to highest from 1: 1.7 in April 2020 to 1: 6.7 in October 2020.
- 3.5.4 Over £50k: The number of employees who are earning above £50,000 has increased from 111 in April 2020 to 135 in October 2020. The reason for this increase was due to the national pay award of 2.75% and not due to the creation of new posts.
- 3.6 The proposed Pay Policy Statement 2021 – 2022 is attached at Appendix One. The Statement sets out the Council’s policies in relation to pay of its workforce, particularly
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Further information on the subject of this report can be obtained from Sonia Grewal, Director of Human Resources & Organisational Development, 07823 525459, sgewal@swindon.gov.uk.

Pay Policy Statement: April 2021

Cabinet

Date: 3rd February 2021

its Chief Officers. The figures are based as at 1st October 2020, but will be amended on 1st April 2021 prior to the Statement being published on the internet.

- 3.7 The Statement aims to ensure the Council's approach to pay and reward attracts and retains a high performing workforce whilst ensuring value for money. The Council has previously published information on pay as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.
- 3.8 The Council is required to approve the Statement before 31st March each year and as soon as possible publish it on its website demonstrating an open and transparent approach to pay. The Statement may be amended by resolution of Full Council during the year to which it relates.
- 3.9 The Pay Policy Statement references a number of existing policies and other information that will be linked to the Statement on the Council's website. These links will be made available as soon as the Statement is made available on the Council's website in April 2021. The majority of these are already available to Members and employee on the intranet.

4. Alternative Options

- 4.1 As this is a requirement under the Localism Act, there are no alternative options being put forward.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report as the Pay Policy Statement sets out the Council's policies relating to remuneration. It does not serve to set or agree specific rates or numerical amounts.

Legal and Human Rights Implications

- 5.2 The attached Pay Policy Statement complies with Section 38 – 43 of the Localism Act 2011. All other legal and human rights implications have been considered in the preparation of this report. It is considered that the report and its recommendations are compatible with Convention Rights.

Climate Change Impact

- 5.3 The proposals would not bring a change in service delivery and Officers believe that there is no expected effect on the Council's carbon footprint.

Further information on the subject of this report can be obtained from Sonia Grewal, Director of Human Resources & Organisational Development, 07823 525459, sgewal@swindon.gov.uk.

Pay Policy Statement: April 2021

Cabinet

Date: 3rd February 2021

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are no other implications arising from this report.

Diversity Impact Assessment

- 5.5 The Pay Policy Statement is not a policy in its own right but brings together and references existing policies. All these existing policies have all been through the DIA process and have not identified any adverse equality impact for existing for future employees.

Risk Management

- 5.6 No other risks have been identified other than those mentioned in the body of the report

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 LGA and ALACE Pay Policy Statement Guidance including Supplementary Note 1 and Note 2.

8. Appendices

- 8.1 Appendix One: Pay Policy Statement

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2021.

Swindon Borough Council

Pay Policy Statement: October 2020

This statement sets out the Council's policies in relation to the pay of its workforce (excluding schools), particularly its Chief Officers, in line with Section 38 of the Localism Act 2011. The statement is approved by Full Council each year and published on the Council's website demonstrating an open and transparent approach to pay policy.

Contents:

	Page No.
Introduction	2
Transparency and Autonomy	2 - 3
Amendments to the Pay Policy Statement	3
Publication of and Access to Information	3
Structure Overview	3 – 6
Senior Officers	6 – 7
Pay Relationships:	8 – 12
Gender Ratio	8
Salary Band by Ethnic Group	8 - 9
Lowest Paid Employees	9 - 10
Highest to Lowest Paid Employees	10
Pay Increases and Pay Progression	10 - 11
Terms and Conditions	11
Job Evaluation	11 - 12
Pay Policies and Processes:	12 - 14
Allowances	12
Reimbursement of Subsistence or Other Expenses	13
Flexible Retirement, Early Retirement and Redundancy Payments Policy	13
Termination Payments	13
Relocation Expenses	13
Honorariums and Acting-up Pay	13
Election Payments	13 - 14
Market Factor Supplements	14
Pensions	14 – 16
Pay Scales	17

Introduction

This statement draws together the Council's policies relating to the payment of the workforce particularly

- Chief Officers;
- Its lowest paid employees; and
- The relationship between the pay of Chief Officers and the pay of other employees.

This statement sets out the Council's key policy principles in relation to pay evidencing a transparent and open process. It does not supersede the responsibilities and duties placed on the Council in its role as an employer and under employment law. These responsibilities and duties have been considered when formulating the statement.

This statement aims to ensure the Council's approach to pay attracts and retains a high performing workforce whilst ensuring value for money. The Council's aims are to ensure that remuneration policies are fair to staff, across all posts, and that they comply with all legal obligations, such as the Equality Act 2010. It sits alongside the information on pay that the Council already publishes as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency. Further details on this information can be found on the Council's website under [Senior Council Officers](#).

Transparency and Autonomy

The Council recognises and welcomes the aim behind this pay policy statement to ensure that its approach to pay is accessible for all and to enable local people to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

It also welcomes the Government's recognition that each local authority remains an individual employer in its own right and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and deliver value for money for local taxpayers.

The Council is under statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation e.g. The Equalities Act. The Council will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The Council will therefore consider all applications to try to ensure the best available candidate is appointed.

If a candidate is a former employee in receipt of a Local Government Pension Scheme pension or a redundancy payment this will not rule them out from being re-employed by the Council. Clearly where a former employee left the Council on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist.

The Council will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payment if this is relevant. Pensions Regulations also have provisions to reduce pension payment in certain circumstances to those who return to work within the local government service.

Amendments to the Pay Policy Statement

This pay policy statement relates to the financial year 2021/22. Information on the Council's workforce will be published after 1st April 2021 for the financial year.

The statement will be updated annually but may be amended during the year, with agreement by Full Council, if the need arises.

Publication of and Access to Information

The Council will publish this pay policy statement on its website at http://www.swindon.gov.uk/info/20028/open_data_and_transparency/401/senior_council_officers as soon as is reasonably practicable after it has been approved by Full Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

For further information about this pay policy statement please contact the Council's Director of Human Resources & Organisational Development at sgrewal@swindon.gov.uk.

Structure Overview

As of 1st October 2020 the Council employs **2,654** employees (excluding schools) and provides a wide range of functions.

TUPE

The following TUPE (Transfer of Undertakings (Protection of Employment) Regulations) have taken place since 1st April 2020:

- **30th June 2020:** 9 employees from Grounds Maintenance and Street Cleaning (North area) transferred to Idverde.
- **30th June 2020:** 3 employees from Grounds Maintenance and Street Cleaning (St. Andrews area) transferred to St. Andrews Parish Council
- **31st July 2020:** 10 employees from Grounds Maintenance and Street Cleaning (West Swindon area) transferred to West Swindon Parish Council.
- **31st October 2020:** 19 employees from Grounds Maintenance and Street Cleaning (Central South area) transferred to Central Swindon South Parish Council.
- **1st January 2021:** 7 employees are due to transfer from Portage/Special Tots/Koalas to (tbc).
- **1st January 2021:** 7 employees are due to transfer into the Teacher Advisory Service. The Teacher Advisory Service is to be brought back in-house - Brunel Sen Mat, Commonweal & Milbrook.

- **1st January 2021:** 1 employee from the National Diabetes Prevention Programme to transfer to BSW CCG.

All staff who transferred to the Council were integrated into various areas of the Council according to their roles and responsibilities.

Service areas

The Council's service areas are gathered together in the following groupings:

Chief Executive

The Council appointed a new Chief Executive on 12th July 2018. The Chief Executive's key responsibilities are to:

- Be the lead policy advisor to the Council and to support Councillors to make decisions on behalf of the community, and to develop plans for the future of Swindon
- Take responsibility for the performance of 2653 staff (as at 1 October 2020 – this figure does not include school staff or casual workers, or the Chief Executive), ensuring they deliver services in line with Council priorities and statutory requirements
- Develop partnership working with other public, private and voluntary organisations to achieve improved outcomes and better public services for local people
- Ensure the proper use of council resources to deliver value for money for the community across a wide range of services from child adoption to looking after older people
- Raise the profile of Swindon at a regional and national level so that Swindon is able to influence national thinking and to secure additional funding for Swindon priorities
- Work with Councillors to ensure the ethical standards, probity and integrity of decision making in the Council are of the highest order.

Resources & Growth report directly to the Chief Executive. Further information about the [Chief Executive](#) can be found on the Council's website.

Operations

Operations is accountable for joined-up delivery across all service areas, partners and providers leading to effective delivery of statutory, support and commercial services to agreed outcomes. This Chief Operating Officer is the strategic lead for the Enabling Services and the Operations of the Council.

The service areas that support this service include:

HROD, IT, Facilities Management, Customer Services, Registration Services, Bereavement Services, Security, Digital and Corporate Programmes, Business Support, Legal Services, Election Services, Policy and Communications, Performance and Operations (Waste Services, Parking, Housing Repairs, Highways Operations, Highways Assets, Stores, Fleet, Depot Management & Compliance, Parking and Relationships with Parishes.

Finance and Assets

The Corporate Director for Finance and Assets leads the Council's financial strategy to ensure its resources are directed in the most effective manner to meet the Council's priorities.

The Corporate Director for Finance and Assets is also the Council's Section 151 Officer. The service areas that support this service include: Finance & Procurement, Property Assets, Revenue and Benefits, Architecture & Construction Management, Health & Safety and Internal Audit.

Adults', Housing and Public Health

One of Swindon Borough Council's four strategic priorities is to help people to help themselves while protecting our most vulnerable children and adults. Adult Services are responsible for implementing the wide programme of services, commissioning and quality assurance which sit underneath this priority whilst meeting statutory obligations. Public Health, Housing & Community Safety supports Adults', Housing and Public Health.

The Corporate Director of Adults', Housing and Public Health holds the statutory obligation for the Director for Adult Social Services (DASS).

Children's Services

One of Council's four strategic priorities is to help people to help themselves while protecting our most vulnerable children and adults. Children's Services are responsible for implementing the wide programme of services, commissioning and quality assurance which sit underneath this priority whilst meeting statutory obligations.

The service areas that support Children's Services include: Children's Social Work, Children Looked After and Care Leavers, Early Intervention, Youth Offending, Libraries, Adult Learning, Community Safety, Children's Community Health Services, Supported Employment, Education Support Services and Special Education and Disabilities.

The Director of Children's Services holds the statutory obligation for the Director of Children's Services (DCS).

Economy and Development

This service area provides strategic leadership to deliver the full range of regulatory services that support, facilitate and implement Swindon's Economy and Place agenda. The Director of Strategic Development and the Director of Economy, Growth and Place lead this service areas.

The Council's [organisation chart](#) can be found on the Council's website.

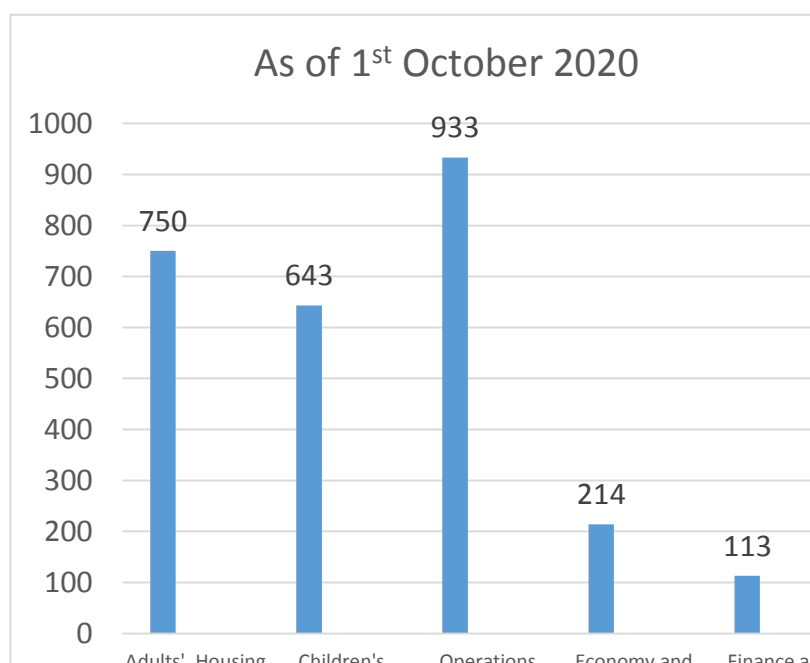


Figure 1: Number of staff in each directorate (excluding the Chief Executive)

As a team member of Corporate Management Team, the Corporate Directors have a shared responsibility for delivering the organisational strategic direction, agreeing priorities and driving their successful achievement.

Senior Officers

This section provides information on the Council's Senior Officers.

- Definition
- New Appointments and Pay
- Terms and Conditions

Definition

Senior Officers have been defined as the posts of:

- Chief Executive – Head of Paid Service
- Statutory and non-statutory Chief Officers (a person for whom the Head of Paid Service has direct responsibility), i.e.:
 - Chief Operating Officer
 - Corporate Director of Finance and Assets (Section 151 Officer)
 - Corporate Director - Children's Services (DCS)
 - Corporate Director – Adults' Housing & Public Health (DASS)

- All Deputy Chief Officers (a person who reports directly to or is directly accountable to one or more of the statutory or non-statutory Chief Officers), i.e.:
 - All Tier 2 posts at Head of Service Level

Identified Senior Officer roles and salaries can be found on the Council's website under [Open Data and Transparency](#).

New Appointments and Pay

In relation to Senior Officers, legislation requires the Full Council or a meeting of Members to be offered the opportunity to vote before large salary packages are offered in respect of a new appointment.

For this purpose, salary packages should include salary, any bonuses, fees or allowances routinely payable to the appointee to which the officer is entitled as a result of their employment.

The Secretary of State considers that £100,000 is the right level for that threshold to be set.

In Swindon, this approach will be applied for all roles graded at Director 5 and above.

There are 5 levels in Swindon's Executive pay structure as detailed below (as of 1st April 2019):

Level	Salary Range	
	From	To
CEO	£160,739	£200,324
Board Director	£125,625	£150,489
Director 5	£105,781	£124,207
Director 4	£87,317	£104,556
Director 3	£72,190	£86,426

This applies to the Chief Executive and all Board Directors for new appointments made after 1st April 2012.

The Council's Special Committee has delegated powers to make decisions on behalf of the Full Council, on the advice of the Chief Executive, on any policy or particular matters that are urgent and considered necessary in the best interests of the Council.

Process for Setting Pay

As agreed by Full Council in June 2005 and updated by the Special Committee in November 2013, pay for Senior Officers is set in line with the Executive Pay Strategy. A copy of the Executive Pay Strategy can be requested through hrradviceandadmin@swindon.gov.uk.

In addition, any new appointments at Level Director 5 and above, from 1st April 2012, will have their salaries agreed by Members.

Pay Relationships

This section provides information on the following:

- [Gender Ratio](#)
- [Salary band by Ethnic group](#)
- [Lowest Paid Employees](#)
- [Highest to Lowest Paid Employees](#)
- [Pay Increases and Pay Progression](#)
- [Terms and Conditions](#)
- [Job Evaluation](#)

Gender Ratio (as of 1st October 2020)

The table below reflects the Council's male / female ratio per salary band. The table indicates that the Council has an overall positive gender balance. This also reflects our employees on senior salaries (over £50,000 pa). Please note that this does not reflect our grading structure as we have staff who are not yet harmonised on our grading structure. This also includes employees on apprenticeships.

Salary (FTE)	Male	Female	Total	Total % of workforce
£0 - £15,000	0	0	0	0
£15,001 - £20,000	174	293	467	17.60%
£20,001 - £25,000	299	543	842	31.73%
£25,001 - £30,000	168	286	454	17.11%
£30,001 - £40,000	157	330	487	18.35%
£40,001 - £50,000	87	181	268	10.10%
£50,001 - £60,000	23	55	78	2.94%
£60,001 - £70,000	14	13	27	1.02%
£70,001 - £80,000	4	10	14	0.53%
£80,001 - £90,000	3	4	7	0.26%
£90,001 - £100,000	1	2	3	0.11%
£100,001 - £120,000	1	1	2	0.06%
Over £120,000	2	3	5	0.19%
Total	933	1721	2654	100%

Salary Band by Ethnic Group (as of 1st October 2020)

The table below reflects the Council's ethnic ratio per salary band. Please note that this does not reflect our grading structure as we have employees who are not yet harmonised on our grading structure.

Salary (FTE)	BME	White British	Not Stated	Total
£0 - £15,000	0	0	0	0
£15,001 - £20,000	73	306	88	467
£20,001 - £25,000	113	608	121	842
£25,001 - £30,000	48	326	80	454
£30,001 - £40,000	70	341	76	487
£40,001 - £50,000	26	198	44	268
£50,001 - £60,000	10	60	8	78
£60,001 - £70,000	4	17	6	27
£70,001 - £80,000	0	10	4	14
£80,001 - £90,000	1	5	1	7
£90,001 - £100,000	0	0	3	3
£100,001 - £120,000	0	1	1	2
Over £120,000	1	3	1	5
Total	346	1875	433	2654

Lowest Paid Employees

For the purpose of this pay policy statement, the definition of the lowest-paid employees adopted by the Council for the purposes of this statement is as follows:

“The lowest paid employees with the Council are those substantive employees who are paid on the minimum salary of the Council’s substantive pay structure equating to J1, £17,842 pa (£9.25 per hour) based on a 37 hour standard working week”.

The Council considers this to be the most appropriate definition as this is the lowest pay point and pay level on its substantive pay structure and which normally applies to new entrants to the lowest graded jobs within the organisation. The exception is employees who are employed on a Government sponsored apprenticeship programme that allows for them to be paid at nationally agreed apprenticeship rates.

A copy of the Council’s pay scales can be found at the end of this statement.

National Living Wage

As of 1st April 2016 the Council has adopted the National Living Wage for all employees, regardless of age, excluding those who are on apprenticeship contracts of employment.

Apprentices

An apprentice’s rate of pay is applied by age. The Council will no longer pay the minimum statutory rate of pay for most new apprentices. Apprentices will be paid according to their age when they start employment with the Council.

Age	Hourly rate of pay (as of 1 st April 2020)
16 – 18 *	£4.15 per hour
19 – 24	£8.20 per hour
Over 25	£8.72 per hour

*Once these apprentices have completed their first year, they will be moved to the rate of pay for 19 – 24 year olds.

Apprentices over the age of 25 will receive the current National Living Wage rate of pay.

Highest to Lowest Paid Employees

The tables below indicate the relationship between the highest and lowest paid employees.

Highest Pay	£175,024
Mean Pay	£29,237.75
Median Pay	£25,960.00
Lowest Pay	£17,842
Ratio of Mean to Highest	1: 6.0
Ratio of Median to Highest	1: 6.7
Ratio of Lowest to Highest	1: 9.8

Definitions:

Mean	Total pay for substantive employees divided by the number of substantive employees.
Median	The middle amount of pay of Swindon Borough Council (between the highest and lowest amounts).

The above rates of pay do not include any pension contributions. Information about the [pension schemes](#) and contribution rates can be found on pages 14 -16.

The recommendation of the Hutton Report into “Fair Pay in the Public Sector”, as recognised by the Government in the Code of Recommended Practice for Local Authorities on Data Transparency, was that a pay ratio of the salary of the Chief Executive compared to the median average salary in the organisation should be published.

The ratio between the highest paid salary and median average salary, the ‘pay multiple’ is 1:6.7. The Council does not have a policy on maintaining or reaching a specific ‘pay multiple’. However, the Council is conscious of the need to ensure that the salary of the highest paid employee is not excessive but is consistent with the needs of the Council as expressed in this policy statement.

The Hutton Review raised concerns about multiples in the order of 1:20 or higher, between the lowest and the highest paid employees in local authorities. The Council’s current ratio of lowest to highest is 1:9.8 and so is well below that level.

Pay Increases and Pay Progression

Where it has been recognised that a role has changed due to responsibilities, job content, redesign of the post, for example, a revised role profile will be submitted for re-evaluation

in accordance with the Council's approved job evaluation schemes. Further information about the Council's approved [job evaluation](#) schemes can be found on pages 11 -12.

National Pay

The Council will apply any annual pay increases that are agreed by relevant national negotiating bodies.

Local Pay

Negotiation on pay is at local level but is mindful of national agreements.

Executive Contracts

There is no automatic right to salary progression based on time served for employees on Executive Contracts. Further information is outlined in the Council's Executive Pay Strategy. A copy of the Executive Pay Strategy can be requested through hradviceandadmin@swindon.gov.uk.

Terms and Conditions

The Council reviewed its employees' pay, grading and terms and conditions when it implemented a new pay structure in 2010. The Council wanted to ensure that the new pay structure and terms and conditions were modern, fair and compliant with equal pay legislation. It was applied to all groups of employees, with the exception of:

- Chief Executive, Board Directors and Directors
- Staff employed on Soulbury Evaluation Scheme terms and conditions
- Youth workers on Joint Negotiating Committee (JNC) for Youth and Community Workers terms and conditions
- Teachers

All other groups of employees are covered by separate national terms and conditions of employment.

Job Evaluation

The Council's approach to pay is that pay related to a job grade which will be determined using a recognised job evaluation scheme. Jobs evaluated using either the Hay Evaluation Scheme or the National Joint Council (NJC) job evaluation scheme.

In the sections below, it indicates the differences between these two schemes and in what circumstances they are used.

Hay

The Hay Job Evaluation Scheme is widely used in both public and private sectors, primarily for managerial, administrative and clerical roles, but in some cases for all jobs within user organisations.

Jobs have been evaluated by trained assessors. A trained evaluation panel evaluates jobs against each of the elements within the scheme using detailed role profiles. The outcome of the evaluation assigns a profile and points score that shows the total size of the job.

All jobs from Q Grade and above, including Chief Officers, are graded using the Hay Job Evaluation scheme.

National Joint Council (NJC) Evaluation Scheme

The NJC scheme comprises thirteen factors of various weightings. The scheme was jointly developed and agreed between the local authority employers and the trade unions. A trained evaluation panel evaluates jobs against each of the elements of the scheme using detailed job descriptions. The outcome of the evaluation assigns a point's score that shows the total size of the job. The points score enables jobs to be placed in a rank order with other jobs in the organisation. All jobs from grade N and below are graded using the NJC Evaluation Scheme.

All roles are evaluated using either scheme; however the Council sets its own pay line. A copy of the Council's pay scales can be found at the end of this statement.

Pay Policies and Processes

The following section provides information on the pay policies and procedures that the council have in place. This includes the following:

- [Allowances](#)
- [Reimbursement of Subsistence or other Expenses](#)
- [Flexible Retirement, Early Retirement and Redundancy Payments Policy](#)
- [Termination Payments](#)
- [Relocation Expenses](#)
- [Honorariums and Acting-up Pay](#)
- [Election Payments](#)
- [Market Factor Supplements](#)

Allowances

An allowance is a payment made to staff by the Council that is not part of the basic contracted salary. Allowances are subject to taxation rules provided by the Inland Revenue and some are pensionable.

As part of the new pay and grading structure that was implemented in April 2010, allowances paid to employees were also reviewed and a new allowance structure was put into place.

In early 2017 the Council consulted with all employees on mileage rates. It was agreed that the Council's mileage rates will be paid in accordance with HMRC guidelines with effect from 23rd July 2017. Employees who use their car for business purposes can claim mileage using the current HMRC rates. A copy of the Allowances Policy can be requested through hadvicelandadmin@swindon.gov.uk.

Reimbursement of Subsistence or Other Expenses

In accordance with the requirements of the National Conditions of Service, the Council makes provision for the reimbursement of approved expenses. The Council has produced guidance for employees on travel and subsistence and this applies equally to all staff, irrespective of grade. A copy of the Travel and Expenses Policy can be requested through hradviceandadmin@swindon.gov.uk.

Flexible Retirement, Early Retirement and Redundancy Payments Policy

On termination, redundancy payments and any discretion exercised in relation to retirement or redundancy will be paid in line with the Council's Policy on Flexible Retirement, Early Retirement and Redundancy Payments Policy. A copy of the policy can be requested through hradviceandadmin@swindon.gov.uk.

The Council may, in certain circumstances, also apply its discretionary powers in relation to premature retirements and redundancies for Chief Officers. This approach is in line with Part 4 paragraph 85 of the Chief Officers of Local Authorities, Constitution Conditions of Service Salaries which states that "Authorities should bear in mind the possible application of discretionary powers of premature retirement and permissible enhancements of benefits or redundancy payments".

Termination Payments

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of payment for accrued leave, if agreed that it is not possible to take this leave before the date of leaving. Any other payments that are agreed or negotiated will be done so in line with current employment law practices.

Relocation Expenses

The aim of the scheme is to provide financial recompense to employees who need to move their main residence to take up an appointment with the Council. This scheme does not cover the purchase of a second property. Eligibility criteria will also apply, including the decision to offer relocation will be made prior to the post being advertised. Relocation expenses can be claimed up to £8,000. The Council's policy requires repayment in part or in full if the employee leaves within 3 years of appointment. A copy of the Relocation Policy can be requested through hradviceandadmin@swindon.gov.uk.

Honorariums and Acting-up Pay

Employees on any grade may be awarded an honorarium payment or a higher duty allowance if they meet the criteria for either payment. The Council has a policy covering Honorariums and Acting-up Pay. This does not apply to Chief Officers.

A copy of this policy can be requested through hradviceandadmin@swindon.gov.uk.

Election Payments

Payments made to employees (including the Returning Officer and the Deputy Returning Officer) working during local, parliamentary or European elections or referenda are made in

line with either the statutory fees or a local scale of fees agreed in consultation with Wiltshire Council. This could apply to Chief Officers.

Market Factor Supplements

All employees are appointed to posts, which have been evaluated and graded through either the NJC or Hay job evaluation schemes. Salaries are linked to the grading structure.

External labour market conditions can produce a situation in which staff with scarce skills and expertise can command higher salaries than the maximum provided under the current grading mechanism for that post. In these circumstances, based on evidence from the relevant labour market, it may be deemed appropriate to pay an additional Market Factor Supplement in addition to basic pay.

The relevant labour market may include another local authority or elsewhere in the public or private sectors. Market factor supplements are not linked to an individual's actual or anticipated performance within the role. They are linked to the difficulty in recruiting to certain posts requiring specific skills or qualifications. The Council has produced guidance for employees on Market Factor Supplements which can be requested through hradviceandadmin@swindon.gov.uk. The policy is not applicable to Chief Officers.

Pensions

This section includes information the following:

- [Auto-Enrolment](#)
- [Local Government Pension Scheme \(LGPS\)](#)
- [Changes to the Local Government Pension Scheme \(LGPS\)](#)
- [National Health Service \(NHS\) Pension Scheme.](#)

Auto Enrolment

Due to legislation ([The Pensions Act 2011](#)) there is a requirement for all employers in the UK to automatically enrol their workers into a qualifying pension scheme where they are not currently a member. Employees, who meet the criteria below (as of 1st April 2020) and are currently not in a workplace pension, will automatically be enrolled into the [Local Government Pension Scheme \(LGPS\)](#) or [Teacher's Pension Scheme \(TPS\)](#):

- Earn over £10,000 per year (or pro-rata pay period) (April 2020);
- Are age 22 or over; and
- Are under State Pension Age.

The aim of the legislation is to encourage people to save towards their retirement and have enough income to enjoy it. Employees can still opt to join the relevant pension scheme at any time. This has been clearly communicated to employees.

Local Government Pension Scheme (LGPS)

The Council offers all its employees access to the [Local Government Pension Scheme \(LGPS\)](#), in accordance with the statutory provisions of the scheme. Any pension payments made on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS. The discretions which the Council is able to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members.

Changes to the Local Government Pension Scheme (LGPS)

With effect from 1st April 2014 the Local Government Pension Scheme changed.

The table below shows the main provisions of the new 2014 scheme compared with the 2008 scheme.

	LGPS 2008	LGPS 2014		
Basis of pension	Final salary	Career Average Revalued Earnings (CARE)		
Accrual rate	1/60 th	1/49 th		
Pensionable pay	Pay excluding non-contractual overtime and non-pensionable additional hours.	Pay including non-contractual overtime and additional hours for part time staff.		
Contribution flexibility	No	Yes, members can pay 50% contributions for 50% of the pension benefit.		
Normal pension age	65	Equal to the individual member’s State Pension Age.		
Qualifying period for benefits	3 months	2 years		
Contribution rates Please note: 2008 contribution rates are based on whole-time equivalent pay whereas the 2014 contribution pay bands will be based on actual salary.			Pay Bands April 2020	Contribution Rates
			Up to £14,600	5.5%
	Pay Bands	Contribution rates	£14,601 - £22,800	5.8%
	£0 to £13,500	5.5%	£22,801 - £37,100	6.5%
	£13,501 - £15,800	5.8%	£37,101 - £46,900	6.8%
	£15,801 - £20,400	5.9%	£46,901 - £65,600	8.5%
	£20,401 - £34,000	6.5%	£65,601 - £93,000	9.9%
	£34,001 - £45,500	6.8%	£93,001 - £109,500	10.5%
	£45,501 - £85,300	7.2%	£109,501 - £164,200	11.4%
	Above £85,300	7.5%	More than £164,201	12.5%
Lump sum option	Trade £1 of pension for £12 tax-free lump sum	Trade £1 of pension for £12 tax-free lump sum		

Death in service lump sum	3 x pensionable pay	3 x pensionable pay
Death in service survivor benefits	1/160 th accrual based on Tier 1 health pension enhancement	1/160 th accrual based on Tier 1 ill health provision enhancement.
Ill health provision	Immediate access to benefits depending on severity of the condition.	Immediate access to benefits depending on severity of the condition.

These changes only apply to England and Wales. All Local Government Pension Scheme pensions built up before 1st April 2014 will be protected. Further information about the changes can be found on the [Local Government Pension Scheme website](#).

NHS Pension Scheme

The Council have employees who were transferred from the NHS. As part of the transfer agreement (TUPE), these employees were able to keep their NHS pension scheme and continue to contribute into that scheme.

Further information about the [NHS Pension Scheme](#) can be found on their website.

Pay Scales April 2020

NJC Pay Grades			New Rate (FTE)	Hourly Rate
Grade	Point	Payroll Point		
J	1	1	£17,842	£9.25
	2	2	£18,231	£9.45

Hay Grades		New Rate (FTE)	Hourly Rate
Grade			
Q		£32,232	£16.71
	Midpoint	£37,433	£19.40
		£42,635	£22.10

K	1	3	£18,686	£9.69
	2	4	£19,085	£9.89
	3	5	£19,163	£9.93
	4	6	£19,466	£10.09
	5	7	£19,581	£10.15
	6	8	£19,832	£10.28
	7	9	£20,111	£10.42

R		£36,411	£18.87
	Midpoint	£42,526	£22.04
		£48,639	£25.21

S		£41,383	£21.45
	Midpoint	£48,398	£25.09
		£55,411	£28.72

L	1	10	£20,206	£10.47
	2	11	£20,516	£10.63
	3	12	£20,801	£10.78
	4	13	£21,390	£11.09
	5	14	£21,732	£11.26
	6	15	£22,665	£11.75
	7	16	£23,226	£12.04

T		£48,337	£25.05
	Midpoint	£55,444	£28.74
		£62,550	£32.42

U		£54,411	£28.20
	Midpoint	£63,282	£32.80
		£72,153	£37.40

M	1	17	£23,647	£12.26
	2	18	£24,027	£12.45
	3	19	£24,601	£12.75
	4	20	£24,994	£12.95
	5	21	£25,551	£13.24
	6	22	£25,960	£13.46
	7	23	£26,503	£13.74
	8	24	£26,928	£13.96
	9	25	£27,457	£14.23

Executive Pay Scales

Level	Salary Range	
	From	To
CEO	£160,739	£200,324
Board Director	£125,625	£150,489
Director 5	£105,781	£124,207
Director 4	£87,317	£104,556
Director 3	£72,190	£86,426

N	1	26	£27,966	£14.50
	2	27	£28,414	£14.73
	3	28	£28,933	£15.00
	4	29	£29,398	£15.24
	5	30	£29,900	£15.50
	6	31	£30,380	£15.75
	7	32	£30,866	£16.00
	8	33	£31,360	£16.25
	9	34	£31,832	£16.50

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Status of requests for action from Council Motions

Council

Date: 18th February 2021

Author: Leader of the Council and the Chief Executive

Wards: All Wards

Parishes Affected: All Parish Areas

1. Purpose and Reasons

- 1.1 To report to all Councillors on the status of any actions requested by Council resolution.
- 1.2 To permit the Leader of the Council to report on the reasons why any actions have not been completed within 90 days.
- 1.3 This report is necessary because of Council's resolution on 19th November 2020 (Minute 56, 2020/21 refers).

2. Recommendations

Council is recommended to:

- 2.1 Note the record of actions completed as set out in Appendix One.
- 2.2 Note the outstanding action set out below.

3. Detail

Actions completed

- 3.1 On 19th November 2020 Members approved the Motions set out in Appendix 1 of the report. Actions against these Motions is also set out.

Actions that have not been completed

- 3.2 Motion 54(b) set out below has not yet been concluded. It is anticipated that this issue will form part of a report on road safety measures scheduled for the March meeting of the Cabinet.

"This Council requests:

- a) That the Cabinet Member for Highways, Maintenance and Waste Services continues to investigate specific cases for the introduction of 20mph speed limits as raised by ward members.
- b) Consults on the new approach following the report to Cabinet in February and ensures that the Council's website guidance is reflective of the new policy."

4. Alternative Options

- 4.1 None.
-

Further information on the subject of this report can be obtained from Vicki Yull, 07980 752043, vyull@swindon.gov.uk.

Status of requests for action from Council Motions

Council

Date: 18th February 2021

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 This report has no financial or procurement implications.

Legal and Human Rights Implications

- 5.2 Legal and Human Rights considerations have been fully taken into account in compiling this report. It is considered that the recommendations of this report are compatible with convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None.

Diversity Impact Assessment

- 5.4 No Diversity Impact Assessment (DIA) is required at this stage. Any DIA that is required during review of topics included within the Work Programme will be identified at the appropriate stage.

Risk Management

- 5.5 No risk management issues have been identified at this stage. Any risk management issues will be identified at the appropriate time when a topic is under review by the Scrutiny Committee and if it makes any recommendations.

6. Consultees

- 6.1 None.

7. Background Papers

- 7.1 The Minutes of previous meetings of the Committee.

8. Appendices

- 8.1 Appendix 1 – Schedule of the status of requests for action to be taken or information to be provided.

Council Date	Motion	Action Arising	Status
Thursday 19 th November 2020	<p>53 – Fireworks</p> <p>To encourage local suppliers of fireworks to stock ‘quieter’ fireworks for public display. “That the Cabinet Member for Housing and Public Safety will write to the Minister with Responsibility for Fireworks at the Department for Business Energy and Industrial Strategy, urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private display.”</p>	Letter sent 21 st December 2020	Completed
	<p>54 – Speed Limits</p> <p>“This Council requests: a) That the Cabinet Member for Highways, Maintenance and Waste Services continues to investigate specific cases for the introduction of 20mph speed limits as raised by ward members. b) Consults on the new approach following the report to Cabinet in February and ensures that the Council’s website guidance is reflective of the new policy.</p>	<p>The current process of dealing with Ward Members enquiries on a case by case basis will continue</p> <p>Report expected to Cabinet in March 2021</p>	<p>Completed</p> <p>Ongoing</p>
	55 – Free School Meals	No Action – Motion Withdrawn	

	<p>been provided to them.</p> <p>This Council Requests that:</p> <ul style="list-style-type: none"> • The Cabinet Member for Organisational Excellence forward this request to the Members Development to add to the work already being carried out in this area.” 	Work added to MDAG	Completed
	<p>55 – Digital Services</p> <p>“This Council requests that the Cabinet Member for Organisational Excellence:</p> <ul style="list-style-type: none"> • Continues with his plan to establish a Digital Services Cabinet Member Advisory Group to review customer services and ensure that services are available for those who may not have access to the internet. This is to include: <ul style="list-style-type: none"> o Ensuring that council tenants are made aware that they are still able to report housing repairs by means other than the online ‘My Housing Tenancy’ portal. o Investing in the council’s phone and in-person customer services operations to ensure it is resident-focussed and efficient and that staff are properly trained to advise customers of the services available to them.’ 	All confirmed in the Switching channels report to scrutiny	Completed

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