

Swindon Borough Council

Cabinet

Wednesday, 6 February 2019

Committee Room 6, Civic Offices

At 6.00 p.m. or at the Conclusion of the Cabinet Open Forum

Conservative Councillors

David Renard (Chair)

Oliver Donachie

Brian Ford

Dale Heenan

Russell Holland

Mary Martin

Cathy Martyn

Maureen Penny

Gary Sumner

Keith Williams

Committee Officer: Steve Jones (Telephone 07980 752109)

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Swindon Borough Council can be contacted at the Civic Offices, Euclid Street, Swindon, SN1 2JH (Telephone 01793 445500)

Access Arrangements - The venue is wheelchair accessible and an infrared receiver hearing system is provided. If you have any special requirements to enable you to attend the meeting or would like to receive any of the pages contained in this agenda in a larger print size, please contact the Committee Officer as soon as possible prior to the date of the meeting.

AGENDA

NOTE:

A Cabinet Open Forum is held at 6:00 p.m. prior to the start of each scheduled Cabinet Meeting. The Open Forum is similar to the 'public question time' that happens at most Council meetings. It provides the chance to meet with Cabinet Members as well as Corporate Directors and Directors to discuss matters relevant to the Cabinet and its responsibilities. It provides an opportunity to raise issues and give views. The Forum will normally close at 6.30 pm and the Cabinet will then reconvene for the start of the formal Cabinet meeting. If the Open Forum completes its business earlier than anticipated then the Cabinet Meeting will commence at 6:15pm or at the Forum's conclusion.

1. **Apologies for Absence.**
2. **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.
3. **Minutes.** (Pages 5 - 10)
To receive the minutes of the meeting held on 5th December 2018.
4. **Public Question Time.**
See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance.
5. **Budget 2019/20 and Beyond** DF (CM:RH) (Pages 11 - 56)
6. **Capital Programme 2019/2020** DF (CM:RH) (Pages 57 - 108)
7. **Treasury Strategy Statement 2019/20** DF (CM:RH) (Pages 109 - 154)
8. **Housing Revenue Account - Rents and Charges 2019/20** CDCH (CM:CM) (Pages 155 - 176)
9. **Swindon Pay Policy Statement 2019** DPOI&C (CM:KW) (Pages 177 - 198)
10. **Library Strategy - Future Delivery Model** CDCS (CM:KW) (Pages 199 - 206)
11. **School Admissions Arrangements 2020-21** HE (CM:MM) (Pages 207 - 248)
12. **SEND Home to School Transport** HE (CM:MM) (Pages 249 - 252)
13. **Statement of Community Involvement in the Planning Process** HP&RS (CM:GS) (Pages 253 - 286)
14. **Private Sector Housing Enforcement Policies** DPH (CM:CM) (Pages 287 - 318)

Date of Despatch: 31 January 2019

Key:

Officers:

CDCH	-	Corporate Director Communities and Housing
CDCS	-	Corporate Director Children's Services
DF	-	Director of Finance (Section 151 Officer)
DPOI&C	-	Director of Performance, Organisational Improvement and Communications
DPH	-	Director of Public Health
HP&RS	-	Head of Planning, Regulatory Services and Heritage
HE	-	Head of Education

Wards

None

Cabinet Members Responsible for the Service Area concerned:

DR	-	David Renard	Leader of the Council and Chair of Cabinet
RH	-	Russell Holland	Deputy Leader of the Council, Vice-Chair of Cabinet, and Cabinet Member for Finance
OD		Oliver Donachie	Cabinet Member for Economy Prosperity
BF	-	Brian Ford	Cabinet Member for Adults
DH	-	Dale Heenan	Cabinet Member for the Town Centre
MM	-	Mary Martin	Cabinet Member for Children and School Attainment
CM		Cathy Martyn	Cabinet Member for Housing and Public Safety
MP	-	Maureen Penny	Cabinet Member for Highways and the Environment
GS		Gary Sumner	Cabinet Member for Strategic Planning
KW		Keith Williams	Cabinet Member for Corporate and Customer Services

Diversity Impact Assessments

Diversity Impact Assessments (DIA's) are important to ensure the services we deliver are helping us to meet our vision to make Swindon an equal society ; we are also required by the Equality Act 2010 to demonstrate the equality analysis we have undertaken to support decision making, DIAs are our method of doing this.

Diversity Impact Assessments produced in respect of items to be considered at this meeting can be inspected via the following link:

http://www.swindon.gov.uk/info/20029/people_and_communities/309/diversity_impact_assessments

Public Question Time - 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.

Questions in writing should be sent to the Committee Officer whose contact details appear on the agenda above or to the Director of Law and Democratic Services, we will publish it, along with the answer, alongside the Minutes. The process associated with asking a public question is set out in Part 5 of the Council's Constitution ("Public Question Time at Council Meetings - Protocol and Guidance"), available on the Council's Website (see link below) or from the Committee Clerk named above.

<http://www5.swindon.gov.uk/moderngov/ecSDDisplay.aspx?NAME=SD6032&ID=6032&RPID=5783709>

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CABINET

WEDNESDAY, 5 DECEMBER 2018

PRESENT:- Councillors David Renard (Chair), Oliver Donachie, Brian Ford, Dale Heenan, Russell Holland, Cathy Martyn, Maureen Penny, Gary Sumner and Keith Williams

Apologies for absence were received from Councillors Mary Martin

Councillors Jim Grant and Jane Milner-Barry attended the meeting in respect of Minute Nos. 48 and 52.

45. Declarations of Interest.

The Chair reminded members of the need to declare known interests in any matters to be considered at the meeting.

46. Minutes.

Resolved – That the minutes of the meeting held on 17th October 2018 be confirmed and signed as a correct record.

47. Public Question Time.

There were no public questions.

48. Budget Update

Councillor Russell Holland, the Cabinet Member for Finance, and the Director of Finance (Section 151 Officer), submitted a joint report providing Cabinet with an update on the position in relation to the 2018/19 forecast outturn and the work underway to address the financial challenge in the period to March 2020.

It was noted that the report also met the requirement of paragraph 2(a) of the Council's Budget and Policy Framework Procedure Rules (Part 4 of the Council's Constitution) for the Council to publish initial proposals for the Budgetary and Policy Framework at least two months before the Framework must be adopted.

Councillor Holland introduced the report, placing it in the context of the Cabinet's commitment to again delivering a balanced budget at year end. He advised the meeting that information regarding the Local Government Financial Settlement had been expected before the end of this week but that this advice would not be available until after the pending Brexit vote.

Councillor Holland highlighted some of the major aspects of the report, including the continued commitment to aiding lower income households by maintaining the Council Tax Local Support scheme, and continuing and making greater use of the "empty premium" allowing the Council to apply a Council Tax charge on domestic properties that are empty and unfurnished for more than 2 years.

Councillor Holland referred to the current projected overspend in 2018/19 of £2.3m and advised that significant mitigating actions were being taken to address this. He also advised of provision within the draft budget proposals for major additional investment within Children's Services.

Following his introduction of the report, Councillor Holland, supported by the Leader of the Council and Councillors Keith Williams, the Cabinet Member for Corporate and Customer Services, and Councillor Oliver Donachie, the Cabinet Member for Economic Prosperity, responded to questions put by Councillors Jim Grant, Dale Heenan and Jane Milner-Barry on the following matters:

- The impact of austerity on the Council's level of financial resource and the particular impact of austerity on service provision for the least well-off in the community.
- Budget proposals in respect of Forward Swindon Limited
- The relevance of technological advancement on the viability of the LED street lighting business case and the replacement of LED street lights as part of the Council's ongoing street column replacement programme
- The positive impact of changed borrowing arrangements on the viability of the LED street lighting business case.
- The changes proposed in relation to passenger transport, particularly the re-tendering of transport contracts, and the specific financial implications of these proposals for Dial-a-Ride.
- The original cost of installing the splash park at Coate Water.
- The Green Flag status of Coate Water in 2018.
- Service proposals in relation to Arts and Heritage provision.
- The review of the Wyvern Theatre contract to achieve subsidy reduction and the implications of this and other proposals for art groups, including the outreach work these groups do within the education system.
- The economic benefit to Swindon of the proposed "Snowdome" development and actions to mitigate potential environmental impacts, particularly in relation to highway and traffic management issues.

Resolved – (1) That the in-year forecast outturn position for 2018/19 be noted and that responding management actions continue to be employed to eliminate the projected year-end overspend.

(2) That, with regard to the 2019/20 budget, the following be noted:

- a) That the Local Government Finance Settlement for 2019/20 has yet to be published and therefore the funding assumptions in this report contain levels of uncertainty.
- b) That there is currently a gap between the assumed funding levels for 2019/20 and the current proposed cost of services as set out in Table 3, and that work is continuing to identify further options to close this gap for consideration by Members once actual funding levels are confirmed and before the final budget is recommended to Council.
- c) That the council tax base for 2019/20 will be 74,532.0.

(3) That the following be agreed:

- a) The virements set out in Appendix 2.
- b) That those new budget proposals that do not directly affect front-line services can be implemented by officers at the earliest opportunity, including undertaking consultation with staff where appropriate.
- c) That consultation commences for budget proposals affecting front-line

services with the outcome of that consultation being reported to Cabinet in February 2019 prior to considering the final budget to be recommended to Council.

- d) That budgets for fees and charges that are set by the Council should be uplifted by 5% or a rounded price close to 5% except where alternative proposals are recommended.
 - e) That the Local Council Tax Support (reduction) scheme in 2019/20 be unchanged from that for 2018/19, apart from the annual increases in allowances, applicable amounts and non-dependant deductions, which will be increased in line with the national scheme.
 - f) That the Council Tax on unfurnished and unoccupied properties in excess of two years be increased from 150% to 200% with effect from 1st April 2019, in accordance with the Rating and Council Tax Act 2018, to encourage their owners to bring them back into use.
 - g) That the Council's share of the estimated surplus on the council tax element of the Collection Fund as at 31 March 2019 is £1.393m.
- (4) That written answers be provided to Councillor Jane Milner-Barry in respect of her questions to the meeting regarding:
- a) The changes proposed in relation to passenger transport, particularly the retendering of contracts, and the specific financial implications of the proposals for Dial-a-Ride.
 - b) The original cost of installing the splash park at Coate Water.
 - c) The Green Flag status of Coate Water in 2018.
 - d) The implications of the review of the Wyvern Theatre contract on the outreach work within the education system of other theatre groups.

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

49. Capital Monitoring Quarter 2 2018-19

Councillor Russell Holland, the Cabinet Member for Finance, and the Director of Finance (Section 151 Officer), submitted joint report presenting to Cabinet the second quarter's monitoring position for the Council's capital programme and some proposed changes to the programme.

Resolved – (1) That the forecast capital expenditure, set out in Tables 1 & 2 in the report, and Appendix 1 to the report, be noted.

(2) That the changes to the programme, detailed at section 3.3 of the report, be approved.

(3) That the issues identified and detailed at section 3.4 of the report, be noted.

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

50. Mid-Year Treasury Performance 2018/19

Councillor Russell Holland, the Cabinet Member for Finance, and the Director of Finance (Section 151 Officer), submitted a joint report setting out the mid-year Treasury Management performance for 2018/19.

Resolved – That the mid-year Treasury Management performance for 2018/19 be

noted.

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

51. References from Other Council Bodies - Corporate Parenting Advisory Board and Health and Wellbeing Board

Councillor Mary Martin, the Cabinet Member for Children and School Attainment, Councillor Brian Ford, the Cabinet Member for Adults, and Councillor Oliver Donachie, the Cabinet Member for Economic Prosperity, and the Corporate Director Children's Services and Corporate Director Social Services and Health, submitted a joint report regarding (i) recommendations of the Corporate Parenting Advisory Board, at its meeting on 24th September 2018, that Cabinet adopt (a) the draft Looked After Children and Care Leavers Strategy and Operational Plan "Making Looked After Children and Care Leavers Strategy a Reality 2018-2020" Strategy, and (b) the Children in Care Sufficiency Strategy 2018-2020, and (ii) a recommendation of the Health and Wellbeing Board, at its meeting on 10th October 2018, that Cabinet adopt the Supported Employment Strategy 2018-2022.

Resolved – That the recommendations of the Corporate Parenting Advisory Board, at its meeting on 24th September 2018, that (a) the draft Looked After Children and Care Leavers Strategy and Operational Plan "Making Looked After Children and Care Leavers Strategy a Reality 2018-2020" Strategy, and (b) the Children in Care Sufficiency Strategy 2018-2020, be adopted, and (ii) a recommendation of the Health and Wellbeing Board, at its meeting on 10th October 2018, that the Supported Employment Strategy 2018-2022 be adopted, be agreed.

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

52. Draft Waste Strategy 2019 - 2029

Councillor Maureen Penny, the Cabinet Member for Highways and the Environment, and the Interim Head of Streetsmart, submitted a joint report presenting to Cabinet the Councils ten year Waste Strategy – 'Sustainable Swindon: Waste Less, Recycle More' for approval.

It was noted that a clear strategy was necessary to plan and deliver effective and efficient waste collections that reduce both the environmental and financial impact of the waste generated in Swindon as well as enabling the Council to achieve its statutory obligations with regard to waste collections and disposal.

Councillor Penny introduced the report and, supported by the Leader of the Council and Councillors Dale Heenan, the Cabinet Member for the Town Centre, and Oliver Donachie, the Cabinet member for Economic Prosperity, responded to questions put by Councillors Jim Grant and Jane Milner-Barry regarding:

- Proposals for plastic recycling collections and the further consideration of the collection method and treatment of plastics recycling following the publication by the Government of its Recycling strategy, anticipated in Spring 2019.
- The processing of all general household rubbish collected through the

Councils unique Solid Recovered Fuel (SRF) Plant and the availability of the plant to take plastic and to turn it into a fuel for industry.

- Charges for replacement recycling boxes.

Resolved – (1) That the Waste Strategy and implementation of the associated year one action plan to achieve a Council recycling rate of 60% by 2029, be approved.

(2) That a twenty year extension (until December 2045) of the disposal contract with Public Power Solutions be agreed.

(3) That the Council support innovation and investment in new and emerging technologies, for example pelletisation, thermal cracking and back-end sort technology, in order to deliver as flexible approach to future changes in waste management as possible. By doing so, the aim is to make Waterside Depot an environmental hub pioneering technical innovation in waste management solutions.

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

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Budget 2019/20 and Beyond

Cabinet

Date: 6th February 2019

Author: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report proposes a Budget for 2019/20 and sets out the financial context for 2020/21 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 2018/19;
- 2.3 The consultation feedback, summarised in Appendix 3, in relation to the Budget proposals presented to Cabinet in December 2018;
- 2.4 That the detailed Dedicated Schools budget for 2019/20 has been set within the provisional funding envelope of £184.7m;
- 2.5 That, in line with the requirements of the Local Government Act 2003, the Director of Finance, in his Section 151 capacity, confirms the robustness of the estimates underlying the recommended Budget and having reviewed the financial risks being faced by the Council concludes that the proposed minimum level of general reserves is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £3.5m.

Cabinet is requested to:

- 2.6 Agree the 2018/19 virements, set out in Appendix 2;
- 2.7 Endorse the medium term financial strategy, set out in Appendix 6;

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

Budget 2019/20 and Beyond

Cabinet

Date: 6th February 2019

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- 2.8 Agree the specific reserves held in support of the 2019/20 Revenue Budget set out in Appendix 5;
- 2.9 Authorise the Director of Finance to balance any changes between the provisional local government finance settlement and the final numbers expected to be released by mid-February by adjusting the Budget Risk Contingency;
- 2.10 Recommend to Council, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2019/20 that:-
- The 2019/20 Budget be set at £142.497m;
 - The council tax be increased by 3.99%, comprising 2.99% for the basic amount of council tax and a specific adult social care precept of 1%, and;
 - It be determined that the proposed increase in the basic amount of Council Tax for 2019/20 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

The Forecast Out-turn for 2018/19

- 3.1 The starting position for the 2019/20 budget is the current year's budget for 2018/19. Table 1 below and Appendix 1 set out the forecast position to 31st March 2019, which shows that the forecast overspend is £1.3m. This position has improved by £1.1m since the last report to Cabinet.
- 3.2 The significant changes since the last report to Cabinet are:
- An increase in the overspend forecast within Children's Social Care due to an increase in external placement costs (£0.3m);
 - An increase in the forecast underspend within Adult's Social Care as a result of the early delivery of 2019-20 savings in the areas of demand, care package reviews and client contributions (£0.9m).
- 3.3 The remaining improvement of £0.5m is due to the continued management action across all services to reduce non-essential expenditure and to deliver 2019/20 savings early whilst managing existing and new cost pressures.
- 3.4 Based on the current rate of improvement in the projected overspend position and the ongoing work across all service areas to identify further savings it is expected that the final outturn for 2018/19 will be delivered within budget.

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

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- 3.5 On that basis the Council is able to carry forward £2.5m of the Children's Transition Reserve from 2018/19 to support the 2019/20 budget, in line with the original intention to deploy the reserve on a phased basis over two financial years.

Table 1 – Forecast Out-turn 2018/19

Department	Budget 2018/19 £m	Full-Year Projected Outturn £m	Projected Variance £m	Movement since last report £m
Adult Services	84.4	82.2	(2.2)	(0.9)
Children Services	34.2	41.6	7.4	0.3
Communities and Housing	26.1	25.6	(0.5)	0.0
Economy	(2.3)	(2.4)	(0.1)	0.0
Resources	20.4	19.1	(1.3)	(0.2)
Corporate	(22.6)	(24.6)	(2.0)	(0.3)
Total General Fund	140.2	141.5	1.3	(1.1)

- 3.6 A number of budget virements have been proposed since the last meeting and Members are asked to approve the budget transfers set out in Appendix 2.

The 2019/20 Provisional Finance Settlement

- 3.7 The Government published the provisional 2019/20 local government finance settlement on 13th December 2018.
- 3.8 The key issues arising from the provisional settlement are:
- Social Care Support Grant - following the announcement of additional funding across adults' and children's social care in the October Budget, the government has now indicated how this will be allocated. Based on the proposed distribution methodology the Council will receive £1.3m in 2019/20, of which it is estimated that £0.5m is required to meet additional cost pressures in Adult Social Care.
 - Business Rate Levy - a one-off grant of £180m has been announced, funded by a surplus on business rate levies paid over by councils nationally. Based on the provisional allocation method proposed by the government the Council's share would be £0.5m.

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

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- New Homes Bonus - during the summer the government indicated that it would change the calculation basis, which would have adversely affected the Council. The provisional settlement confirmed that no change would be made and therefore, in line with the increase in properties in the borough, the level of grant will be £4.9m.
- Council Tax – the Government confirmed the council tax referendum limit, would be in line with previous announcements. Therefore the maximum allowable increase for SBC in 2019/20 (without a referendum) is 3.99%.

3.9 The overall net impact of the announcements in the provisional settlement is to improve the funding for 2019/20 by £2.6m. The long-term implications are uncertain, given the changes to funding of local government for 2019/20 as outlined in Appendix 6.

Council Tax 2019/20

3.10 In line with Government expectations and the feedback from other Councils, it is proposed that the Council increases the basic amount of council tax by 2.99% (as planned in the draft budget) and raises an adult social care precept of 1%.

3.11 If agreed, the total 3.99% increase will be broken down on the face of the council tax bill, in line with national guidance, to explain that 1% of the increase is specifically to respond to the rising demand for adult social care.

3.12 A 3.99% increase would increase the average Council Tax bill by £4.37 per month, excluding precepts from other bodies.

Feedback from Scrutiny Committee

3.13 On 14th January 2019, the Scrutiny Committee considered a report on the 2019/20 budget setting process. The Committee raised a range of points, including the approach to fees and charges, the surplus on the collection fund, government funding announcements and resolved that the current budget position be noted.

Consultation Feedback

3.14 The Council published details of all proposed service changes included within its draft budget on its website and undertook targeted consultation on some specific proposals. The Council has also undertaken further consultation with the business community via a meeting with business representatives from Swindon, on behalf of non-domestic rate payers on 22nd January 2019.

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

Budget 2019/20 and Beyond

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- 3.15 The feedback from consultation is set out in Appendix 3. Any further feedback received after the drafting of this report will be provided at the meeting.

The Proposed Budget for 2019/20

- 3.16 Table 3 summarises the changes to the current financial year in arriving at the proposed budget for 2019/20. The detailed proposals are set out in Appendix 4.

Table 3 – Summary of Budget Changes

	2019/20 £m
Base Budget	140.2
Funding Changes	(4.2)
Inflation	5.8
Cost Pressures	18.2
Identified Savings	(21.6)
Change in Budget Risk Contingency	1.3
Change in Use of Cashflowing Reserve	2.8
Proposed Budget for 2019/20	142.5
Funded By:	
Revenue Support Grant	4.3
Business Rates	35.0
Council Tax	101.8
Surplus on Council Tax Collection Fund	1.4
Total Funding	142.5

Relationship between Revenue and Capital Budgets

- 3.17 The 2019/20 revenue budget includes allowance for the estimated increase in debt charges to finance the capital programme being delivered during 2017/18 and any interest incurred on schemes starting in 2018/19. Due to ongoing savings in interest costs from the implementation of Council's treasury management strategy it is not necessary to increase the capital financing budget for 2019/20.

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

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- 3.18 The 2019/20 capital programme is set out elsewhere on the agenda and any significant increase in the proposed programme that is financed from borrowing will have an estimated impact on the annual revenue budget of £80k per £1m, subject to the nature of the capital investment.

Fees and Charges

- 3.19 No changes are proposed to the general approach to fees and charges agreed by Cabinet on 5th December 2018.

Approach to Funding Transitional Costs

- 3.20 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:

- Costs of delivering projects within the Swindon Programme,
- Reorganisation and restructuring costs that deliver financial savings
- Transitional investment that delivers long-term financial benefits by reducing future service costs.

- 3.21 The 2018/19 budget included:

- The establishment of a £7.5m reserve to deal with the short-term pressures in Children's social care and put in place the arrangements to enable the service to be financially sustainable in the longer term;
- The use of £2.8m from the cashflowing reserve to support the overall budget

- 3.22 The use of reserves in such a manner can only be a time-limited in nature to ensure the ongoing financial sustainability of the Council. Therefore it is proposed that no new commitments from reserves are made as part of the 2019/20 budget. The forecast level of reserves available to meet specific existing commitments, and support the management of the overall budget, is set out in Appendix 5.

Contingencies and Risk

- 3.23 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

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for 2019/20, alongside the level of general and earmarked reserves, reflects the overall potential risk associated with delivering the budget proposals.

3.24 The following significant risks have been identified in relation to the council's budget:

- The total value of savings contained within the budget for 2019/20 is more than double that identified for 2018/19. This, in itself, provides a source of risk to the Council's financial position for 2019/20, requiring the budget risk contingency to be increased;
- There are a number of savings proposals which are still subject to ongoing activity and therefore the precise level of saving is uncertain;
- The Council also faces risks in managing the costs associated with the major demand led services, particularly in adult and children's social care. The investment of funding and resource to manage pressures in adult social care during 2017/18, and the significant investment in children's social care proposed in this budget, 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 will therefore be the subject of close scrutiny in the budget management process for 2019/20.

3.25 Based on this assessment, and risks within the existing base budget, it is proposed that the budget risk contingency is set at £3.5m.

3.26 In light of this, and the specific reserves held to support the budget (set out in Appendix 5), the Director of Finance, as part of his Section 151 responsibilities, is content that the 2019/20 budget as proposed is deliverable, taking into account the level of specific and general reserves held by the Council.

General Reserves

3.27 In general, it is considered that uncommitted reserves of around 5% of net revenue expenditure provides for a reasonable level of support to manage risks, subject to the specific circumstances of each authority. This implies a level of around £7m for Swindon. However, protection against budget risks is also provided through earmarked reserves and contingencies and the Council's experience of managing budget pressures without using general reserves. In this context, it is recommended that the level of general reserves the Council holds is maintained at a minimum of £6m.

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

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Schools' Budgets 2019/20

- 3.28 The provisional Dedicated Schools Grant (DSG) for 2019/20 is £184.7m, the majority of which is passported directly to schools. The provisional grant value includes the additional £0.5m allocated to DSG High Needs in December 2018. The Council prepared its budgets based on existing spend, inflation and known increases in demand and it has been possible to produce a balanced budget, within the available funding. The Schools Forum considered the proposed budget at its meeting on 16th January 2019 and agreed the allocation of the budget as set out in Table 5 below.

Table 5 - Overall DSG Funding and Expenditure 2019/20

	£m
Early Years Expenditure	14.4
Mainstream School Expenditure	138.2
High Needs Expenditure	31.1
Central Schools Services Expenditure	1.0
Total Expenditure	184.7

4. Alternative Options

- 4.1 The Cabinet could amend the package of budget proposals at the assumed council tax increase of 3.99% for 2019/20, which would require the amendments to be cost neutral.
- 4.2 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 £1m.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The projected overspend in the current financial year is £1.3m and based on the current rate of improvement it is expected that the final position will be within budget. However any residual overspend will be a call on the Council's reserves.

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

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- 5.2 Where there are financial implications these have been reflected in the body of the report and in the appendices.

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.

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

- 5.4 The proposals included in this budget will result in approximately 160 full time equivalent posts being deleted from the Council's staffing establishment. A significant number of these are vacant posts as a result of the planned approach to savings delivery ensuring that unfilled posts are not recruited to unless essential. In line with this approach the post of Corporate Director for Resources and Growth has been deleted as part of a review of the senior management structure.

Diversity Impact Assessment

- 5.1 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.
- 5.2 All saving proposals have been subject to the Council's DIA screening process to assess their potential/likely impact, if any, on service users with protected characteristics. For some proposals where there is no change to service or staffing a DIA has not been completed. Other proposals, which are at an early stage of development, have initial DIAs – however in these cases the potential areas of impact have been identified. In some cases the service changes have been proposed to create greater equity in terms of access and customer service. Where risks have been identified, mitigations have been proposed.
- 5.3 Where it is not possible at this stage to fully assess the impact from individual proposals, these will be subject to separate decisions informed by a separate DIA prior to implementation.
- 5.4 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

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

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the proposals are approved. As part of our dynamic assessment process, should this position change, we would review each DIA, update and publish this.

- 5.5 Many of the proposals will affect staff, especially where the majority of the saving proposals are made up of staffing costs. Given the scale of staffing reductions, there is potential for these proposals to have a significant impact on the workforce. There are some services that due to their nature consist of predominantly female or male members of staff, and it is important that changes are not disproportionate in terms of their impact. 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. We have also drafted an overarching DIA to try and address the cumulative impact or potential impact on staff. This is reviewed once a quarter.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1: Forecast Out-turn by Directorate 2018/19
- 8.2 Appendix 2: Virements 2018/19
- 8.3 Appendix 3: Consultation Feedback
- 8.4 Appendix 4: Detailed Budget Proposals 2019/20
- 8.5 Appendix 5: Reserves Policy and Specific Reserves held to support the 2019/20 Budget
- 8.6 Appendix 6: Medium Term Financial Strategy Update

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

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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 21st February 2019. 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 2019.

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

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Fund	Directorate	Function	Budget 2018/19 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance	
General Fund	Resources	Internal Audit and Health & Safety	891	831	(60)	0	A further improvement on the amount of Housing Benefit subsidy partially offset by minor changes to other budgets.	
		Finance	5,296	4,586	(710)	(38)		
		Human Resources and Organisational Development	1,840	1,821	(19)	0		
		Corporate	(22,626)	(24,575)	(1,949)	(263)		£33k additional income from early repayment of schools equal pay contributions,£124k inflation budget for PFI not required, £62k additional grant income, £60k recovery of costs £107k early delivery of savings from work to migrate from the private cloud to on premise, reduced Crematorium income due to a fall in volumes of £60k and increased vacancy savings across various services.
		Digital Services and Corporate Programmes	8,287	7,989	(298)	(93)		
		Law & Democratic Services	2,854	2,795	(59)	(1)		
		Performance, Organisation Improvement and Communications	1,227	1,104	(123)	0		
	Economy	Property & Assets	(2,231) (3,326)	(5,449) (3,521)	(3,218) (195)	(395) (195)	Net savings across the service in relation to business rates and repairs and maintenance (£50k) a net increase in income generation across the service (£235k), particularly in relation to corporate property investment income, offset by increased bad debt provision (£90k).	
		Strategic Growth	557	482	(75)	0		
		Town Centre	492	680	188	198	Slippage of capital recharge income due to delay in Falcon House agreement, partly offset by an additional £25k of un forecast rental income.	
		Children Services	Routes to Employment & Libraries	(2,277) 2,307	(2,359) 2,215	(82) (92)	3 (2)	Salary savings £20k and contributions from converting schools towards academy conversion legal costs £10k Further increase in pressure relating to External placements of £389k and pressures relating to other costs to support children Looked after of £47k. This has partially been offset by a reduction in staff costs of £121k.
	Skills & Attainment		2,056	1,969	(87)	(28)		
	Children, Families and Community Health Services		29,867	37,374	7,507	315		
	Adult Services	Adults	34,230 70,827	41,558 68,765	7,328 (2,062)	285 (889)	Early delivery of the 19/20 savings plan through management of demand, care package reviews and client contributions.	
		Public Health	13,530	13,389	(141)	(23)		
	Communities and Housing	Streetsmart and Supported Employment	84,357 15,871	82,154 15,629	(2,203) (242)	(912) (94)	A forecast underspend of £27k due to reduced waste disposal tonnages. Improved trading forecasts and operational efficiencies following a thorough review of budgets by managers of £57k; improved forecasts due to vacant posts £70k are offset by a reduced projection of £60k for trade waste income.	
		Housing Services	402	131	(271)	0		
		Highways & Transport	7,792	7,698	(94)	120	In year pressures on street lighting electricity costs of £150k, this will be mitigated by the LED replacement programme in 2019/20. In 2018/19 this pressure is being mitigated by a net improvement in car parking forecasts and other operational efficiencies across the service area following a thorough review of budgets by managers. Additional contract inflation on transport budgets of £23k has been projected	
		Planning, Regulatory and Heritage Services	925	1,142	217	(57)		
		Facilities Management	1,155	1,018	(137)	0	Improved planning forecasts of £40k and other operational efficiencies across the service area following a thorough review of budgets by managers have mitigated additional overspend projections for Lydiard House & Park and Steam Museum of £44k and the trading forecasts for the catering outlets at the civic offices and waterside of £15k.	
		26,145	25,618	(527)	(31)			
General Fund Total			140,224	141,522	1,298	(1,050)		

Fund	Directorate	Function	Budget 2018/19 £'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	5,858	5,441	(417)	65	Savings revised down to reflect a rise in demand for nursing Funded Nursing Care grant.
		Funding from CCG Swindon	(5,858)	(5,441)	417	(65)	CCG funding revised in line with revised outturn forecast.
	Health Childrens	Children's Health Delivery Services - CCG Funded - Expenditure	1,852	2,167	315	367	Pressure relates to the Complex care service, there has been an increase in demand and support is being provided through an external agency. The Service has now transferred to GWH therefore the pressure has reduced.
		Children's Health Delivery Services - CCG Funded - Income	(1,852)	(2,167)	(315)	(367)	
		Children's Health Commissioning - Expenditure	3,599	3,714	115	(165)	
		Children's Health Commissioning - Income	(3,599)	(3,397)	202	(50)	
Health Total			0	317	317	(215)	
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	87,205	83,865	(3,340)	(565)	New academy conversions, the budget shares will now be paid directly by the Education and Skills Funding Agency (ESFA) so mainstream school budget expenditure is reduced by (£593k), DSG funding will also be reduced as per below. Revised Early Years pupil Premium estimate (£21k) and a small reduction in take up for 2 year old places (£9k). Savings offset by increase in demand for High Needs top ups £41k and school rates increases £0.017m
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	(87,205)	(83,815)	3,391	54	New academy conversions so funding will now be paid directly by the Education and Skills Funding Agency (ESFA) £0.593m offset by additional DSG High Needs Funding allocated in December (£0.524m) and a revision to Early Years Pupil Premium expected (£0.016m)
Dedicated Schools Grant Total			0	51	51	(511)	
Housing Revenue Account	Housing Revenue Account	Supervision & Management	(35,565)	(35,361)	204	55	Lost rents and Council Tax charges relating to void properties continue to remain high due to the re-let periods resulting in a pressure of £157k. This has largely been offset by savings in Property Maintenance and Estate Management costs of £102k.
		Special Services	450	281	(169)	(57)	A combination of increased income on Homeline £20k, reduced licence costs in Sheltered Housing Management and operational savings in the Sheltered Housing Schemes.
		Repairs	10,115	10,673	558	356	The backlog of voids from the previous year and a higher number of properties becoming void in year has required total additional contractor spend of £291k by year end. A transfer of some of these costs to Capital is expected to mitigate any further pressures in this area. This is combined with a pressure on external vehicle hire due to breakdowns in the aged existing fleet and additional vehicles required for the in-house void team £65k.
		HRA Capital Financing	25,000	25,000	0	0	
Housing Revenue Account Total			0	593	593	354	

	Resources & Corporate £'000	Economy	Children Services £'000	Adult Services £'000	Communities & Housing £'000	Contingency £'000	Total General Fund £'000
Cabinet 05/12/2018	(4,210)	(2,439)	34,261	84,296	26,133	2,183	0
Transfer of income budgets to follow employee budgets transferred between services	25		(25)				0
Reallocation of budget following new WAN contract	(3)	(6)	(6)	(1)	16		0
Grossing up of Commercial rents between Treasury and Property budgets	(168)	168					0
Transfer of staff between service areas	(58)			58			0
Shopmobility service budgets moved to Voluntary Sector Contracts				4	(4)		0
Cabinet 06/02/2019	(4,414)	(2,277)	34,230	84,357	26,145	2,183	0

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BUDGET CONSULTATION - NATIONAL NON-DOMESTIC RATEPAYERS

TUESDAY, 22 JANUARY 2019

PRESENT: Councillors David Renard (Leader of the Council) and Russell Holland (Deputy Leader of the Council, Vice-Chair of Cabinet, and Cabinet Member for Finance).

Swindon Borough Council: Mr Mick Bowden (Director of Finance).

Representatives of Swindon Non-Domestic Rate Payers: Mr Steve Bizley (JLL), Roger Shakles (Sewcraft Swindon Ltd), Di Powell and Rachael Youd (inSwindon BID Company Ltd), Justin Britchford (MECA) and Malcolm Gregory (Royds Withy King).

Apologies for absence were received from: Nik Hayward (Lazy Frog (UK) Ltd), Anne McCulloch (Sweets Galore), Zoe Pontin and Darren Bien (Thomas Cook UK & Ireland), Bryan Davis (Green Labyrinth), Jane Stewart (The Brunel), Vince Ayris (Vince Ayris Ltd), Jennie (Tiffins Swindon), Nalni Sorr (Swindon resident), Stuart McNeil (Bevirs), Geraldine Smith (Coate Water Care Co. Ltd), Manni Madhani and Colleague - name unknown (Bardolino), Hayley Williams and Alex Yarde (Soul Shack).

1. Welcome

Councillor David Renard, Leader of the Council, welcomed the invited representatives of local businesses to the meeting.

2. Budget Update

Councillor Russell Holland, Deputy Leader of the Council, Vice-Chair of Cabinet, and Cabinet Member for Finance, opened the meeting, explaining that the meeting was part of the Council's statutory duty to consult annually with non-domestic rate payers on its budget proposals. He advised that the meeting was intended to inform local businesses of the Council's projected outturn for 2018/19 and the financial context for setting the budget to March 2020. He referred to the report that was to be considered by the Council's Cabinet on 6th February 2019 and then by Full Council on the 21st February 2019. He confirmed that any comments made by the business representatives at the meeting would be submitted at both meetings for consideration.

Councillor Holland outlined the Council's Budget proposals for 2019/20, placing these in the context of the Council's known financial pressures and challenges. In particular, he drew the meeting's attention to the following:

- The reduction in grant from Central Government and its adverse effect on the budget.
- That Currently 80% of the Council's budget was earmarked for Adult and Children's Social Care Services.
- The impact on the Adult Social Care budget due to the change in Swindon's demographics such as increase in longevity and the need for greater support

with health and complex conditions.

- The increased investment in Children's Services in order to continue supporting vulnerable children appropriately.
- The Council's inability to amend business rates as these were set by Central Government.
- The proposed Council Tax increase of 3.99%.

Councillor Holland advised that a number of initiatives were being implemented aimed at town centre regeneration, including Kimmerfields and the refurbishment of the Carriage Works for small to medium businesses.

Councillor David Renard, the Leader of the Council, stated that this had been the most challenging Budget to date, expanding on the various challenges faced by the Council as a result of the economic conditions facing the country generally and local government in particular.

Following the introductory remarks, Councillor Holland, supported by the Council's Director of Finance, responded to questions and comments put by the representatives at the meeting on the following points:

- The business rates are set by Central Government, based on the valuation of the property
- That currently 50% of business rates are returned to Central Government, rather than being utilised for local investment purposes.
- That the Council, in conjunction with Wiltshire Council, had submitted a bid requesting the retention of a higher percentage of the rates for local investment and that this bid was unsuccessful.
- The Council is proposing to increase the Council Tax premium on domestic properties unfurnished and unoccupied for over two years.
- Concerns about the impact of Brexit and how any attributable increase in council tax levels would impact Swindon residents and businesses.
- The cost of social services provision and the Council's statutory duty to ensure the provision of high quality social services for its residents.
- The support provided to those residents in social housing who are experiencing financial difficulties.
- The creation of the Commercial Investment Fund to ensure funding was set aside to be spent on projects that would generate revenue.
- The "Help to Save Scheme" designed for those on lower incomes to encourage saving habits and to develop an emergency fund for unexpected situations.
- The opportunity to bid for a share of the £675m of funding for a new "High Street Fund" to assist with rejuvenation of High Streets.
- A proposal to review billboard advertising in local car parks and across the borough to generate revenue streams for the Council and help small businesses.
- Car parking charges within Swindon Town Centre.
- The proposed reduction of funding to the In Swindon Town Centre Bid.

In response to concerns regarding car parking charges, Councillor David Renard referred to past initiatives that were aimed to help businesses in Swindon Town Centre. He advised that discussions regarding parking charges were still being

undertaken and stated that whilst the Council was being open minded on a review of tariffs, any future initiative had to be cost neutral.

In response to an offer of collaboration from businesses, the Leader of the Council welcomed contributions and confirmed he was available and open to consider and discuss any proposals that would help business and the local community mitigate the current economic climate.

Councillor Russell Holland invited the business representatives to submit to Council any proposals they might have that would generate additional income or offset demand in other areas of the Council and subject to these being cost neutral.

3. Conclusion of the meeting

Councillor David Renard thanked the representatives of the business community and Non-Domestic Ratepayers for attending the meeting and expressed his hope that they found the meeting useful. He concluded by emphasising that over the next twelve months, the Council still faced considerable challenges which it had to meet to deliver the best outcomes for local residents and businesses.

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2019-20 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Cost Pressures (positive numbers)	
Pay Inflation	1,900
Contract Inflation	4,420
Income inflation	(554)
Reduction in Education Function recharge due to schools converting to Academies	36
Pensions - changes in contribution to the pension fund deficit	587
Elections Team - growth in population has resulted in increased costs of servicing the elections and there will be less opportunity in future to mitigate election costs through dual elections.	79
Thamesdown Transport Pension Costs	70
Document archiving contract put in place to release Hillmead for a commercial rental.	40
Human Resources - income pressure relating to agency contract rebate and recruitment	52

2019-20 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
<u>Savings (negative numbers)</u>	
Internal Audit - Deletion of vacant post (net of income target associated with the post)	(23)
Internal Audit - recovery of costs for services to HRA	(25)
Digital redesign of service delivery and other productivity savings in Health & Safety	(99)
Finance budget savings including deletion of vacant posts, introduction of vacancy factor and recovery of project costs	(354)
Review of Appointees and Deputyships service to ensure full cost recovery	(27)
Summons Income - increase budget to reflect current levels	(100)
Revenues & Benefits - reflecting reduction in court fees	(20)
Reduce Local Welfare Assistance budget to reflect current expenditure levels	(50)
Human Resources - deletion of vacant posts	(65)
Learning and Development - consolidation of specialisms resulting in better commissioning and economies of scale.	(69)
Savings from 18-19 Commissioning activity across the Council to achieve better value from spend. Higher than assumed in the budget	(242)
Corporate Programmes and Innovation Team - deletion of vacant revenue funded performance analyst post	(43)
Redesign of Customer Service function including better use of technology	(231)
Cashless Council - initial phase	(14)
Digital redesign and commercialisation across Registrars, Cemeteries & Crematorium.	(94)

2019-20 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Capita Private Cloud Migration - invest in on premise infrastructure to host IT systems locally.	(256)
Wide Area Network infrastructure procurement savings	(50)
Information Governance - saving on salary budget	(10)
Removal of post in Performance and Data	(35)
Redesign of service delivery across Business Support improving productivity and efficiency.	(133)
Waterside reception closure	(51)
Finance Admin operational excellence. Will require one off investment to deliver.	(60)
Children's Business Administration - dependant on co-location and operational excellence productivity. Will require one off investment to deliver.	(105)
Communications Team restructure	(50)
Communications - savings on non-staffing	(35)
Streamline the Council's approach to recording, processing and using performance data.	(151)
Policy & Performance - saving in staffing budget arising from consolidation of specialisms and appointing to roles at a lower cost.	(72)
Policy & Performance - savings on subscription budgets	(4)
Deletion of the post of Corporate Director of Resources & Growth.	(140)
Remodelling Legal Services	(198)
Democratic Services - staffing restructure across all elements of the service	(120)
Democratic Services - stationery budgets	(1)

2019-20 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Democratic Services - reduce members training budget	(4)
Lower cost of the Climate Change Levy compared to the Carbon Reduction Commitment scheme.	(130)
Funding Changes	
New Homes Bonus - increase	(1,071)
Remove contribution from reserves	2,824
Changes in Better Care Fund and Improved Better Care Fund	(689)
Increase in the budget risk contingency to £3.5m	1,317
Reduction in Council Tax Support Grant passported to Parish Councils linked to reductions in Revenue Support Grant	(28)
One-off grant from distribution of the surplus of the business rates levy account as announced in the funding settlement	(487)
Social Care Support Grant	(1,314)
Additional non ring-fenced grant	(85)
NNDR S31 grant income	(802)
Total	3,234

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Economy**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
The 2018-19 budget was supported by £312k use of reserves which is not available to support the 2019-20 budget. This pressure has been largely offset by the decision to bring Forward Swindon Ltd back in house as reflected in the saving below.	312
<u>Savings (negative numbers)</u>	
Rental income from the investment in commercial property.	(750)
Hillmead archiving warehouse reinstated as a commercial rental property	(131)
Forward Swindon Ltd - bring back services in house	(285)
End Council direct contribution to Swindon BID	(60)
Restructure Strategic Growth team	(39)
Additional commercial income	(40)
Property staff restructure	(60)
Reduction in revenue R&M (compliance and reactive repairs) budget as a result of transferring assets to parish councils	(30)
Capitalisation of garage repairs costs which are currently netted off Gross Rents	(50)
Mannington battery storage land rental income	(30)
Total	(1,163)

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Increase in the demand for Independent Fostering placements.	2,467
Increase in demand for Residential Placements.	2,288
Increase in demand for Adoption Placements, which has also lead to an increase in the contribution to our Regional Adoption agency Adopt Thames Valley.	554
Increase in demand for Special Guardianship placements.	98
Increase in demand relating to Parent & Child placements.	190
Increase in demand for Supported Living placements.	2,290
Increase in the resources within the Placements team to give improved monitoring and overview of External placements.	100
Increase in permanency for Children on placement orders, working with Adopt Thames Valley will look to increase the numbers become adopted by a further 12 during June & July 19.	86
Setting up a Swindon One Door model based on the North Yorkshire No Wrong Door model to support children both on the edge of care and to support the step down of placements.	519
Commissioning of a Safer Families for Children service - this is a volunteer base service supporting the 0-10 years age group.	60
Increase in the number of Family Group Conferencing posts.	260
Increase in the number of Social Workers in the Long term teams to support the increase in demand relating to Child Protection, Children in Need and Children Looked After.	1,658
Increase in the number of Social Workers in the Disabled Children's team to support the increase in demand.	281
Increase in the number of Social workers due to an increase in demand at the front door, both in the Multi Agency Safeguarding Hub and the Assessment and Child Protection team.	730
Increase in the number of Independent Reviewing officers in order to provide Quality Assurance to an increase number of Child Protection and Children Looked After. Two Practice Improvement posts have also been created to support the service improvement requirements.	377

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2019-20
Proposal	£'000
Increase in staffing within the Fostering service to provide capacity to support the needed growth of in-house foster carers.	367
The Care Leavers team has changed from an 18 to 21 year old service to a 16 to 25 year old service, therefore an increase in staffing is required to support the wider scope.	770
Staffing costs relating to the Early Help Hub which has been set up to ensure the right support is put in at the right point and the right level.	147
Increase in support staff, management requirements and non-staff related costs to support the increase in staff as a result of continued demand.	247

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Savings (negative numbers)</u>	
Project to support vulnerable woman and families in order to prevent their children coming into care.	(125)
Swindon Challenge - planned end of 3 year Council investment between September 2016 and August 2019 in support of schools that are rated as Requires Improvement by OFSTED. The final £100k is funded from existing reserves.	(200)
The Streamlining and digitisation of Early Years processes to release capacity.	(67)
Early Years Training efficiencies in courses offered to meet Statutory role of training for Early Years settings.	(10)
Education Standards and Quality team efficiency savings including the deletion of a vacant post.	(47)
Change of funding stream relating for Pupil Education Travel plan.	(8)
Reduction in Business support to the Virtual School	(12)
The delivery of SEND Travel Training will be reshaped.	(16)
Reshaping of existing post within the Exclusions and Re-integration service.	(5)
Digitalisation savings relating to a reduction in spend on Printing.	(3)
Additional contribution from the DSG to the Place planning service and the removal of contributions relating to Inclusion funding.	(18)
Grant funding ending for Special Educational Needs and Disability Information, Advice and Support Service (SENDIASS) so team restructure and review of working practices required.	(8)
Restructure of the Governors Support Service and increase traded income.	(31)
Reduction of expected costs in the Traded Services operations budget.	(4)
Libraries savings focusing on operational efficiencies, income generation and reduction in contracts.	(117)
Supported Employment - refocus of service to ensure opportunity to access available grants are fully utilised.	(164)
Savings to be achieved by restructuring the service, this will allow it to continue to support higher Education, Careers education in schools and Apprenticeships.	(69)

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2019-20
Proposal	£'000
Improvements against the Independent Fostering budget relating to a number of changes to services including increases to the In-House fostering service, the introduction of Safer Families for children and the setting up of a Swindon No Wrong Door model based on the North Yorkshire model.	(854)
Residential placements budget relating to the Top 30 project - a review of high cost placements and identifying those who could be safely stepped down from Residential.	(31)
Review of existing Supported living placements with the plan to manage demand at a lower level.	(145)
The re-allocation of existing resources in order to support the increase in the number of Family Group Conferences.	(260)
Children's Commissioning - review of commissioning arrangements on 3 commissioned contracts to reduce or remove the amount spent on commissioned services, reduce contract value or deliver the service differently.	(76)
SBC had been making a contribution to CAMHS for Placement support to Children Looked After, this support is being delivered by the TAMHS team therefore in agreement with the CCG the £51k contribution will be removed.	(51)
Improved efficiencies in the delivery of safeguarding and preventative services.	(87)
Improved efficiencies to the delivery of partnership safeguarding services.	(25)
Review of the current Short Breaks provision within the Disabled Children's service.	(34)
Review of current Aiming High Service for Disabled Children.	(67)
Efficiency savings from the Family service by the removal of vacant posts and smaller other savings from non staff budgets.	(152)
Review of Emergency Duty Service in consultation with adult services.	(81)
Review of the Learning and Development offer across the council, savings to come from Children's Workforce Development budget.	(60)
Additional income relating to Children's Traded services.	(50)

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2019-20
Proposal	£'000
Removal of SBC contribution to the Remand service. The service receives a contribution each year from YJB which currently covers the current cost of remand.	(31)
Other smaller savings across Children's services budgets.	(14)
<u>Funding Changes</u>	
Contribution from Children's Transition Reserve	(2,500)
Total	8,067

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Adults**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Demand Pressures - learning disabilities care packages through Children transitioning into Adult Social Care services.	2,958
Demand pressures - older people services. Increasing numbers of clients and increasingly complex social care needs.	1,550
Demand pressures - mental health services. Increasing numbers of clients and increasingly complex social care needs.	300
Additional staffing to support delivery of Older People Care services	267
Realignment of Localities function into Public Health - restructure (18-19 saving not yet delivered)	43

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Adults**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Savings (negative numbers)</u>	
Learning Disabilities managing demand. Continuation of improved ways of working project to maximise reablement potential and reduce requirement for residential and nursing placements.	(1,050)
Learning Disabilities transitions - managing demand of children transitioning to Adult Social care services	(1,758)
Older People service redesign and efficiency project. Continuation of improved ways of working from the project started in 2017/18 to maximise reablement potential and reduce requirement for residential and nursing placements.	(2,270)
Older People Commissioning - remodelling and consolidation of Day Care services.	(291)
Remodelling of Older People extra care core contract.	(450)
Review of operating costs of in house residential care homes to ensure operation is in line with CQC requirements in the most efficient and effective way possible.	(309)
Reshaping of OK4U Learning Disability day care provision that supports service users to be as independent as possible and also provides the space to provide Older People day care facilities if required.	(510)
Additional client contribution income from improved use of beds at Fessey House & Whitbourne house - achieved from 18/19.	(58)
Full year implication of Digital redesign of back office service delivery in Blue Badges completed in 18/19	(10)
Older People domiciliary care lead provider- full year implication of procurement in 18/19.	(38)
Supported housing - full year implication of contract reprocurements completed in 18/19	(100)
Negotiate maximum inflation increase with ASC providers	(1,585)
Implementation of new case management system (Eclipse)	(35)
Reduction in number of ASC brokerage posts following redesign of processes.	(87)
Reduction in the number of ASC finance admin posts following redesign of processes	(15)

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Adults**

	Changes Proposed for 2019-20
Proposal	£'000
Use of the one off ASC support grant (£481k) for one off initiatives in 18/19 so not required in 19/20	(245)
Efficiency in requirements for Learning and Development budget	(56)
Digital redesign of service delivery in Public Protection. Second year of a two year programme	(236)
Review of provision of Volunteering support across the Council	(79)
Public Health - Reshaping of Childrens Health service. 2 year programme. To mitigate reduction in Public Health Grant.	(120)
Public Health - Reshaping of tobacco control service to mitigate reduction in Public Health grant completed in 18/19.	(100)
Public Health - efficiencies within prevention programmes to offset reduction in Public Health grant	(47)
Increased Public Health contribution towards Substance Misuse services.	(41)
Efficiencies in delivery of Community Safety services	(38)
Community grants are now provided through Wiltshire Foundation Trust following 2 years set up support from SBC	(42)
Efficiencies in delivery of Emergency planning services	(6)
Reshaping of Community Health & Wellbeing services. Continued drive for use of external partners to deliver evidenced preventative programmes.	(43)

2019-20 Budget - Detailed Proposals**Appendix 4****Service Area - Adults**

	Changes Proposed for 2019-20
Proposal	£'000
<u>Funding Changes</u>	
Reduction in Ring fenced Public Health Grant	267
Non recurring ASC Support grant for 18/19 only. No notification yet as to whether funding to continue into 19/20	481
Funding from Swindon CCG towards reablement additional investment currently being considered by CCG	(115)
Total	(3,868)

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Cost Pressures (positive numbers)	
Waste & Recycling - Additional waste tonnage generated by new house completions - 1,000 tonnes assumed	122
Passenger Transport - demand for services higher than assumed in the budget.	105
Highway Operations - Increased annual costs of new Highways IT system required to release business efficiencies	85
Income pressures across service areas	204
Shortfall on savings delivery from digital redesign activity across service areas.	344
New museum storage arrangements put in place to provide a centralised facility to store museum artefacts that are not on display.	51

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
<u>Savings (negative numbers)</u>	
Enterprise Works - Preferred option to transfer operation to new provider currently running similar facility in the region. Options appraisal will be undertaken in the event transfer does not take place.	(247)
Community Meals - Preferred option to transfer operation to new provider currently running similar services elsewhere in the country.	(40)
Footcare service decommissioned August 2018	(15)
Waste Strategy - changes to collection arrangements along with an increase in recycling diverted from refuse bins through a communication campaign and employment of waste wardens.	(185)
Waste & Recycling - additional green waste customers achieved in 2018/19 assumed to continue into 19/20. Total customers now 18,000	(100)
Waste & Recycling - Public Power Solutions Ltd to deliver cashable savings for 2019/20 across both Power and Waste Disposal Services. Assumes April 1st delivery.	(800)
Waste & Recycling - Restructure across the service area.	(89)
Grounds maintenance - restructure of SBC non parish staff which will create a bespoke Parish service. Savings relate to staff reductions.	(33)
Street Cleaning - 1.) Provide a commercial road and private car park sweeping service net £5k income . 2) Restructure of retained staff in BID area £50k 3) Provide a chargeable graffiti removal service net income £10k	(65)
Stores - restructure of service to reflect appropriate operating model following implementation of new systems and processes.	(50)
Stores and Fleet - Better purchasing and management to reduce spend on safety workwear [PPE] and consolidation of buying fleet part spares.	(70)
Waterside Depot - Introduce LED lighting across the Waterside Depot. Saving is net of one-off costs to buy and install	(20)
Lottery - Net income from introduction of SBC lottery to be allocated to local causes selected by participating public. Based on model operated for Aylesbury Council by a third party.	(24)
Housing General Fund - Number of options to reduce the numbers of private sector leased houses to provide housing for homeless families. Capacity within HRA stock provided from purchases of properties and bringing void properties back into use.	(627)

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Housing General Fund - The Temporary Winter Housing Project [TWHP] will reduce the demand for B & B accommodation during the winter.	(15)
Housing General Fund - New IT system will reduce print costs and staff overhead within the Lettings team	(25)
Passenger Transport - review of mainstream bus and coach contract routes in June/July 2018 has moved students onto registered bus routes and other routes from September 2018	(81)
Passenger Transport – review of SEN transport policy and retendering of contracts to include minibuses, taxi and Dial-a-Ride contracts.	(296)
Passenger Transport - permanently delete 2 vacant posts once efficient working practices have been designed	(41)
Passenger Transport - explore options to charge Coach operators for overnight parking at SBC bus station / new temporary bus exchange	(5)
Passenger Transport - reductions in specific premises budget reflecting identified underspends in 2018/19	(16)
Passenger Transport - Concessionary Transport - potential reduced numbers of trips to be paid for based on 2018/19 data. To be confirmed by transport advisor	(21)
Transport Policy and Traffic Management team - review of team's time allocated to the Capital Programme. SBC team will undertake the work currently delivered by external consultants.	(70)
Transport Policy and Traffic Management team - Additional demand to carry out Traffic Regulation Orders reflecting 18/19 trend.	(40)
Transport Development Management - Increase funding from S38 reserve to cover costs of the service and reduce expenditure on consultants.	(110)
Highway assets teams - review of capital recharge levels to ensure correct cost recovery	(49)
Street Lighting - LED business case to reduce electricity and maintenance costs part year benefit in 2019/20	(285)
Highway Operations - reduction in expenditure on materials	(13)

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Highway operations - Additional project work delivered for Housing sites. Dependant upon satisfactory delivery of schemes in 2018/19 currently in progress	(100)
Highway Operations - Digital redesign of service delivery in Highways to deliver efficiency savings from the service area and the support functions	(43)
Highway assets - Permanently delete vacant drainage post and change approach to not assess flood risk elements for smaller developments.	(53)
Bus Lane Enforcement - Increase number of bus lane cameras.	(30)
Car Parking - Digital redesign of service delivery in Parking and Bus Lane Enforcement to deliver efficiency savings from the service area and the support functions	(71)
Car Parking - Overachievement of 18-19 budget from the Increase car parking fees in town centre from £2 to £3 for 4 hours in multi storey car parks and other daytime pay & display tariffs in shopper car parks.	(86)
Car Parking - Move to cashless payment in car parks reduces cash collection costs	(6)
Car Parking - Alternative provision for Shopmobility service by Voluntary Action Swindon	(14)
Construction and Architecture - review of fees charged to projects for professional services.	(100)
Facility Management - corporate cleaning contract savings from tender exercise	(50)
Departmental management - permanently delete a vacant post	(100)
Heritage & Culture - Theatre contract review to achieve subsidy reduction.	(30)
Heritage & Culture - commissioning approach to long standing grants to cultural groups which total £129k to align outcomes to Council Priorities.	(60)
Heritage & Culture - Proposed commercial review across both Steam Museum and Lydiard House, Park & Hotel.	(88)

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
Heritage & Culture - Proposed restructure across both Steam Museum and Lydiard House, Park & Hotel.	(45)
Heritage & Culture - Swindon Museum & Art Gallery - Increased income target and efficiency savings anticipated around the day to day operation.	(20)
Licensing - In year review of fees.	(9)
Licensing - reshape kennelling contract	(1)
Licensing - introduce charging for statutory Safety at Sports Grounds advice,	(10)
Taxi Licensing - Digital redesign of service delivery in Licensing to deliver efficiency savings from the service area and the support functions in 19/20	(23)
Catering - reconfigure catering provision with the outcome to provide a cost neutral service provision by March, 2020.	(30)
Landscape & Countryside - Commissioning approach to reduce current funding levels to external bodies net of funding received. Funding commitments will be linked to Council priorities with measurable outcomes.	(13)
Building Control - Digital redesign of service delivery in Building Control to deliver efficiency savings from the service area and the support functions.	(41)
Land Charges - Digital redesign of service delivery in Land Charges to deliver efficiency savings from the service area and the support functions.	(82)
Planning - Digital redesign of service delivery in Planning to deliver efficiency savings from the service area and the support functions.	(90)
Planning - Deletion of vacant posts in planning & conservation	(98)
Planning - introduction of chargeable pre-application service	(30)
Planning - use of earmarked planning reserves to fund post	(20)
Planning - restructure of planning teams.	(35)
Street Naming and Numbering - Increase in income levels reflecting current performance and new street naming service	(20)
Street Naming and Numbering - Vacant post changed to deliver service at lower cost overall	(8)

2019-20 Budget - Detailed Proposals
Service Area - Communities and Housing

Appendix 4

	Changes Proposed for 2019-20
Proposal	£'000
<u>Funding Changes</u>	
Housing General Fund - Rough Sleepers Project - use of additional Flexible Homeless grant funding this project.	(70)
Total	(3,997)

Reserves Policy

Swindon is a very ambitious Council with plans to continue transforming services and improve the local area at a time when national austerity measures are putting the finances of local Councils under tremendous strain. The pace of change at the Council 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 transformational changes required to deliver the ongoing budget savings and secondly in respect of 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

Contingencies

The Council has a budget risk contingency fund of £3.5m to support its 2019/20 Budget.

Reserves

It is recommended that the minimum level of General Reserves the Council needs to hold to support the 2019/20 Budget is £6m. The Council's S151 officer advises that this is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £3.5m.

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 2019/20, the Council expects to be holding around £49m of reserves, of which £31.6m support the General Fund. By holding these reserves, the Council is accruing investment interest of around £237k per annum (assuming investment returns of around 0.75%). Should the Council decide to hold lower levels of reserves in future, for every £1m brought back into the revenue budget as a funding source to help balance the budget, the Council Tax increase for that financial year could be reduced by 1%. However, funding on-going revenue expenditure from reserves other than on a transitional basis would increase the level of risk within the annual budget and make future years' Budgets increasingly unsustainable. The Council has incorporated the planned use of significant levels of reserves in each of its last two budgets to support both the overall budget and targeted support for Children's Services. In the light of this the Director of Finance would not recommend any further allocation of specific reserves to support the annual budget.

The £49m reserves expected to be held in 2019/20 is summarised below. Full details will be brought back to Cabinet early in the next Financial Year as normal for consideration and approval:

General Fund (£31.6m)

- **£2.7m** 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.
- **£1.4m** relates to infrastructure and regeneration funding, which has been sourced mainly from the Planning Delivery Grant and New Homes Bonus issued by the Government. £50k has been earmarked to support economic growth initiatives.
- **£1.3m** relates to the Superfast Broadband project.
- **£13.9m** of general 'cash flowing' reserves to fund programmes of work to deliver future years' budgets. This includes funding for severance costs (£2.4m), Recreation and Golf asset transfers reserve (£0.8m), the Transformation Fund (£1.8m), Swindon Challenge (£0.1m) and the IT service reshaping funding (£0.4m).
- **£12.3m** of service specific reserves set out below:

Insurance Fund	£3m	This fund is set at an industry standard level of covering twice the aggregate excess liability in any financial year. It was increased in 2013 to reflect the increased liabilities associated with bringing SCS back in-house and higher levels of self-funding which was offset by a significant reduction in premiums
Children Services transitional Funding	£2.5m	Balance of the reserve to provide additional investment in 2019-20 to address the short-term pressures while the plans to enable the service to be financially sustainable in the longer term continue to be implemented.
Other	£6.8m	A number of smaller service-specific reserves often financed from external funding or earmarked for committed projects

Other Funds (£17.4m)

- **£6.3m** of Schools balances representing the combined total of all individual schools' rolled-forward balances (£5.7m) and the non-schools retained DSG reserve (£0.6m).

£11.1m of HRA Balances comprising the HRA minimum working balance (£4m), the general reserve (£6.3m) and specific reserves (£0.8m).

Appendix 6

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 2018 set out the financial context for the Council up to 2021/22. This document extends the financial planning period to 2023/24 and updates the strategy for changes announced in the 2018/19 local government finance settlement.
- 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 As 2019/20 is the final year of the multi-year settlement the future funding arrangements for the Council are uncertain beyond that point and will be shaped by three main issues:
 - 2.1.1 Spending Review 2019 – this is expected to establish the total funding for local government nationally for 2020/21 and, possibly, future years
 - 2.1.2 Business Rates Retention – the government is working with local government, led by the Local Government Association, to develop the arrangements for councils to retain 75% of the growth in business rates (compared to 50% currently)
 - 2.1.3 Fair Funding Review – this will establish the assessment of relative needs between authorities and take into account the ability of councils to raise income and will therefore form the basis of the redistribution of resources between councils
- 2.2 In the absence of any further information the central planning assumption is that the funding levels for the Council will remain at the same level, in cash terms, as 2019/20. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, New Homes Bonus and the baseline level of retained business rates. The exception to this being the one-off distribution of the surplus on the Business Rates Levy Account, which is for 2019/20 only.
- 2.3 For 2019/20 the limit of core council tax increases, without requiring a referendum, is 2.99%. The planning assumption used in the medium term projections is that the same level of increases will be applied annually over the period to 2023/24.
- 2.4 Allowance has been made for growth in the council tax base (£1.2m per annum) and business rates (£0.8m per annum, except for 2020/21 which will be affected by a reset of the system)

Appendix 6

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 and pay and price inflation and estimates of these have been produced for future years.

4 The Swindon Programme

- 4.1 The Swindon Programme is the response to the financial challenge facing the Council by transforming the way Council works and making its services, systems and processes more efficient for both customers and staff. This would allow the Council to provide the residents of Swindon with the information and support they need in a way that is convenient to them and cost effective for the local authority.
- 4.2 There are four strands to the Swindon Programme:
- 4.2.1 Organisational Excellence
 - 4.2.2 Commissioning and Procurement
 - 4.2.3 Managing Demand
 - 4.2.4 Commercialisation

Organisational Excellence

- 4.3 This workstream is about creating a modernised, effective and efficient organisation and is broken into four themes focussing on:
- Improving digital services for customers
 - Reviewing our IT infrastructure and estates
 - Workforce development
 - Sharing of data

Demand Management

- 4.4 This workstream is about supporting our residents to be as independent and resilient for as long as possible and focuses on the main challenges of reducing the amount of demand coming in to the Council by:
- Ensuring effectiveness of interventions
 - Addressing the length of interventions
 - Driving down unit costs of work associated with demand.
- 4.5 The major focus of Demand Management is on care provision for adults with learning disabilities, children and older people. There will be additional projects across the council including housing and waste and recycling.

Commissioning and Procurement

- 4.6 This workstream is about how we buy goods and services and identifying whether there are better ways to do it by thinking across services and departments and focuses on:

Appendix 6

- Developing tools and process to help commissioners and contract managers to work together to commission services based on the future needs of the council
- Providing opportunities for commissioners and contract managers to learn from best practice
- Increasing the rigour and challenge in the commissioning process, alongside forensic analysis of specific contracts

Commercialisation

- 4.7 This workstream relates to making best use of the Council's assets for income generation and helping to make the Council less reliant upon central government funding. This will help enable us to continue to deliver front line services through the generation of income from multiple areas.
- 4.8 The identified projects include:
- Housing development across the borough including Wichelstowe
 - Disposal of land with planning permission
 - Expansion of profitable traded services
 - Marketing and advertising
 - Energy production and storage
 - Review of fees and charges

5 Financial Strategy

- 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 emerging 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 Swindon Programme will incur expenditure of this nature in order to deliver the savings specified above. Specific areas being explored which could require up-front

Appendix 6

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.

Financial Projections from 2020/21

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
<u>Pressures:-</u>				
Pay and Prices Inflation	6.0	6.0	6.0	6.0
Social Care Packages	6.3	6.3	6.2	6.0
Pension and Debt Charges	1.1	3.2	2.8	1.0
Other Cost Pressures	1.5	1.5	1.5	1.5
End of Children's Social Care Reserve Funding	2.5	0.0	0.0	0.0
End of one-off Business Rate Levy surplus grant	0.5	0.0	0.0	0.0
Reduction in Collection Fund Surplus	1.4	0.0	0.0	0.0
Total Pressures	19.3	17.0	16.5	14.5
Council tax increase at referendum limit	(3.0)	(3.0)	(3.0)	(3.0)
Increase in council tax base	(1.2)	(1.2)	(1.2)	(1.2)
Assumed business rates growth	(0.0)	(0.8)	(0.8)	(0.8)
Savings needed after assumed increases in income	15.1	12.0	11.5	9.5

Capital Programme 2019-20

Cabinet

Date: 6th February 2019

Authors: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report new Capital Programme requirements for the year 2019/20 and the Capital Strategy for 2019/20 to 2023/24.
- 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 Approve that the Devolved Formula Capital Grant is distributed once it has been received from Government as detailed in paragraph 3.12 below.
- 2.2 Approve a budget of £1.018m for the schemes referred to in paragraphs 3.3 to 3.12 below and detailed at Appendix 1.
- 2.3 Approve a total budget of £5.074m for the 2019/20 local priority Highways and Transport schemes, referred to in paragraphs 3.13 to 3.22 below and detailed at Appendix 2.
- 2.4 Approve a total budget of £3.676m for 2018/19 for Corporate & Property schemes as referred to in paragraphs 3.23 to 3.32 and detailed at Appendix 3.
- 2.5 Approve a total budget requirement of £1.317m for Children's & Older Peoples proposals as referred to in paragraph 3.33 to 3.36 and detailed at Appendix 4.
- 2.6 Approve the use of CIL receipts as detailed in paragraph 3.37 to support the existing capital programme of works at Junction 16.
- 2.7 Approve the Capital Strategy 2019/20 – 2023/24 as attached at Appendix 5
- 2.8 Recommend the Investment Strategy attached as Annexe 3 to Appendix 5, for approval by Full Council on 21st February 2019.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 464384 or Email iburbidge@swindon.gov.uk

Capital Programme 2019-20

Cabinet

Date: 6th February 2019

3. Detail

Capital Programme – 2019/20

- 3.1 The Council approved, on Cabinet's recommendation, a 2018/19 programme in February 2018 with indicative costs in years beyond reflecting the Government's decision to approve grants on a yearly basis.
- 3.2 This report details the Capital Programme approval requirements for 2019/20, and indicative requirements for 2020/21.

Education Services Schemes

- 3.3 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.
- 3.4 **Basic Need grant of £2.550m** has been awarded for 2019/20, with currently no funding being awarded for 2020/21. The DfE expects that any schools required as a result of development are to be funded from S106 contributions, 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.
- 3.5 Currently there are no specific schemes that require funding in 2019/20 although there is an expectation that the Council will need to fund either expansion or new construction in the town centre to meet demand in 2020/21. A capital bid will be brought forward to a future meeting once the full requirements are known.
- 3.6 **Capital Maintenance grant** for 2019/20 has not been notified at the date of writing this report but is estimated at **c£0.9m** (2018/19 £1.119m). 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 2019. Currently only £0.4m of this grant has been allocated to schemes, leaving £0.5m as a contingency to deal with any emerging condition issues at schools.
- 3.7 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

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Capital Programme 2019-20

Cabinet

Date: 6th February 2019

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.

- 3.8 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.
- 3.9 Cabinet has previously been notified of the **Special Education Needs and Disability (SEND) Capital investment Fund Strategy** Grant of £978k that has been awarded to Swindon over a three year period. The Council has been notified that it will receive a further £227k in 2019/20, it is proposed to add this to the existing budget and allow it to be bid for in line with the processes already established.
- 3.10 The Council has also been notified that it will receive £104k from **the Healthy Pupils Capital Fund** as its share of the national soft drinks industry levy. This funding is designed to support capital projects in maintained schools and it is proposed to establish a bidding process to enable schools to apply for a share of this funding.
- 3.11 This report seeks approval for the following Education Services schemes:-
- 3.11.1 £400,000 required for condition works, funded from Maintenance grant, which relates to high priority condition issues outside of the schools ability to fund from their own delegated funding (which is fairly small), such as replacement heating systems.
- 3.11.2 The full programme of grants and anticipated spend is contained in **Appendix 1**.
- 3.12 The Council will also receive from the DfE Devolved Formula Capital Grant during 2019/20 estimated at £287k. 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.

Local Priority Highways, Transport and Landscapes Schemes

- 3.13 The Government provided an indication that the Local Transport Plan (LTP) grant funding for 2019/20 will be £4.1m (2018/19 £4.1m). This is non-ring-fenced funding and the proposed 2019/20 programme has been developed within this envelope of funding to ensure no further Council borrowing is required.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 464384 or Email iburbidge@swindon.gov.uk

Capital Programme 2019-20

Cabinet

Date: 6th February 2019

- 3.14 More comprehensive information around the specific allocations of the budget to highways schemes will be contained within the Swindon Local Transport Plan Implementation Plan 2019/20 report which will be brought to a future Cabinet.
- 3.15 Officers are proposing that the following schemes are also included in the 2019/20 capital programme:
- 3.16 £13k from S106 contributions to be added to the current Great Western Community Forest Project budget. It is proposed that any future s106 that is specifically identified for this project will be added to the budget automatically when it is received.
- 3.17 £2k from s106 contributions to be added to the current Blagrove roundabout project.
- 3.18 £72k from S106 contributions to be added to the current Rapid Transport Corridor Project. This funding is the first instalment of funding from the Tadpole Farm development, it is proposed that any future s106 that is specifically identified for this project will be added to the budget automatically when it is received.
- 3.19 £349k from S106 contributions to be added to the current Moulton Hill Country Park Project. This covers recent funding received from the Abbey Farm development, it is proposed that any future s106 that is specifically identified for this project will be added to the budget automatically when it is received.
- 3.20 £348k from s106, Parish Council and Sport England to fund the construction of a Multi-Use Games Area (MUGA) at Blunsdon. The Parish Council are supportive of the construction of a MUGA next to St Leonard Primary School and are providing £50k of funding towards its construction. The council has received £150k of s106 funding and is expecting a further £48k shortly that can be used to support this project. Officers are in discussion with the Parish about submitting a bid to Sport England for £100k to provide the balance of funding required to deliver this project. The Parish have acknowledged that they will be responsible for future maintenance requirements.
- 3.21 £190k from s106, Public Open space, St Andrews Parish. The Parish Council are in discussions with the land owners to purchase a piece of land adjacent to one of their community centres to be used for public open space. The parish has requested that the Council transfer the s106 funding to them to enable them to complete the purchase. The Parish have acknowledged that they will be responsible for future maintenance requirements.
- 3.22 In the absence of any firm funding notification beyond 2019/20, officers are recommending that Cabinet only make new approvals for 2019/20. The total

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2019/20 scheme value of **£5.075m** is detailed at **Appendix 2**; this also shows indicative requirements for 2020/21.

Property and Corporate Schemes

- 3.23 **Appendix 3** contains a summary of the property and assets related capital schemes requiring approval. There is a requirement for works totalling **£3.676m** in the following areas:
- 3.24 £1.522m – General Repairs & Maintenance. This includes Disability Discrimination Access requirements, work on “non-highways structures” such as bridges within parks and management of asbestos.
- 3.25 £158k – Children’s Mobile Working funded from borrowing. This will provide a mobile app and related infrastructure in support of the Children’s Social Care Case Management system.
- 3.26 £493k – Corporate EDRMS funded from borrowing. This will enable the Council to scope the data storage requirements to ensure that all data is stored in compliance with the GDPR regulations. It is anticipated that the solution will be implemented in 2021/22.
- 3.27 £410k – Capita One Education replacement funded from borrowing. The current software is part of the aspire contract that finishes in 2022, therefore it is necessary to commence the procurement process for a replacement system. Soft market testing has shown that a new system will help to cut revenue costs and provide improved functionality.
- 3.28 £100k – Digital Strategy Seed Money funded from borrowing. This will enable the IT department to purchase licences, equipment etc. as part of the proof of concept stage of delivering emerging digital technologies and developing the full business cases to support Council wide deployment.
- 3.29 £843k – Estates Rationalisation funded from capital receipts from sale of surplus property. The Council is working towards providing all services from the Civic Campus and 3 children’s locality hubs, this will involve works to improve the remaining buildings and the disposal of 5 surplus sites. It is estimated that the disposals will result in a capital receipt of £1.5m and annual operational savings of £122k.
- 3.30 £150k – Additional car parking at Lydiard house funded initially from borrowing with the resulting debt charges of £12k pa funded from future revenue income. This will provide for a redesign of the existing car park facilities and provide additional overflow parking that is usable following bad weather. It will also allow for contactless pay and display parking machines thus reducing the risk of vandalism.

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Capital Programme 2019-20

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-
- 3.31 No specific funding is available for **£2.683m** of the new approvals detailed at paragraphs 3.23 to 3.28 above and therefore they will all need to be funded from borrowing, at a cost of approx. **£215k** per annum. This pressure will be budgeted from within the Treasury Management budget.
- 3.32 Items 3.29 and 3.30 (**£993k**) are to be funded from future capital receipts and revenue income respectively. There may therefore be some short term interest costs associated with these proposals as a result of the timing of the sale / savings being realised. Indicative proposals beyond 2019/20 are shown on **Appendix 3** but no approval is required at this stage.

Children's and Adults Schemes

- 3.33 **Appendix 4** contains details of three scheme approvals with a total budget requirement of **£1.317m** of which **£1.067m** is funded from grant contributions, leaving a balance of **£250k** to be funded from borrowing.
- 3.34 £1.067m – Disabled facilities grants, fully grant funded. Disabled Facilities Grants are mandatory grants (subject to claimants fulfilling certain conditions) for which Swindon receives grant funding of £1.067m (2019/20 indicative figure). There has been increased demand for these grants in recent years; any additional demand over and above the grant would need to be funded from borrowing. If this is likely to happen in 19/20 a further request will be made as part of a capital monitoring report. These grants support people to stay in their homes and remain independent.
- 3.35 £250k – Community equipment, funded from borrowing. Officers will keep the s106 contributions received under review, and if appropriate will look to use these to reduce the borrowing requirement. Officers have indicated that based on past experience the demand for Community Equipment is likely to exceed £1m. This proposal relates to expenditure that assists individuals to remain independent, staying in their own homes for longer and therefore potentially reduces demand on Adult Social Care services. This is a joint funded provision with Swindon Clinical Commissioning Group and the Councils share of this cost pressure is c£250k. Borrowing costs are estimated at around **£20k** per annum and will be funded through the treasury management budget.
- 3.36 Officers are recommending that only 2019/20 proposals are approved at this stage due to no firm funding indications beyond this period.

Community Infrastructure Levy (CIL)

- 3.37 At its December meeting Cabinet was advised that this report would contain a recommendation for the use CIL receipts to support the capital programme.
- 3.38 It is proposed that any CIL receipts for 2019/20 continue to be used to support the improvement works at Junction 16. The value of CIL receipts for 2019/20 will be supplied to Cabinet as part of the Capital outturn report.

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Capital Strategy

- 3.39 The 2017 version of the CIPFA *Prudential Code for Capital Finance in Local Authorities* Code ("the Code") 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.
- 3.40 Paragraph 19 of the Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The capital strategy should form a part of the authority's integrated revenue, capital and balance sheet planning. The Capital Strategy is attached at Appendix 5.
- 3.41 In addition, recent updated Statutory Guidance on Local Government Investments sets out that a Local Authority should prepare at least one Investment Strategy, to be approved by Full Council prior to the start of the financial year. This strategy should be publically available on the Council's website, and a public notice should be posted detailing how local residents can obtain a copy of the strategy, free of charge. The Council's Investment Strategy is attached at Annex 3.

4. Alternative Options

- 4.1 Cabinet could choose not to approve the proposed additions to the capital programme.

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 the Capital Financing Requirement of the Council increasing by £2.933m, this will result in an increase in debt charges of £235k per annum which will need to be funded through the Treasury Management budget.
- 5.2 Of the proposals included above the Estates rationalisation project is expected to deliver direct revenue savings of £122k pa, plus a capital receipt of around £1.5m, of which £834k is required to fund the works leaving a further sum of £666k available.
- 5.3 The debt charges resulting from investment in additional car parking at Lydiard will be funded from additional revenue income of £12k pa.

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- 5.4 These proposals support the Swindon programme by ensuring that the appropriate infrastructure is in place to support the 4 strands of the programme. They also seek to build sustainable platforms to support the digitisation objectives of the Council.

Legal and Human Rights Implications

- 5.5 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.

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

- 5.6 There are no such direct implications.

Diversity Impact Assessment

- 5.7 A Diversity Impact Assessment (DIA) has not been done as this report does not make any new recommendations that would have a detrimental impact on services. Service areas have undertaken DIA assessments for each of the proposals that they are recommending.

Risk Management

- 5.8 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 Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Overview of 2019/20 capital programme
- 8.2 Appendix 1 – Education proposals
- 8.3 Appendix 2 – Highways and Transport proposals
- 8.4 Appendix 3 – Corporate and Property proposals
- 8.5 Appendix 4 – Children's and Older Peoples proposals
- 8.6 Appendix 5 – Capital Strategy
- 8.7 Annex 1 – 5 Year Capital Investment

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 464384 or Email iburbidge@swindon.gov.uk

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- 8.8 Annex 2 – Highway Condition Survey
- 8.9 Annex 3 - Investment Strategy
- 8.10 Annex 4 – Property Investment and Disposal Strategy

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for February 2019.

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Overview of 2019/20 Capital Programme - New Approvals

	Education	Highways & Landscapes	Property & Corporate	Children's & Adults	Total Programme
Budget Requested	1,018,381	5,074,827	3,676,000	1,317,000	11,086,208

Funding

s106 Contributions		820,827			820,827
Maintenance Grant	400,000				400,000
Basic Need Grant	-				-
Devolved Formula Capital	287,000				287,000
Healthy Pupils	104,028				104,028
Special Education Needs and Disability (SEND) Capital Investment Fund Strategy	227,353				227,353
LTP Maintenance Grant		2,726,000			2,726,000
LTP Integrated Grant		1,378,000			1,378,000
Sport England		100,000			100,000
Parish Council		50,000			50,000
Disabled Facilities Grant				1,067,000	1,067,000
Future Revenue Savings			150,000		150,000
Future Capital Receipts			843,000		843,000
Borrowing Requirement	-	-	2,683,000	250,000	2,933,000
Total Funding	1,018,381	5,074,827	3,676,000	1,317,000	11,086,208

Revenue Budget Impact p.a. @ £80k per £1m	-	-	214,640	20,000	234,640
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Indicative 2020/21 Capital Programme

	Education	Highways & Landscapes	Property & Corporate	Children's & Adults	Total Programme
Budget Requested	937,000	4,404,000	2,000,000	1,367,000	8,708,000
Borrowing Requirement	-	-	2,000,000	300,000	2,300,000
Revenue Budget Impact p.a. @ £80k per £1m	-	-	160,000	24,000	184,000

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Appendix 1- Education Services proposals

	19/20 For Approval	20/21 For information	Comments	Funding
Condition Programme 2018/19	400,000	650,000	On-going high priority maintenance and replacement programme to keep the Councils maintained schools operational.	grant
Special Education Needs and Disability (SEND) Capital Investment Fund Strategy	227,353		Swindon was allocated £1m over three years to invest in capital improvements for pupils with SEND. Subsequently the government have announced a further £50m grant for the sector, of which Swindon has received £227,353.	grant
Devolved Formula capital	287,000	287,000	Passported to maintained schools for them to use on small scale capital projects	ring fenced
Healthy Pupils	104,028		Allocated to invest in capital projects for Local Authority maintained schools, to improve health and wellbeing	grant
TOTAL BUDGET REQUIRING APPROVAL	1,018,381	937,000		

Already allocated	143,642		Allocated to schemes previously agreed by cabinet	grant
Unallocated resources	2,906,793	250,000	Any future schemes will be able to use this funding as part of the overall resources required to deliver.	grant
TOTAL BUDGET REQUIRING APPROVAL	4,172,844	1,187,000		

Funding	19/20	20/21
Maintenance Grant - indicative grant figures	900,000	900,000
Basic Need Grant	2,550,435	-
Devolved Formula Capital - indicative grant figures	287,000	287,000
Healthy Pupils	104,028	

Special Education Needs and Disability (SEND) Capital Investment Fund Strategy	227,353	
Total Funding Available	4,068,816	1,187,000
Total Shortfall - Borrowing Requirement	-	-
Revenue Budget Impact p.a. @ £80k per £1m	-	-

Appendix 2 - Highways and Transport proposals

Project Name	19/20 For Approval	20/21 For information	Comments	Funding
Highways Maintenance - Various tba	2,726,000	2,726,000	This project comprises the Local Transport Plan Capital Programme for 2018/19. This is made of Highway Maintenance (Carriageway surfacing, Rights of Way improvements, Structural maintenance, Pavement maintenance, Street lighting, Drainage and Traffic Signals) and Integrated schemes (Locality schemes, Casualty and congestion reduction schemes, Sustainable transport schemes).	grant
Integrated Schemes - Various tba	1,378,000	1,378,000		grant
Great Western Community Forest	12,997		This is additional s106 funding that it is proposed to add to the current Great Western Community Forest project	s106
Blagrove Roundabout Landscape Improvements	2,073		This is additional s106 funding that it is proposed to add to the current project at Blagrove roundabout	s106
Rapid transit Corridor	71,748	300,000	The council are in receipt of the first instalment of s106 funding towards a rapid transit corridor supporting the Tadpole Farm development. It is proposed that this and all future s106 receipts are included within the existing rapid transit budget as they are received.	s106
Blunsdon MUGA	348,000		Consultation, design and construction of football focussed All Weather Pitch adjacent to St Leonards Primary School, Linley Road, Blunsdon. This project is promoted and supported by Blunsdon Parish Council. Funding utilises received s106 payments (£150k) and further anticipated s106 funds that are due soon (£48k) as occupancy triggers are close. The balance of the funding will come from Sport England (£100k subject to planning permission) and the Parish Council (£50k), the parish will take on the maintenance of the facility after completion. The funding will enable the project to progress to planning stage, and the grant applications to be submitted in a timely manor.	s106, grant, parish

Mouldon Hill Country Park	346,009		The opportunity to provide a country park in Northern Sector development was realised in the original masterplan for the 10,000 house development. This status has been further elevated by it's designation as a future country park within the Borough's Local plans. This bid is further to the last in October 2016 to align newly received s106 funds to the project. It is to work with Ward Members, Parish Councils and the public to realise these facilities. Finance will be from the legacy of existing funds and this further s106 receipt of £108,469.38 from the Abbey Farm development.	s106
Public open space St Andrews	190,000		The Parish wish to purchase land next to Redhouse Village Centre to enable it to be used for public benefit. They have requested that the s106 sum be transferred to them to enable them to purchase the land, they will be responsible for all future maintenance.	s106
TOTAL BUDGET REQUIRING	5,074,827	4,404,000		

Funding	19/20	20/21
LTP	2,726,000	2,726,000
Maintenance		
LTP Integrated	1,378,000	1,378,000
Grant		
Sport England	100,000	
Parish Council	50,000	
s106	820,827	300,000
Total Funding Available	5,074,827	4,404,000

Total	-	-
Shortfall - Borrowing		
Revenue	-	-
Budget Impact p.a. @ £80k		

To be confirmed once planning has been obtained

Appendix 3 - Property & Corporate Proposals

Project Name	19/20 For Approval	20/21 For information	Comments	Funding
General Repairs & Maintenance including Disability Discrimination Access& asbestos works requirements	1,522,000	2,000,000	The Councils general fund property portfolio includes over 250 buildings upon which there is a maintenance responsibility. Planned (mostly maintenance contracts and compliance testing) and Reactive (mostly urgent and emergency works) repair and maintenance is undertaken from revenue budgets. The current revenue budgets are such that very little work undertaken addresses any of the current backlog or is available to fund any significant spend. The corporate capital R&M budgets is the mainstay of holding the backlog while keeping buildings safe secure and substantially fit for use. The capital sum requested includes proposed capital expenditure which in previous years have been awarded funding separately to include works identified from asbestos surveys; DDA works; unadopted highway structures as well as reactive and repairs that cannot be funded from revenue.	borrowing
Additional car parking capacity Lydiard House	150,000		Capacity of the existing car park provision is limited. In the event of bad weather, the current overflow provision on the field cannot be used. This can lead to significant number of customers being turned away in the spring / summer with loss of income to the council and loss of amenity for residents, this scheme will provide for additional spaces as well as address the current design and flow of vehicles which is not efficient at busy periods as well as contactless P&D machines to mitigate the impact of vandalism and lost income due to holding cash in machines this year. SBC highways are supporting the team to inform the cost of various options.	future revenue savings

Children's Mobile Working	158,000		The new Children's Social Care Case Management system (CareDirector) will be implemented in November 2019. There is a Mobile App for the solution that offers off-line connectivity to key records and the ability to record signatures. The mobile app would be deployed after the core system implementation.	borrowing
Corporate EDRMS	493,000		To enable the application of Records Management security, metadata and retention scheduling to all non-system, unstructured corporate information and records saved via Microsoft Outlook and SharePoint. This will also remove the need to store unstructured information within the current corporate shared drive folder structures. The new Data Protection Act requires that all personal data is stored with 'appropriate security' and with applied retention schedules. Whilst this can be manually achieved, in reality this is hard to do, complex and costly in administrative terms, so automating records management allows compliance to be proven and auditable. Work will be undertaken ascertain requirements with the anticipation that this solution will be implemented in 2021/22	borrowing
Capita One Education	410,000	-	Capita One Education is part of the Aspire contract which comes to an end in February 2022. A replacement line-of-business system is required to be implemented by this date. There are benefits from a new solution which will contribute towards delivering the digital hub business case and initial soft market testing has shown we can cut revenue costs and improve functionality with a new solution.	borrowing

Digital Strategy Seed Fund	100,000		A Digital Strategy for the council is due to go to Cabinet in 2019. The people in the team can be funded by revenue costs, but there will need to be seed funding to develop concepts and prove business cases before the solutions they develop can be scaled up. The Capital funding will go towards purchasing development licences, platforms, specialist consultant advice, recruitment costs and working with 3rd parties for installation and configuration. Every solution developed by the team will release cashable revenue savings that are currently out of the reach of the Swindon Programme.	borrowing
Estates Rationalisation	843,000		The Council is working towards providing all services from the Civic Campus and 3 children's locality hubs, this will involve works to improve the remaining buildings and the disposal of 5 surplus sites. It is estimated that the disposals will result in a capital receipt of £1.5m and annual operational savings of £122k	future capital receipt
Total	3,676,000	2,000,000		

Funding	19/20	20/21	Comments
Future Revenue Savings	150,000		
Future Capital Receipts	843,000		
Total	993,000	-	
Shortfall - Borrowing	2,683,000	2,000,000	
Revenue Budget Impact p.a. @ £80k per £1m	214,640	160,000	

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Appendix 4 - Children's & Adults Proposals

Project Name	Budget Requirement		Comments	Funding
	19/20 For Approval	20/21 For information		
Community Equipment	250,000	300,000	Provision of hoists, stair lifts and other equipment is a major contributor to allowing the elderly and disabled live independent lives, Council priority number 4. In many instances the installation of equipment such as hoists is essential to allow safe discharge from hospital. The community equipment store is a jointly run and funded service with our health partners. In 18-19 the cost of community equipment is likely to exceed £1m and capital is required to pick up the cost of the larger more expensive items of equipment.	borrowing
Disabled Facilities Grants	1,067,000	1,067,000	The award of Mandatory grants for the adaptation of the homes of disabled persons. Such grants (other than those for disabled children) are means tested and fund only those works recommended by an Occupational Therapist as being necessary to meet the needs of the disabled occupier. Past spending would indicate that the grant is not sufficient to cover the demand	grant
New children's residential provision	TBC		Children's Services are currently producing a business case for investment in residential property to support children currently in care outside of the authority area. It is intended that a full proposal will be brought to Cabinet in February.	borrowing
Total	1,317,000	1,367,000		

Funding	19/20	20/21	Comments
Disabled Facilities Grants	1,067,000	1,067,000	2019/20 Indicative grant
Total	1,067,000	1,067,000	
Shortfall - Borrowing	250,000	300,000	
Revenue Budget Impact p.a.	20,000	24,000	

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**SWINDON BOROUGH COUNCIL
CAPITAL STRATEGY
2019/20 – 2023/24**

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Capital Strategy 2019/20 – 2021/22

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 In addition the Strategy includes a number of other areas due to changes in the CIPFA's Treasury Management Code of Practice relating to the loans to companies and investments in property funds and how these differ from the Council's capital expenditure. 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 investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

3.3 For Treasury Management investments the security and liquidity of funds are placed 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.

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 Director of Finance 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 Annex 3 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 committee;

- 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 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 Director of Finance 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 2016 – 2020 sets out 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 Councils 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. 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. The Investment Strategy attached at Annex 3 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 must manage the project and 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, strong consideration should be given to setting up a Project Board 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 2019/20 – 2023/24**

9.1 Table 1 below provides an estimate of further investment requirements over the next 5 years including the new 19/20 proposals contained elsewhere in this report.

9.2. The estimates for 20/21 forwards are based on best understanding at this time using:

- Schools - place planning forecasts
- New Eastern Villages “NEV” - strategic delivery plans and Local Growth fund awards
- Highways maintenance – 19/20 Local transport settlement
- Property assets – condition survey information
- Children’s & Adults – 19/20 approvals

Table 1	<u>19/20</u>	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>	<u>23/24+</u>	<u>Total</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
<u>Capital Investment</u>						
Highways maintenance	5.1	4.1	4.1	4.1	4.1	21.5
Schools (excl NEV)	4.1	14.4	0.9	23.9	0.9	44.2
Property assets	3.7	1.1	1.1	1.1	1.1	8.0
Childrens & Adults	1.3	1.3	1.3	1.3	1.3	6.5
New Eastern Villages	33.4	55.4	38.6	43.1	39.5	210.0
sub-total	47.5	76.3	46.0	73.5	46.8	290.2
Grant/S106 Funding	39.1	51.8	20.1	57.5	116.0	284.5
Shortfall - Borrowing	8.4	24.5	25.9	16.0	-69.2	5.7

9.3 Due to the requirement to fund NEV infrastructure costs in advance of expected Developers S106 contributions (which are paid in line with house completions) there is an annual borrowing requirement until 23/24 when significant contributions are estimated to become payable. The Council has no control over the delivery timescales or scale of delivery and there is clearly significant financial risk around these.

9.4 There is also a bid for Housing Infrastructure funding of £18m to support the Southern Connector Road which hasn't been factored into the above. This, if successful, would significantly reduce the borrowing requirement to 2020/21.

9.5 Annex 1 contains a more detailed breakdown of the information contained in Table 1 above.

Backlog and Investment shortfalls

9.6 Capital investment in service assets is highly constrained by the funding available and therefore has historically not been funded at a level required to keep assets in a "steady state" condition or to address backlog maintenance needs.

9.7 Work has been commissioned to understand backlog maintenance requirements around highways and property assets as well as to understand the future level of spend required to prevent assets from further deterioration and is summarised in table 2. This shows the required steady state spend compared with funding/historic spend together with an estimate of the debt charge impact of funding this deficit.

9.8 In summary, **highways assets** have a backlog spend requirement of £10.6m based on the current approved performance management framework for highways assets and requires a further annual sum of around £11.8m per annum to keep the highways infrastructure from deterioration as opposed to estimated future annual funding availability of between £4.1m and £4.9m per annum. Annex 2 provides further detail.

9.9 Property Services has identified a total backlog maintenance liability of c£7M from its condition survey programme for its **operational property** portfolio. This excludes all assets where there are options appraisals underway for their future use such as maintained schools, properties let under commercial arrangements, non-highway structures and works resulting from statutory compliance inspections.

9.10 For each property the condition categories of A, B, C & D (D being the worst) and priority levels of 1, 2, 3 & 4 (1 being the most urgent) of each backlog maintenance element is assessed. With a diverse operational property portfolio it is not always appropriate to maintain them all to the same standard although in all cases property assets must remain safe, secure and substantially fit for the purpose for which they are used.

9.11 Future funding of c£5.8m over the next 5 years (£1.4m for 19/20, £1.1m for each subsequent year) will be required to address all backlog maintenance targeting the highest priority worst condition items first. However estate rationalisation programmes, closure/disposal of assets, asset transfers and other capital projects to refurbish or replace operational properties will also be utilised to offset the backlog funding required. This is lower than the sum of £2m per annum that has traditionally been made available due to a reduction in the asset base. The phasing of future requirements will be reviewed annually.

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 Director of Finance 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 2020/21. 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 Director of Finance will need to take a view and 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 Director of Finance 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 Director of Finance 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 Director of Finance will also determine the timing and extent of any external borrowing as part of the Treasury Management Strategy.
- 10.18 The Housing Revenue Account has a borrowing cap in place which was calculated as part of the self-financing debt settlement in 2013. This restricts the total amount of long-term debt to £172.6m that can be undertaken in respect of the service. The debt forms part of the overall monitoring and regulation under the Prudential Code and is reported as part of the Councils treasury Management reporting. The Government abolished the cap in October 2018.

Spend to Save Schemes

- 10.19 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.
- 10.20 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

- 10.21 The Director of Finance 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 Director of Finance must be certain that leasing provides the best value for money method of funding the scheme.
- 10.22 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 investment or 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 Director of Finance and his team, including compliance with agreed policies.
- 12.2 The amount of long term borrowing undertaken to fund capital expenditure and 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 As at the end of March 2018, the Councils debt position was as follows:

Table 2

	GF	HRA	Total
External Debt	£193.7m	£114.0m	£307.7m
Internal Borrowing	£103.2m	Nil	£103.2m
Total Debt	£296.9m	£114.0m	£410.9m
PFI liabilities	£51.3m		£51.3m
Total CFR	£348.2m	£114.0m	£462.2m

12.4 Internal borrowing represents the use of cash backed reserves as a temporary measure to defer the need to immediately borrow externally for capital purposes. This saves the Council interest as the opportunity cost of using reserves is less than the cost of external borrowing.

12.5 Total Debt including Internal Borrowing is measured through a calculation derived from the balance sheet at year end and is known as the “**Capital Financing Requirement**”. It is a true measure of underlying debt which takes into account the requirement for further borrowing rather than just the actual external debt at a moment in time.

12.6 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.

12.7 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

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

12.9 The following table sets out the estimated General Fund debt position taking into account the projected spend estimates to 2023/24 as set out in table 1 and with an assumed level of new borrowing of £30m per annum to be taken out to fund both new expenditure and to re-finance maturing debt.

12.10 This shows the borrowing requirement increasing annually through to 2022/23 and then reducing as expected NEV S106 contributions are received. This does not include any further commercial investments funded through borrowing which will increase borrowing but be supported by underlying revenue streams.

Table 3

General Fund Projections	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
CAPITAL FINANCING REQUIREMENT						
CFR excl. PFI b/fwd 1 Apr	296.9	311.5	342.4	365.1	388.4	400.3
PFI liabilities	51.3	49.6	47.6	45.5	43.1	40.4
CFR incl. PFI b/fwd 1 Apr	348.2	361.1	390.0	410.6	431.5	440.8
Add Capital Expenditure funded through borrowing	16.1	32.6	24.5	25.9	16.0	1.1
Less NEV Developer s106	-	-	-	-	-	(70.3)
Less MRP (debt repayment)	(1.5)	(1.7)	(1.8)	(2.6)	(4.1)	(3.6)
Underlying Borrowing Requirement excl PFI	311.5	342.4	365.1	388.4	400.3	327.5
PFI Liabilities	49.6	47.6	45.5	43.1	40.4	37.4
CFR c/fwd incl PFI 31 Mar	361.1	390.0	410.6	431.5	440.8	365.0
External Borrowing b/fwd 1 Apr	(193.7)	(202.2)	(230.7)	(248.0)	(266.1)	(283.1)
Loan Maturities	11.5	1.5	12.7	12.0	13.0	4.7
New Loans	(20.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
External Borrowing c/fwd 31 Mar	(202.2)	(230.7)	(248.0)	(266.1)	(283.1)	(308.4)
Under Borrowing (excl PFI)	109.3	111.7	117.1	122.4	117.3	19.2

12.11 Table 4 below sets out the estimated HRA debt position. The HRA are currently repaying £5m of debt annually but are expected to take out new borrowing from 2020/21 as a result of the Queens Drive regeneration.

Table 4

HRA Fund Projections	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
CAPITAL FINANCING REQUIREMENT						
CFR excl. PFI b/fwd 1 Apr	114.0	109.0	104.0	109.6	120.6	115.6
PFI liabilities	-	-	-	-	-	-
CFR incl. PFI	114.0	109.0	104.0	109.6	120.6	115.6
Add Capital Expenditure funded through borrowing	-	-	10.6	15.9	-	-
Less MRP (debt repayment)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Underlying Borrowing Requirement	109.0	104.0	109.6	120.6	115.6	110.6
PFI Liabilities	-	-	-	-	-	-
CFR c/fwd 31 Mar	109.0	104.0	109.6	120.6	115.6	110.6
External Borrowing b/fwd 1 Apr	(114.0)	(109.0)	(104.0)	(109.6)	(120.6)	(115.6)
Loan Maturities	5.0	5.0	5.0	5.0	5.0	5.0
New Loans	-	-	(10.6)	(15.9)	-	-
External Borrowing c/fwd 31 Mar	(109.0)	(104.0)	(109.6)	(120.6)	(115.6)	(110.6)
Under / (Over) Borrowing	-	-	-	-	-	-

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 were set at Council as part of the Annual Treasury Strategy but are reproduced below for completeness:

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 Council's 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 2018/19 and projected up to 2021/22 is shown below:

Operational Boundary	£m's 2018/19	£m's 2019/20	£m's 2020/21	£m's 2021/22	£m's 2022/23	£m's 2023/24
CFR (borrowing requirement)	420.5	446.4	474.8	509.0	515.9	438.1
PFI liabilities	49.6	47.6	45.5	43.1	40.4	37.4
Uplift	20.0	20.0	20.0	20.0	20.0	20.0
Total	490.1	514.1	540.3	572.0	576.3	495.5

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)

Authorised Limit	£m's 2018/19	£m's 2019/20	£m's 2020/21	£m's 2021/22	£m's 2022/23	£m's 2023/24
Operational Limit	490.1	514.1	540.3	572.0	576.3	495.5
Uplift	5.0	5.0	5.0	5.0	5.0	5.0
Total	495.1	519.1	545.3	577.0	581.3	500.5

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 (Annex to the Policy) sets out more detail:

12.17.1 Borrowing – it is important that 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 Director of Finance 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 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 Annex 3.

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 Operate 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 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 set up, 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 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 optimising returns consistent with the level of risk applies.
- 18.6 The Director of Finance 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 at Annex 4.

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

Annex 1 - 5 year capital investment

Annex 2 - highways condition survey

Annex 3 - Investment strategy

Annex 4 - Property Investment and Disposal Strategy

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Capital Strategy - Annex 1						
<u>CAPITAL INVESTMENT</u>	19/20	20/21	21/22	22/23	23/24+	Total
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
<u>Highways maintenance</u>						
Capital Investment	5.1	4.1	4.1	4.1	4.1	21.5
Funding:						
Grant (Local transport Plan)	4.3	4.1	4.1	4.1	4.1	20.7
S106	0.8					0.8
sub-total	5.1	4.1	4.1	4.1	4.1	21.5
Borrowing						
<u>Schools (excl NEV)</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Capital Investment	4.1	14.4	0.9	23.9	0.9	44.2
Funding:						
Grant (Maintenance)	4.1	0.9	0.9	0.9	0.9	7.7
S106		13.5		23.0		36.5
sub-total	4.1	14.4	0.9	23.9	0.9	44.2
Borrowing						
<u>Property assets</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Capital Investment	3.7	1.1	1.1	1.1	1.1	8.0
Funding:						
Grant						
S106						
Future Revenue Savings	0.2					0.2
Future Capital Receipts	0.8					0.8
sub-total	1.0					1.0
Borrowing	2.7	1.1	1.1	1.1	1.1	7.1
<u>Childrens & Adults</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Capital Investment	1.3	1.3	1.3	1.3	1.3	6.6
Funding:						
Grant (Disabled Facilities)	1.1	1.1	1.1	1.1	1.1	5.3
sub-total	1.1	1.1	1.1	1.1	1.1	5.3
Borrowing	0.3	0.3	0.3	0.3	0.3	1.3
<u>New Eastern Villages</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Capital Investment:						
Strategic Transport	28.8	37.7				66.6
Local Transport	2.3	11.8	2.3	0.3	0.9	17.6
Education	2.3	5.5	25.5	32.0	9.8	74.9
District Centre, Health Facilities, Adults Social Care, Archaeology.			8.1	8.1	10.0	26.3
Leisure Facilities, Dwelling Waste Provision, GW Forest		0.2	1.9	1.9	6.2	10.1
Libraries, Arts, Nature Reserve		0.3	0.8	0.8	12.6	14.5
sub-total	33.4	55.4	38.6	43.1	39.5	210.0
NEV Funding:	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Grant (Local Growth Fund)	21.8	25.6				47.3
S106	5.9	6.4	13.8	28.2	109.7	164.1
sub-total	27.6	32.0	13.8	28.2	109.7	211.4
Borrowing	5.8	23.4	24.8	14.9	-70.3	-1.3
TOTALS	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Capital Investment	47.5	76.3	46.0	73.5	46.9	290.3
Available Funding	38.8	51.6	19.9	57.3	115.8	283.3
BORROWING	8.7	24.8	26.1	16.3	-68.9	7.0

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Annex 2							
Metis Report Data			required for Steady State condition source: Metis 2018 report				
	18/19 Budget	Backlog	19/20	20/21	21/22	22/23	23/24
	£m	£m	£m	£m	£m	£m	£m
Highways							
<u>Investment (incl staff costs)</u>							
Carriageways	1.52	3.09	5.50	5.50	5.50	5.50	5.50
Cycle tracks & footways	0.28	Not measured	1.89	1.89	1.89	1.89	1.89
Street lighting	0.95	6.70	0.60	0.60	0.60	0.60	0.60
Drainage	0.08	Not measured	0.59	0.59	0.59	0.59	0.59
Traffic signals	0.15	Nil	0.08	0.08	0.08	0.08	0.08
Structures	0.50	Nil	0.70	0.70	0.70	0.70	0.70
Rights of way	0.08						
Pavement condition management	0.31						
sub-total	3.85	9.79	9.36	9.36	9.36	9.36	9.36
Car park maintenance	0.25	2.00	0.50	0.50	0.50	0.50	0.50
Total	4.10	11.79	9.86	9.86	9.86	9.86	9.86
Funding							
LTP maintenance grant	2.72		2.72	2.72	2.72	2.72	2.72
LTP integrated grant	1.38		1.38	1.38	1.38	1.38	1.38
Total	4.10		4.10	4.10	4.10	4.10	4.10
Shortfall - Highways	-0.00		5.76	5.76	5.76	5.76	5.76

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Annex 3

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, 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 Swindon Borough Council invests in asset purely for a financial return and has a clear and robust governance process in place for such investments which is set out below:

Governance Processes

1.3.1 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.

1.3.2 The Board is chaired by the Cabinet Member for Finance and is attended by the Chief Executive and Director of Finance 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.

- 1.3.3 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.
- 1.3.4 The CISB has also approved a Property Investment and Disposal Strategy which sets out a number of criteria by which property investment proposals will be assessed. This is attached at Annexe 4.
- 1.3.5 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?
- 1.3.6 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

- 1.4 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.
- 1.5 For non-financial investments, the Council seeks to minimise its exposure to risks that are unwanted and unrewarded.
- 1.6 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.
- 1.7 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.
- 1.8 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.
- 1.9 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.
- 1.10 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
- 1.11 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.
- 1.12 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

- 1.13 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.
- 1.14 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.

1.15 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

1.16 Recent guidance on Local Authority Investments states that the Strategy should include 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 18/19 and relate to all purchases for a pure commercial purpose since April 2017.

<u>Indicators</u>	<u>18/19</u>
Number of investments since April 2017	4
Total Investment in commercial undertakings by Property/Other	£17,059,593
Total Investment funded through borrowing	£12,504,593
Average investment return before financing costs	6.9%
Total investment income as a proportion of the Councils Net General Fund budget	0.6%
Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl lease liabilities and HRA)	4.0%
Fair value of property investments as a proportion of all Council property assets (excl HRA)	2.3%

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 2019, the Council is estimated to have outstanding loans of this type totalling £16.023m and this is considered proportionate in relation to the Councils net general fund budget (£143.1m) and its overall debt level of £311.5m (estimated 31/3/19). 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 - £40m
- Local Enterprises and charities - £1m

Annex 4 - Property Investment and Disposal Strategy

Investment Strategy

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 £4.6m 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. Their findings are summarised below:

Current Portfolio

1. The existing portfolio appears to have evolved from longstanding ownerships and is biased towards retail and long leasehold asset classes.
2. Income from ground rents is 23% of the total portfolio income as a secure element of the portfolio this is sensible and to be expected.
3. Retail and office properties make up 26% and 21% respectively, these are historically subject to low rental growth (in the Swindon area) and higher obsolescence in the case of offices.
4. Industrial units only constitute 15% which shows an imbalance by sector and lack of exposure to an active sector of the local and South West occupational market and historically one of the best performing classes in Swindon and likely to show highest rental growth
5. There is no direct exposure to some established or emerging use classes such as retail warehousing or hotels
6. The portfolio is nevertheless balanced and relatively well split across the other sectors it holds, and the current gross yield of circa 8.10% is a good overall return

Investment Strategy

1. The current portfolio is heavily weighted towards the Swindon borough boundaries with only Lysander House (Bristol) being held outside the borough boundary. Swindon would be considered a higher risk location by the commercial investor market due to historic oversupply in most sectors, and relatively low levels of rental growth. In order to diversify the exposure of the portfolio it would be sensible to spread investment beyond the local authority boundaries

2. The portfolio lacks modern industrial buildings, retail warehousing and has a low modern office content. Target asset classes for new acquisitions should prioritise industrial investments (particularly if investing in Swindon), the retail warehouse sector with a lower priority focus on recycling office investment to target quality office income in, for example, Bristol or Reading. The portfolio should remain balanced at all times.
3. 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)
4. 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

Investment Criteria – New Acquisitions

Aim –*“to provide a set of principals in the form of target investment criteria for the acquisition of properties for investment purposes to provide additional and sustainable sources of income over the medium to long term to support the delivery of council services”*

Location: candidate properties within Swindon Borough Council boundaries are preferred, but if a candidate property meets all the other Investment Criteria then consideration will be given to opportunities outside the Borough boundaries in an area along the M4 corridor from Bristol to Reading / Bracknell, and north east to the Oxford area.

Preferred Sectors: Industrial (single and multi-let), retail warehousing and offices

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 Creditsafe 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 Investment 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 2019-20

Cabinet

Date: 6th February 2019

Authors: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report the Treasury Management Strategy for 2019/20, including Prudential Indicators up to 2023/24, 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:

- 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 21st February 2019.
- 2.2 Recommend the terms of the UK Municipal Bond Agency, as set out in Appendix 2, for approval by Full Council on 21st February 2019.
- 2.3 Approve the loan facilities outlined in paragraph 3.23 below to Swindon Music Services.

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

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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.

- 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.”
- 3.6 Revised reporting is required for the 2019/20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately as part of the Capital programme 2019/20 report. The Treasury Management Strategy for 2018/19 was reviewed and agreed by Council in February 2018 then reported to Cabinet mid-year (Council Minute 84, 2018/19 and Cabinet Minute 50, 2018/19 refer).

Reporting requirements

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

Capital Strategy

- 3.8 The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

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- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - 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, and the policy and commercialism investments usually driven by expenditure on an asset.

Treasury Management reporting

- 3.11 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.
- 3.12 **Treasury Strategy Statement** (this report) - The first, and most important report is forward looking and covers:
- The capital plans, (including prudential indicators);
 - A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - An investment strategy, (the parameters on how investments are to be managed).
- 3.13 **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.
- 3.14 **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.
- 3.15 The above reports are required to be adequately scrutinised before being recommended to the Council. Under the Council's Constitution, the Audit Committee scrutinises the treasury management activities undertaken by the Director of Finance and his team, including compliance with agreed policies.

Treasury Management Strategy for 2019/20

- 3.16 The strategy for 2019/20 covers two main areas:
-

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Capital issues

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

Treasury management issues

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

- 3.17 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

- 3.18 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. A members training session was held on the 15th October 2018 and further training will be arranged as required.
- 3.19 The training needs of treasury management officers are periodically reviewed.

UK Municipal Bonds Agency

- 3.20 The Council is considering whether to join the UK Municipal Bonds Agency's (the "UK MBA") borrowing framework (the "Framework"). The intention of the Framework is to leverage the collective borrowing power/financial status of the participating authorities to obtain loans at a rate that is preferential to the rate offered by the Public Works Loan Board.
- 3.21 UK MBA is a PLC established by the LGA and, at the time that it produced the Framework supporting documentation, it had 56 local authority shareholders.
- 3.22 The Framework is underpinned by a requirement for each participating authority to enter into a joint and several guarantee (the "Guarantee") and the ability of UK MBA to require contribution payments from each participating authority (other than the defaulting authority) in the event of a default in repayment by one of the participating authorities. Appendix 2 contains a more

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detailed summary of how the UKMBA will operate and the implications for the Council.

Loan to local charity

- 3.23 As allowed for within this strategy it is proposed to make a loan to Swindon Music Service, to be repaid over a 3 year period. The loan will comprise 2 elements

3.23.1 A cash flow loan facility of £50k repayable over 3 years to enable them to transition from a Council service to a separate charitable trust, (subject to interest)

3.23.2 A bond facility of £45k to mitigate any pension fund liabilities, this bond will be held in escrow by the Council, (no interest will be charged on this element).

3.23.3 In both cases the charity will make quarterly payments to cover their liability.

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.

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.
- 5.3 The legal department have reviewed the documentation pack for the UK Municipal Bond Agency and their advice has been provided to the Lead Member for Finance

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

- 5.4 There are no such direct implications.

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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 Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 - Treasury Management Strategy 2019/20

8.1.1 Annex 1 - The Capital Prudential Indicators 2019/20 – 2021/22

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

- 8.2 Appendix 2 - UK Municipal Bonds Agency's Framework Agreement, And Joint And Several Guarantee

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is not a key decision and is included in the Cabinet Work Programme for February 2019.

Appendix 1 - Treasury Management Strategy 2019/20

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TREASURY MANAGEMENT STRATEGY 2019/20

Appendix 1 - Treasury Management Strategy 2019/20

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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**
-
- Annex 1 – Prudential Indicators**
 - Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments**

Appendix 1 - Treasury Management Strategy 2019/20

Cabinet

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1 Current Portfolio Position

- 1.1 The capital expenditure plans set 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 2018, with forward projections are summarised below.

TREASURY PORTFOLIO				
	actual	actual	current	current
	31.3.18	31.3.18	27.12.18	27.12.18
Treasury investments	£m	%	£m	%
UK Banks	0.0	0%	5.0	11%
Non UK Banks	5.0	10%	5.0	11%
Local authorities	11.0	23%	6.5	15%
Call Accounts	10.0	21%	10.0	22%
Money market funds	7.0	15%	3.0	7%
Total managed in house	33.0	69%	29.5	66%
Property funds	15.0	31%	15.0	34%
Total managed externally	15.0	31%	15.0	34%
Total treasury investments	48.0	100%	44.5	100%
Treasury long term external borrowing				
Local authorities	10.0	3%	8.6	3%
Other Financial Institutes	10.0	3%	30.0	10%
PWLB	267.8	87%	271.3	88%
LOBOs	20.0	6%	0.0	0%
Total external borrowing	307.8	100%	309.9	100%
Net treasury investments / (borrowing)	(259.8)	0	(265.4)	0

- 1.3 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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CAPITAL FINANCING REQUIREMENT						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m's)	(£m's)	(£m's)	(£m's)	(£m's)	(£m's)
CFR excl. PFI b/fwd. 1 April	411.0	420.5	446.4	474.8	509.0	515.9
PFI liabilities	51.3	49.6	47.6	45.5	43.1	40.4
CFR incl. PFI	462.2	470.1	494.1	520.3	552.0	556.3
Add Capital Expenditure funded through borrowing	16.1	32.6	35.1	41.8	16.0	1.1
Less NEV Developer s106	-	-	-	-	-	(70.3)
Less MRP (debt repayment)	(6.5)	(6.7)	(6.8)	(7.6)	(9.1)	(8.6)
Underlying Borrowing Requirement	420.5	446.4	474.8	509.0	515.9	438.1
PFI Liabilities	49.6	47.6	45.5	43.1	40.4	37.4
CFR c/fwd. 31 March	470.1	494.1	520.3	552.0	556.3	475.5
External Borrowing b/fwd. 1 April	(307.8)	(311.3)	(334.8)	(357.7)	(386.6)	(398.6)
Loan Maturities	16.5	6.5	17.7	17.0	18.0	9.7
New Loans	(20.0)	(30.0)	(40.6)	(45.9)	(30.0)	(30.0)
External Borrowing c/fwd. 31 March	(311.3)	(334.8)	(357.7)	(386.6)	(398.6)	(418.9)
Under Borrowing (excluding PFI liabilities)	109.3	111.7	117.1	122.4	117.3	19.2
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	26%	25%	25%	24%	23%	4%
Net Investments c/fwd.	(50.5)	(50.5)	(50.5)	(50.5)	(50.5)	(50.5)

- 1.4 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 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 2019/20 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.
- 1.5 The Director of Finance 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.

2 Prospects for Interest Rates and Economic Outlook

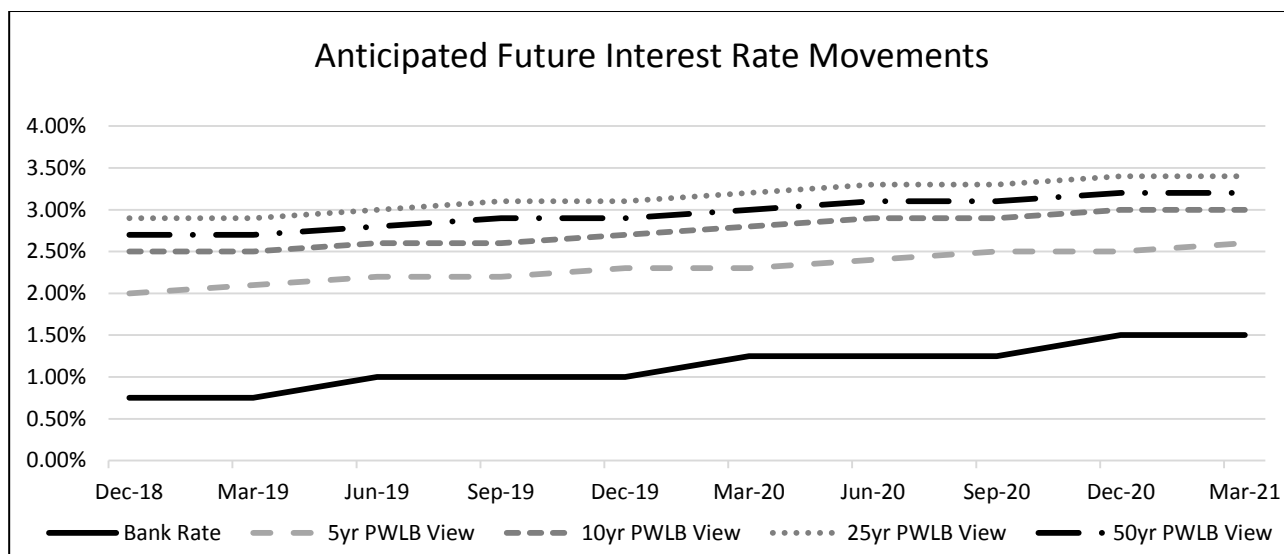
- 2.1 The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Link view on interest rate movements.

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

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2.2 The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken somewhat during the last quarter of 2018. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

2.3 The overall longer run future trend is for gilt yields, and consequently PWLB rates as linked, to rise, albeit gently. PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

2.4 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. 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.

2.5 In summary:

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years;
- Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be

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able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

- There will remain a cost of carry to 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 charge an element of the accumulated General Fund capital spend each year (measured through the CFR) to revenue (the minimum revenue provision or “MRP”), although it is also allowed to undertake additional voluntary payments if required.
- 3.2 CLG 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, as long as there is a prudent provision. The Council is recommended to approve the following MRP Statement for 2019/20:
 - *For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP will be based on the CFR as per the regulatory method in the MRP guidance. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.*
 - *From 1 April 2008 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 31st March in the year of expenditure. MRP charges commence the year after the asset becomes operational.*
 - *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.*
 - *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 2019 no VRP overpayments had been made, the Council will apply this policy as required in future years.*
 - *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*

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charges will be calculated based on the PWLB annuity rates at 31st March in the year that the assets became operational.

- 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.*
- 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 there is a shortfall between the amount of long-term loans required, and the actual level of long term loans taken out. Long term loans are required to fund capital expenditure which Cabinet 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.
- 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 2019/20 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- 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.
 - 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

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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.

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:
- The generation of cash savings and / or discounted cash flow savings;
 - Helping to fulfil the treasury strategy;
 - Amending the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 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 Municipal Bond Agency

- 7.1 The UK Municipal Bond Agency (UKMBA) is hoping to be able to offer loans to local authorities in the near future. The Agency hopes that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLb). The Council may wish to make use of this new source of borrowing as and when appropriate.
- 7.2 The bond agency documentation pack is attached as Appendix 2, but key points are as follows:
- UKMBA is owned by 56 local authorities and the LGA
 - UKMBA will borrow from third parties and only lend to local authorities
 - UKMBA will lend for between 10 & 15 years

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- UKMBA are expecting to provide loans at rates lower than the PWLB
- Accessing funds requires a joint and several guarantee from all borrowers to achieve reduced borrowing costs. This is explained in the following paragraphs.
- There is no fee to the Council from agreeing to join the UKMBA

Explanation of Joint and Several guarantee (extract from Appendix 2)

- 7.3 UK local authorities are heavily supervised and subject to tight statutory control that significantly reduces the probability that a local authority will default on its financial obligations. Furthermore, the Agency will undertake credit assessments of local authorities and limit its exposure to authorities to reduce credit risk. In the event that a local authority needs to refinance its borrowings from the Agency, the PWLB is available to all local authorities as lender of last resort provided that the borrowing from the PWLB is not unlawful. No UK local authority has ever defaulted on one of its primary debt obligations. Taken together, the risk of a default is judged to be low and thus the risk of entering into the Framework Agreement and guarantee is deemed to be low.
- 7.4 If a local authority does default, the Agency has liquidity facilities available to it so that it can meet the interest payments due on a bond and cover a limited default on a principal repayment by a local authority; the provisions of the Framework Agreement will be used only if these facilities are exhausted. The Council has adequate reserves of £6m and in the unlikely event of a call for contributions under the Framework Agreement or payment under joint and several guarantee, has access to PWLB funds at 48 hours' notice if required.
- 7.5 The risks associated with the joint and several guarantee are mitigated by the contribution arrangements. Therefore, from a practical perspective, the real risk to the Council is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency. **If the Council has no borrowings via the Agency, it will not be called upon under the Framework Agreement.**
- 7.6 In the unlikely event that the guarantee is called upon, it is also unlikely that bond holders or other providers of finance to the Agency will pursue a single Council for payment because the best outcome for lenders is likely to be achieved by pursuing all the guarantors because this maximises the potential revenues available to repay them.
- 7.7 Section 13 of the Local Government Act secures all debts of a local authority on its revenues and therefore it is extremely likely that the Agency will be able to recover amounts owed to it by a defaulting authority. In turn, this will enable the Agency to repay sums lent to it under the Framework Agreement or paid out by the Council under the guarantee.
- 7.8 The risk that the Council suffers a loss under the Framework Agreement and the joint and several guarantee is therefore a combination of the low risk of a default

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by a local authority and the low risk that if a local authority does default, local authorities cannot recover sums owed to them.

- 7.9 In return for accepting this low level risk, the Council will receive access to more diverse and cheaper sources of capital finance via the Agency.

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, (Appendix 5 the Capital Report).
- 8.2 The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - 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: -
- 8.5 Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- 8.6 **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.
- 8.7 **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.
- 8.8 As a result of the change in accounting standards for 2018/19 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

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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 commencing from 1/4/18.)

- 8.9 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.

Creditworthiness Policy

- 8.10 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:
- Credit watches and credit outlooks from credit rating agencies;
 - CDS spreads to give early warning of likely changes in credit ratings;
 - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 8.11 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.
- 8.12 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.
- 8.13 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.
- 8.14 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.
- 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.

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- 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 benchmark and other market data on a daily basis via its Passport website, provided 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.

8.15 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.

UK banks – ring fencing

8.16 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

8.17 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

8.18 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

Country limits

8.19 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.

Investment Strategy

8.20 **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

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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.

- 8.21 **Investment returns expectations.** Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

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:

- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.50%
- 2021/22 1.75%
- 2022/23 1.75%
- 2023/24 2.00%
- Later years 2.50%

Investment Periods

- 8.22 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.
- 8.23 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.

Investment risk benchmarking

- 8.24 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.

9 Policy on the use of external service providers

- 9.1 The Council uses Link Asset Services as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue

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reliance is not placed upon our external service providers. 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.

Annexes

- Annex 1 - Prudential Indicators.
- Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments

Key Decision / Decision in Forward Plan

This is not a key decision for the Cabinet (as the approval of the full Council is required) and is included in the Cabinet Forward Plan

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Annex 1 – The Capital Prudential Indicators 2019/20 – 2021/22

- 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

- 2.1 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. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure projections	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)
General Fund Approved	197.8					
General Fund New		47.5	76.3	46.0	73.5	46.8
HRA Approved	63.4					
HRA Estimated New		15.4	26.3	31.9	16.2	16.5
Total	261.2	62.9	102.6	77.9	89.8	63.4

- 2.2 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.
- 2.3 The figures in this indicator (General Fund approved) represent the level of current scheme approvals as reported to Cabinet in December 2018 as part of the quarterly capital monitoring process. Figures in the "general fund new" row represent proposed approvals for Cabinet in February 2019. These represent total approvals, irrespective of funding source. Figures in the "HRA estimated new" represent the annual capital expenditure in the HRA maintenance programme.

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 its 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, PPP

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lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £49.6m (as at 1 April 2018) of such schemes within the CFR.

3.4 The Council is asked to approve the CFR projections below. Details of the Council's projections for actual external debt compared to the CFR are contained in the main Strategy. Note the figures are estimates, not commitments.

General Fund CFR Projections	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 Apr	296.9	311.5	342.4	365.1	388.4	400.3
PFI liabilities	51.3	49.6	47.6	45.5	43.1	40.4
CFR incl. PFI	348.2	361.1	390.0	410.6	431.5	440.8
Add Capital Expenditure funded through borrowing	16.1	32.6	24.5	25.9	16.0	1.1
Less NEV Developer s106	-	-	-	-	-	(70.3)
Less MRP (debt repayment)	(1.5)	(1.7)	(1.8)	(2.6)	(4.1)	(3.6)
Underlying Borrowing Requirement	311.5	342.4	365.1	388.4	400.3	327.5
PFI Liabilities	49.6	47.6	45.5	43.1	40.4	37.4
CFR c/fwd. 31 Mar	361.1	390.0	410.6	431.5	440.8	365.0
External Borrowing b/fwd. 1 Apr	(193.7)	(202.2)	(230.7)	(248.0)	(266.1)	(283.1)
Loan Maturities	11.5	1.5	12.7	12.0	13.0	4.7
New Loans	(20.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
External Borrowing c/fwd. 31 Mar	(202.2)	(230.7)	(248.0)	(266.1)	(283.1)	(308.4)
Under / (Over) Borrowing Under Borrowing (excluding PFI liabilities)	109.3	111.7	117.1	122.4	117.3	19.2
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	35%	33%	32%	31%	29%	6%
HRA Fund CFR Projections	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 Apr	114.0	109.0	104.0	109.6	120.6	115.6
CFR incl. PFI	114.0	109.0	104.0	109.6	120.6	115.6
Add Capital Expenditure funded through borrowing	-	-	10.6	15.9	-	-
Less MRP (debt repayment)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Underlying Borrowing Requirement	109.0	104.0	109.6	120.6	115.6	110.6
CFR c/fwd. 31 Mar	109.0	104.0	109.6	120.6	115.6	110.6
External Borrowing b/fwd. 1 Apr	(114.0)	(109.0)	(104.0)	(109.6)	(120.6)	(115.6)
Loan Maturities	5.0	5.0	5.0	5.0	5.0	5.0
New Loans	-	-	(10.6)	(15.9)	-	-
External Borrowing c/fwd. 31 Mar	(109.0)	(104.0)	(109.6)	(120.6)	(115.6)	(110.6)
Under / (Over) Borrowing	-	-	-	-	-	-

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

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

Estimate of the ratio of financing costs (principal and interest) to net revenue stream						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
General Fund	8.1%	8.5%	8.7%	9.5%	10.8%	10.7%
HRA	39.4%	38.8%	40.1%	41.4%	40.3%	39.2%

5 Treasury Indicators: limits to borrowing activity

- 5.1 **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.

Operational Boundary	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR (borrowing requirement)	420.5	446.4	474.8	509.0	515.9	438.1
PFI liabilities	49.6	47.6	45.5	43.1	40.4	37.4
Uplift	20.0	20.0	20.0	20.0	20.0	20.0
Total	490.1	514.1	540.3	572.0	576.3	495.5

- 5.2 **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:

Authorised Limit	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Operational Limit	490.1	514.1	540.3	572.0	576.3	495.5

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Uplift	5.0	5.0	5.0	5.0	5.0	5.0
Total	495.1	519.1	545.3	577.0	581.3	500.5

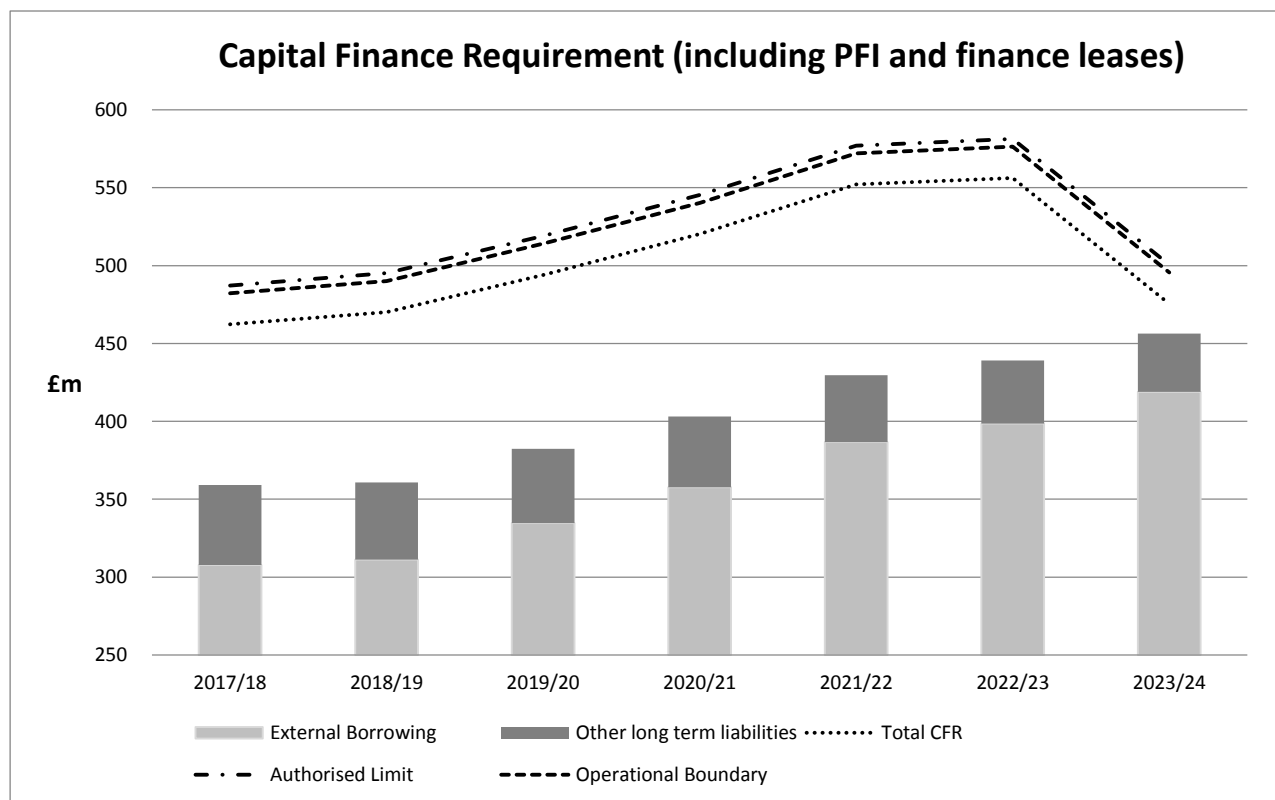
5.3 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. The table below also includes the anticipated HRA investment balances which are anticipated to reduce over the next 4 years as the HRA uses its capital reserves to purchase property & new build schemes.

HRA Debt Limit	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
HRA debt cap	172.6*	Nil	Nil	Nil	Nil	Nil
HRA CFR 31st March	109.0	104.0	109.6	120.6	115.6	110.6
HRA headroom	63.6	N/A	N/A	N/A	N/A	N/A
HRA Average investment balance	21.5	15.0	5.0	5.0	5.0	5.0

Number of HRA dwellings	10,279	10,299	10,292	10,245	10,185	10,274
Debt per dwelling	£ 10,606	£ 10,100	£ 10,652	£ 11,767	£ 11,346	£ 10,761

**Abolition of HRA debt cap. In October 2018, Prime Minister Theresa May announced a policy change of abolition of the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29.10.18.*

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



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6 Activity Limit Indicators

6.1 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 (based upon the debt position net of investments)
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates loans;
- 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;

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 interest rate borrowing 2019/20					
				Lower	Upper
Under 12 months				0%	10%
12 months to 2 years				0%	25%
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%

6.2 The maximum amount the council will invest for more than 1 year is set out in the table below;

Maximum principal sums invested > 365 days				
2019/20	2020/21	2021/22	2022/23	2023/24
£20m	£20m	£20m	£20m	£20m

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

1 Treasury Management Practices

- 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, Resources and Growth has produced its Treasury Management Practices (TMPs). This part 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.
 - 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 Specified/Non-Specified Investments

- 2.1 The main Investment 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

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- 2.2 **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, 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.
- 2.3 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.
- 2.4 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 4 types of non-specified investments:
- Cash deposits > 1 year (Category (e) below)
 - Share Capital (Category (g) below)
 - Loan Capital (Category (h) below)
 - The Local Authority Property Fund (Category (j) below).
 - Loan to local Charity (Category (k) below) – Swindon Music Service – as proposed within this paper.

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

Non Specified Investment Category
Supranational Bonds greater than 1 year to maturity (a) 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

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<p>(e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</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>
<p>(c) 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>
<p>(d) 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>
<p>(e) 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>
<p>(f) 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>
<p>(g) 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>
<p>(h) Loan capital in a body corporate. See note 1 below.</p>
<p>(i) Bond funds. See note 1 below.</p>
<p>(j) 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 using.</p>
<p>(k) 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</p>

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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.

Appendix 2 - UK Municipal Bonds Agency's Framework Agreement, And Joint And Several Guarantee

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1. PURPOSE OF REPORT

- 1.1 This report seeks approval for the Council to enter into the borrowing documents prepared by the UK Municipal Bonds Agency (UKMBA) (the "Agency").
- 1.2 The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required.
- 1.3 This report sets out the background to the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee. It seeks approval for the Council to enter into the Framework Agreement.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of the Agency is to deliver an alternative source of strategic capital finance for local authorities. It is designed to be cheaper than PWLB, and to reduce the heavy reliance that many Councils place on PWLB borrowing, and so reduce risk. It will do so via periodic bond issues, as an aggregator for financing from other institutions and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the Local Government Association ("LGA").
- 2.2 The Council has limited sources of capital finance available to it. The margin charged by the PWLB rose significantly in 2010 and therefore the LGA explored and then, with the support of a number of local authorities, established the Agency as an alternative to the PWLB.
- 2.3 Councils have traditionally used PWLB for borrowing. However, the terms of PWLB borrowing can be changed by Government, and at present there are limited alternatives available at the scale and interest rate that Councils need. The UKMBA is designed to fill this gap by providing a strategic alternative to PWLB, that is cheaper, and will spread risk.
- 2.4 The Agency's Framework Agreement sets out the arrangements for borrowing from the Agency and incorporates a joint and several guarantee that requires all local authorities borrowing from the Agency to guarantee the money owed by the Agency to those who have lent it money to fund its loans. The

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Framework Agreement incorporates a mechanism to prevent a call under the guarantee by requiring borrowers to lend the Agency money to cover a default by another local authority, referred to as "contributions".

- 2.5 The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.
- 2.6 Acting on behalf of prospective borrowers, a small group of authorities appointed lawyers, Allen & Overy, to review and advise upon the documentation. Allen & Overy instructed counsel to obtain senior opinion on vires and reasonableness. The advice and opinion resulted in a small number of changes to the Agency's documentation.
- 2.7 Counsel raised three key considerations that a local authority must take into account when taking a decision to enter into the Framework Agreement:
- Its specific financial position;
 - Whether or not the council is "reasonably financially robust" i.e. the council it can meet the potential demands that the Framework Agreement places upon it; and
 - Whether it is to the authority's advantage to enter into the Framework Agreement taking into account the advantages and disadvantages of doing so.
- 2.8 Taken together, these three considerations help address a key requirement of the Wednesbury principles that the Council exercises its powers in a reasonable manner.
- 2.9 The Council has a need to borrow of **£116.5m** over the next three years comprising **£75.4m** of borrowing to fund capital expenditure and **£41.2m** of refinancing including internal borrowing. Use of the Agency will save the Council interest costs; otherwise the Council will use alternative sources of borrowing. Every 0.01 per cent interest saved is worth £100 per £1m. The savings may be significant as the Agency's bond pricing improves and as other institutions provide financing to the Agency.
- 2.10 Over time, the Agency's business case suggested that the savings delivered by the Agency would be 0.2 per cent (£2k per £1m).
- 2.11 UK local authorities are heavily supervised and subject to tight statutory control that significantly reduces the probability that a local authority will default on its financial obligations. Furthermore, the Agency will undertake

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credit assessments of local authorities and limit its exposure to authorities to reduce credit risk. In the event that a local authority needs to refinance its borrowings from the Agency, the PWLB is available to all local authorities as lender of last resort provided that the borrowing from the PWLB is not unlawful. No UK local authority has ever defaulted on one of its primary debt obligations. Taken together, the risk of a default is judged to be low and thus the risk of entering into the Framework Agreement and guarantee is deemed to be low.

- 2.12 If a local authority does default, the Agency has liquidity facilities available to it so that it can meet the interest payments due on a bond and cover a limited default on a principal repayment by a local authority; the provisions of the Framework Agreement will be used only if these facilities are exhausted. The Council has adequate reserves of £6m and in the unlikely event of a call for contributions under the Framework Agreement or payment under joint and several guarantee, has access to PWLB funds at 48 hours' notice if required.
- 2.13 The risks associated with the joint and several guarantee are mitigated by the contribution arrangements. Therefore, from a practical perspective, the real risk to the Council is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency. If the Council has no borrowings via the Agency, it will not be called upon under the Framework Agreement.
- 2.14 In the unlikely event that the guarantee is called upon, it is also unlikely that bond holders or other providers of finance to the Agency will pursue a single Council for payment because the best outcome for lenders is likely to be achieved by pursuing all the guarantors because this maximises the potential revenues available to repay them.
- 2.15 Section 13 of the Local Government Act secures all debts of a local authority on its revenues and therefore it is extremely likely that the Agency will be able to recover amounts owed to it by a defaulting authority. In turn, this will enable the Agency to repay sums lent to it under the Framework Agreement or paid out by the Council under the guarantee.
- 2.16 The risk that the Council suffers a loss under the Framework Agreement and the joint and several guarantee is therefore a combination of the low risk of a default by a local authority and the low risk that if a local authority does default, local authorities cannot recover sums owed to them.
- 2.17 In return for accepting this low level risk, the Council will receive access to more diverse and cheaper sources of capital finance via the Agency.

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- 2.18 Although the Agency intends that the Framework Agreement is permanent, there may be a need to either amend the Framework Agreement or if the Council wishes, set aside provisions for a period of time without amending the contributions arrangements or joint and several guarantee.

3. RECOMMENDATIONS

- 3.1 The Council is recommended to:
- a) Approve the Council's entry into the Framework Agreement and its accompanying schedules including the joint and several guarantee;
 - b) Delegate authority to the Director of Finance as Section 151 Officer and Interim Director of Law as Monitoring Officer to sign those documents, as appropriate, on behalf of the Council;
 - c) Grant the Section 151 Officer delegated authority to agree amendments to the Framework Agreement as appropriate.

4. THE UK MUNICIPAL BONDS AGENCY

Establishment:

- 4.1 The establishment of the UK Municipal Bonds Agency was led by the LGA following the announcement in the 2010 Autumn Statement that PWLB rates would increase from 0.15 per cent over Gilts to 1 per cent over Gilts, greatly increasing the cost of new borrowing and refinancing. This followed the introduction of punitive early repayment penalties by the PWLB in 2007, which have prevented local authorities from restructuring their loan portfolios to reduce costs while interest rates are low. Although the Government subsequently introduced the "certainty rate", which effectively reduced the PWLB's margin to 0.8 per cent over Gilts in return for the limited disclosure of an authority's borrowing plans, the LGA found that rate remained higher than a bonds agency should be able to achieve.
- 4.2 This recent history of PWLB arrangements exposes the fact that Council are at risk of Government changing the rules. At present there are few strategic alternatives to PWLB available, and Councils rely on it very heavily. Councils would never risk investing the majority of their cash balances with one institution, but are taking a very similar risk on sources of borrowing.
- 4.3 The LGA also noted that it was easy for UK investors such as pension funds to provide capital to overseas local authorities through the London capital markets, but not so to UK local authorities.

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- 4.4 The LGA published a revised business case in March 2014 that set out how a bonds agency would issue bonds on behalf of local authorities in an efficient and cost effective manner and at lower rates than the PWLB. It identified that the regulatory environment meant that the PWLB had a de facto monopoly on providing simple loans to local authorities:
- For regulatory purposes a bank must set aside capital when lending to local authorities – unlike when lending to the Government – and therefore it is difficult for banks to compete with the PWLB on rates and make money other than by offering structured lending products.
 - Bond investor's value liquidity and benchmark sized issues (£250 million), which makes it difficult for most local authorities to access the bond markets, particularly as one-off bond issues can be costly.
 - International agencies, such as the EIB, would typically lend only for large projects or invest in liquid benchmark sized bond programmes, typically around £200 million plus, thereby excluding most local authorities.
- 4.5 The LGA's revised business case was published in March 2014 and the company established in June 2014. The agency will act as an intermediary, borrowing the money and on-lending it to local authorities on a matched basis to deliver cheaper capital finance to local authorities through periodic bond issues, as an aggregator for loans from other institutions, and facilitating longer term inter-authority lending via the Agency.
- 4.6 The LGA and 56 local government shareholders representing 65 principal local authorities and 1 combined authority have invested over £6 million in the Agency

Client Base:

- 4.7 The Agency will only lend to UK local authorities who can give a joint and several guarantee. This is currently limited to 353 principal English local authorities that have the general power of competence under section 1(1) of the Localism Act 2011. The Department for Communities and Local Government specifically intended that local authorities should be able to give guarantees using the power in its regulatory impact assessment.
- 4.8 The ability to give joint and several guarantees may in due course be extended to other local authorities e.g. combined, Welsh or Scottish authorities. In the event that this occurs, those authorities will be eligible to borrow from the Agency.
- 4.9 The Agency would prefer all borrowers to become shareholders. This ensures a strong alignment of interest between borrowers and shareholders,

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and is viewed positively by ratings agencies and the capital markets. Accordingly, the Agency will charge a higher interest rate to borrowers that are not shareholders, albeit one which remains competitive.

Loan Pricing:

- 4.10 The Agency will operate a transparent pricing structure. It will charge local authorities the interest the Agency pays to obtain the funds it on-lends, plus any transaction costs up to a maximum of 0.5 per cent of the amount borrowed, plus a margin to cover its costs. This margin is currently set at an annualised 0.1%, for shareholders, to cover the ongoing costs of the agency. Non-shareholders may be charged at a higher rate of 0.15% annualised, to encourage their participation as shareholders.
- 4.11 The Agency may adjust these margins for new borrowing transactions at its discretion, but will not increase them. It is expected that these margins will reduce once the Agency is profitable.
- 4.12 Transactions costs include the Agency's credit rating agency fees, bank syndicate fees and legal costs. The Council has the option to amortise these over the life of the loan or to expense them.
- 4.13 The Agency will not require local authorities to borrow at a rate that is higher than the PWLB, thus when borrowing via the Agency the Council should always achieve a saving. Over time, the rates offered by the Agency are likely to improve as its bonds programme develops and it is able to borrow from international institutions such as the EIB.

Early Repayment (Prepayment):

- 4.14 The Agency will pass on the cost of early repayment by a local authority (usually referred to as prepayment in financial services) to that local authority. However, the Agency will not profit from the transaction and will assist any local authority seeking early repayment to find the cheapest solution.
- 4.15 Prepayment rights will track through between the loans to local authorities and the Agency's financing. For bond issues, voluntary prepayment is calculated in a similar way to the PWLB's early redemption penalties, although one option available to local authorities will be to buy back part of the bond.

Governance:

- 4.16 The Agency is a public limited company and as such is directed by its Board.
- 4.17 In addition, the Board will have the following 2 sub- committees, chaired by independent non-executives:

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- Risk, Compliance and Audit Committee; and
- Nomination and Remuneration Committee.

4.18 In addition, the Agency will establish a Local Authority Advisory Board, comprising local authority finance officers, to facilitate two-way communication between the Agency and its borrowers. (S151 officers from the initial group of borrowers will make up the inaugural Local Authority Advisory Board and will determine the detailed terms of reference in consultation with the Board of the UKMBA, including ongoing member selection process.)

Credit Process:

- 4.19 Prior to approving any loans, the Agency will carry out a credit assessment of each potential borrower.
- 4.20 The Agency has developed a proprietary credit scoring model based on similar methodologies to the main credit rating agencies. In order to access funding from the Agency, a local authority will need to be able to achieve a "single A" credit rating on a standalone basis; rating agencies typically "notch up" a local authority to account for implied Government support.
- 4.21 The model is based on Moody's, one of the main three global credit ratings agencies. It has been reviewed independently by Ernst & Young to validate its robustness and fitness for purpose. The model looks at both quantitative, e.g. the financial performance of the council, the existing level of borrowing, how much flexibility does the council have in generating revenues and qualitative factors, e.g. is the council heavily dependent upon revenues from a single business or industry, has the council had governance, audit or other performance related issues.
- 4.22 The Agency will assess the council informally, upon an expression of interest, and advise if there are likely to be any credit related problems in advance of any formal request for borrowing
- 4.23 In addition to credit scoring, the UKMBA will ensure appropriate diversification of its lending portfolio, through the contractual concentration limits agreed in the Framework Agreement.

5 THE FRAMEWORK AGREEMENT AND THE JOINT AND SEVERAL GUARANTEE

Content of the Framework Agreement:

5.12 The Framework Agreement comprises:

Appendix 2 - UK Municipal Bonds Agency's Framework Agreement, And Joint And Several Guarantee

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- The Framework Agreement itself, which is primarily designed to prevent a call on the joint and several guarantee and lays out how the Agency will interact with local authorities.
- Schedule 1: *Form of Authority Accession Deed*, which local authorities sign to commit themselves to the Framework Agreement.
- Schedule 2: *Form of Guarantee*, which is the joint and several guarantee.
- Schedule 3: *Loan Standard Terms*, which is the loan agreement that covers any borrowing by an authority.
- Schedule 4: *Form of Loan Confirmation*, which supplements the Loan Standard Terms and confirms details of a loan such as principal, maturity, interest rate and etc. It is signed by the Agency and a borrower.

Need for the Joint and Several Guarantee:

- 5.2 The LGA's revised business case highlighted the need for borrowing authorities to sign a joint and several guarantee:
- The joint and several guarantee allows the Agency to issue bonds without having to prepare a full prospectus for each bond issue, pursuant EU's "Prospective Directive", thereby reducing costs and complexity.¹
 - The UK Listing Authority's "listing rules" that govern whether financial instruments can be listed on a UK stock exchange would not permit bonds issued by an agency to be listed on the London Stock Exchange for some years without a joint and several guarantee, meaning the bonds would need to be listed elsewhere such as the Channel Islands or Luxembourg.
 - If, instead of a joint and several guarantee, investors were investing in individual stand-alone bond issues, every bond would require a separate credit rating. Investors would have to assess the participating authorities in each bond, which would materially impact an agency's ability to reduce costs and deter a number of potential investors and lenders from lending money to the agency. The joint and several guarantee draws on the strength of the local government sector and is simple for investors to understand.

Nature of the Joint and Several Guarantee:

- 5.3 The joint and several guarantee is a schedule to the Framework Agreement and is direct, unconditional, irrevocable and not separately administered:

¹ Article 1(2)(d) of Directive 2003/71/EC

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"2.1.1 guarantees to each Beneficiary each and every obligation and liability the Company may now or hereafter have to such Beneficiary (whether solely or jointly with one or more persons and whether as principal or as surety or in some other capacity) in respect of the Guaranteed Liabilities and promises to pay to each Beneficiary from time to time on demand the unpaid balance of every sum (of principal, interest or otherwise) now or hereafter owing, due or payable (following the expiry of any grace period provided for) by the Company to any such Beneficiary in respect of any such Guaranteed Liability; and

2.1.2 agrees as a primary obligation to indemnify each Beneficiary from time to time on demand from and against any loss incurred by such Beneficiary as a result of any such Guaranteed Liability being or becoming void, voidable, unenforceable or ineffective as against the Company for any reason whatsoever, whether or not known to such Beneficiary, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the Company."

- 5.4 In practice this means that all borrowers are collectively and individually guaranteeing the lenders to the Agency against a default by a local authority.
- 5.5 The Council can withdraw from the joint and several guarantee by giving notice and repaying its loans to the Agency. However, the irrevocable nature of the guarantee means that the Council will continue to guarantee the Agency's borrowings at the date of withdrawal until those borrowings mature. This prevents moral hazard i.e. a local authority borrowing from the Agency to achieve a cheaper borrowing rate, but walking away from the obligations. Withdrawal does mean that the Council will not be guaranteeing future borrowing by the Agency.

Preventing a Call on the Guarantee:

- 5.6 The Framework Agreement significantly the risk of a possible call on the joint and several guarantee by minimising the risk of default by a local authority, limiting the possible impact of a default and containing a default before the Agency's ability to make payments is threatened.
- 5.7 The Framework Agreement imposes obligations on the Agency that are designed to reduce the possibility of default by a borrower:
- The Agency must credit assess each borrower and exclude those that do not achieve at least the equivalent of a strong investment grade rating equivalent to an "A" rating from the established credit rating agencies such as Moody's.

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- “Concentration limits” ensure that the Agency will maintain a diverse loan book over time that limits the proportion of the Agency’s loan book that can be lent to a single or small group of authorities.
 - Credit lines are available to the Agency that it must utilise in the event of a local authority missing a payment or defaulting, before it has recourse to other borrowers.
- 5.8 The Framework Agreement establishes a “contributions” mechanism that requires borrowers to lend the Agency funds to cover its obligations in the event of a default by a local authority. In practice, this default is likely to be on a periodic interest payment due on the bond, and so will be of limited size. There will be time to work with the defaulting authority to correct the position before further default occurs.
- 5.9 The contributions to cover default are calculated in proportion to an authority’s share of the performing loan book, limiting each Council’s exposure. The loans are interest bearing and will be repaid once the Agency has recovered the sums owed to it by the defaulting authority, which it is required to do by the Framework Agreement. If the Council has no outstanding borrowings via the Agency, it will not be called upon to make contributions under the Framework Agreement.
- 5.10 In practice, this means that if the Agency had £275m, which paid 3% interest, in outstanding debt, split evenly between 11 councils, and a single council defaulted on an interest payment. Each of the other participating councils would be asked to contribute 10% of the defaulted interest payment to ensure that the investor was paid on time. That would equal £75 thousand each. (The UKMBA has a credit facility in place, which may also be used to cover this default.)
- 5.11 The defaulting council would then be pursued through the courts for full repayment plus interest costs. Upon resolution of Council’s default, it is expected that contributions would be returned with interest.
- 5.12 The payment schedules set out in the Framework Agreement are designed to ensure timely payments by local authorities so that error or late payment by a borrower does not risk a call for contributions or under the guarantee.
- 5.13 The Framework Agreement prevents a Council from taking action against a defaulting authority so that a single authority cannot jeopardise the structure of the Agency and / or act against the interests of other borrowers.

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Accounting for the Guarantee:

- 5.14 The Agency commissioned accounting advice from Grant Thornton setting out the local authority accounting requirements for borrowing via the Agency including the joint and several guarantee.
- 5.15 Although the Council is unable to rely on this advice and must procure additional advice if it is uncertain regarding the accounting requirements, Grant Thornton's advice does not raise any concerns at this time. For example, if the Council judges the risk of a call under the joint and several guarantee to be zero, the accounting requirements of entering into the Framework Agreement are minimal and mostly confined to disclosures in the event that the Council borrows from the Agency.

6 RISK OF DEFAULT BY AN AUTHORITY

- 6.1 The risk of a default by a local authority is deemed to be very low: no principal local authority has ever defaulted on a loan. The National Audit Office in its *Financial Sustainability of Local Authorities* report of November 2014 observed:

"A legal framework at the core of the local government accountability system effectively prevents local authorities becoming insolvent. Local authorities cannot borrow to finance revenue expenditure or run deficits."

- 6.2 The statutory and prudential framework under which local authorities operate is extremely strong and designed to prevent local authorities from over-reaching themselves and becoming insolvent. Key aspects of the framework include:
- Local authorities are prevented from borrowing to fund services by the Local Government Finance Act 1992, which sets out how budgets and the Council Tax must be calculated, particularly Section 31A, 32 and 42A of the Act. These provisions require a budget to be balanced on a cash basis without the use of borrowing.
 - Local authorities must comply with the prudential framework established by Part 1 of the Local Government Act 2003 and related regulations, including the Prudential Code for Capital Finance in Local Authorities published by CIPFA.
 - Section 151 Officers have varied powers and responsibilities that result in prudent financial management. For example, if an authority cannot pay its bills at it falls due, he or she must submit a Section 114 report to the Executive / Council, which must be acted upon. A Section 151 officer must also report on the adequacy of reserves and robustness of budget

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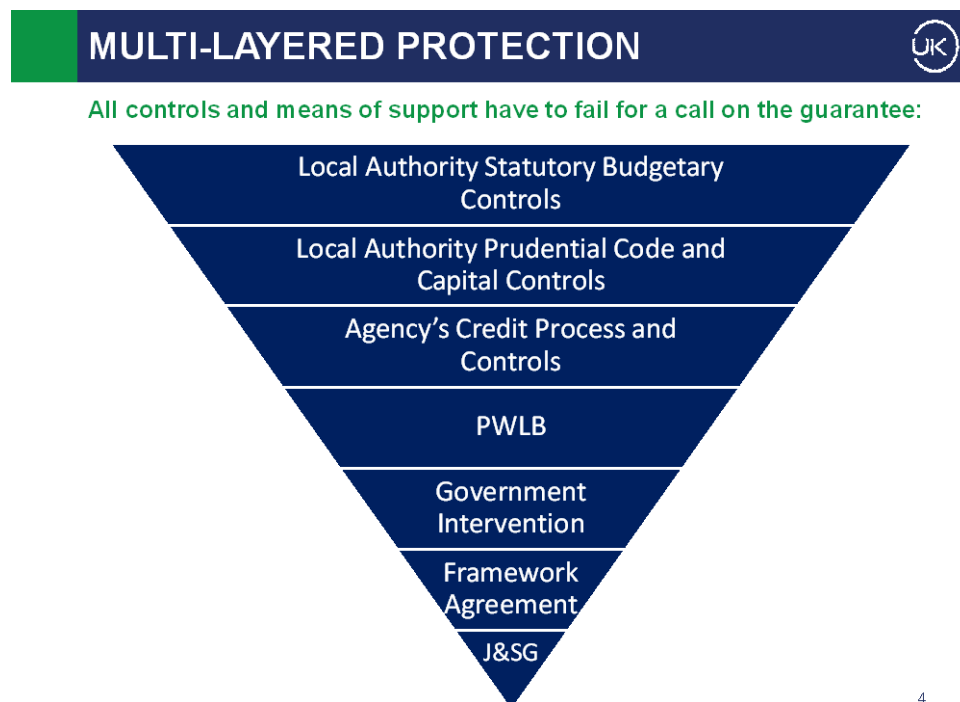
estimate under Section 25 of the Local Government Act 2003 and action be taken by the Council to remedy an adverse report.

- A local authority must make a Minimum Revenue Provision ("MRP") repay debt under the local authorities (*Capital Finance and Accounting*) (*England*) Regulations 2003, issued by the Secretary of State under Sections 21 of the Local Government Act 2003 (as amended). This means that a local authority sets aside cash via its revenue budget, sufficient to ensure it can repay its debt. So the repayment of the bond on maturity is covered.
- 6.3 The Agency's credit assessments, risk management processes and the concentration limits should reduce the possibility that a local authority borrowing from the Agency is likely to default.
- 6.4 Local authorities have access to the PWLB as lender of last resort and therefore can refinance any borrowings from the Agency by the PWLB if it cannot repay its debt to the Agency by other means.
- 6.5 Historically, the Government has intervened when a local authority finds itself in difficult or the Government deems a local authority to be incapable of managing itself effectively.
- 6.6 For the Council to be called upon to make contributions under the Framework Agreement, let alone be called upon under the joint and several guarantee, all the above controls and protections must fail. This has been summarised by the Agency in its presentations as set out in figure 1 below:

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7 RISK OF NOT RECOVERING CONTRIBUTIONS OR PAYMENTS UNDER THE JOINT AND SEVERAL GUARANTEE

7.1 The Local Government Act 2003 provides several key protections to lenders that greatly reduce the possibility that the Agency and therefore the Council would be unable to recover sums owed to it if it is required to make a contribution or pay out under the joint and several guarantee:

- Section 6 provides that a lender is not required to ensure that a local authority has the power to borrow and is not “prejudiced” in the absence of such a power. This prevents a local authority claiming an act was “ultra vires” to side step its obligations.
- Section 13 provides that all debts rank pari passu i.e. have equal status under the law and thus a creditor cannot be disadvantaged by later subordination of that debt by a local authority.
- Section 13 also secures all debts of an authority on its revenues, which is the strongest possible security for a loan as the bulk of a local authority's revenues are either raised under statutory powers or allocated by the Government.

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- Section 13 also provides for a receiver to be appointed by the High Court on application if principal and / or interest greater than £10,000 is outstanding for 60 days.

7.2 The Framework Agreement requires that the Agency must pursue any defaulting authority to the extent that if it does not do so promptly, borrowers can force it to do so. Furthermore, the Framework Agreement provides for a strict application of the proceeds of any debt recovered by the Agency from a defaulting authority.

8. LEGAL ADVICE AND OPINION

8.1 A small group of authorities commissioned Allen & Overy, a law firm, a specialist in financial transactions, to advise on the Framework Agreement. Allen & Overy engaged Jonathan Swift QC to provide senior counsel's opinion on, amongst other things, whether:

- Entry into the Framework agreement, execution of the Guarantee, entry into borrowing transactions under the Framework Agreement and the provision of contribution loans would all be within the general power of competence under the Localism Act 2011; and
- A local authority that decides to enter into the Framework Agreement and the Guarantee on the basis of the Document Package would be acting in accordance with the requirement of Wednesbury reasonableness.

8.2 His main conclusions were:

- Local authorities do have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement; and
- Whilst it would, in principle, be lawful for a reasonably financially robust local authority to enter into the commitments entailed in the Framework Agreement, the final assessment of whether or not it would be reasonable use of the in principle power must be made taking into account the specific financial position of each local authority, whether it is financially robust and the balance of the advantages and disadvantages of doing so.

8.3 Wider considerations, such as establishing the independence of the sector, whether they have merit or not, should not have a bearing on the Council's assessment of the advantages and disadvantages of entering into the Framework Agreement.

8.4 Jonathan Swift QC's opinion was procured independently of the Agency.

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- 8.5 The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

9. RISKS AND DISADVANTAGES OF ENTERING INTO THE FRAMEWORK AGREEMENT

- 9.1 Exposure to the contribution arrangements and the joint and several guarantee means that entering into the Framework Agreement and borrowing via the Agency is different in nature to borrowing from the Public Works Loan Board, under a bilateral loan facility or through a bond issue in the capital markets.
- 9.2 There are inherent risks associated with the proposed structure, not least the joint and several nature of the guarantee. These are:
- The risk that the Council's guarantee may be called independently of any other Guarantee and for the full amount owing by the Agency under the financing document that is covered by the guarantee (and, therefore, such participating local authority is potentially liable to pay out amounts to the UKMBA that exceed the amounts borrowed).
 - Even if the Council has terminated its Guarantee, it will continue to guarantee the "Guaranteed Liabilities" entered into by the Agency before the termination date. The effect of this is that the Council's liability under its Guarantee may potentially continue in existence for many years after termination.
- 9.3 However, the risks associated with the joint and several guarantee are mitigated by the contribution arrangements. The Framework Agreement is such that the Council's exposure, from a practical perspective, is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency.
- 9.4 The risk of a default by a local authority is low as set out in section 6 of this report. The ability of the Agency to recover sums owed to it in the event of a default is set out in section 7 of this report.
- 9.5 There is a risk that the Agency does not observe its obligations under the Framework Agreement, but the Council is entitled to expect that the Agency will operate in accordance with its obligations under the Framework Agreement when considering whether or not to enter into the Framework Agreement. The LGA and local authorities control the Agency via their

Appendix 2 - UK Municipal Bonds Agency's Framework Agreement, And Joint And Several Guarantee

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shareholdings so could intervene if the Agency did not abide by the Framework Agreement.

9.6 The prime advantages to the Council are:

The prospect of lower borrowing costs and the possibility to obtain types of loans that are not available from the PWLB. Cheaper capital finance will reduce pressure on the Council's finances. This advantage more than offsets the low risk that a local authority defaults and the Agency is unable to recover the debts owed to it in order to repay the Council any contributions it is required to make.

Reducing risk by creating a new strategic source of finance that is not so readily exposed to changes in government policy

9.7 The Framework Agreement only comes into effect if the Council does borrow from the Agency. If the Council does not borrow, there is no risk to the Council arising from the contribution arrangements or joint and several guarantee. The Council is not obligated to borrow via the Agency and even if it chooses to legally commit to borrowing via a bond issue, it will not be required to take a loan that is not cheaper than the PWLB, so the bond will not be issued. Therefore, the financial risk to the Council of the Agency either failing to deliver a saving or the Council not borrowing having signed the Framework Agreement is eliminated.

Housing Revenue Account (HRA) - Rents and Charges 2019/20

Cabinet

Date: 6th February 2019

Author: Cabinet Member for Housing and Public Safety
Corporate Director, Communities and Housing

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To present the proposed rents, service charges, support charges for 2019/20 and proposed Housing Revenue Account (HRA) budget for 2019/20.
- 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 The funding that will be provided from rents will be of direct benefit to all tenants as it contributes to the maintenance of the housing stock over both the short and long term. 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:

- 2.1 The proposed average rent for Housing Revenue Account (HRA) dwellings for 2019/20 of £78.60 per week (52 week basis), which is a decrease of 1.0%, be approved. This will be an average decrease of £0.79 per week (52 week basis). The range of decreases is shown in paragraph 3.8.
- 2.2 To authorise the Corporate Director, Communities and Housing to seek authority from the Secretary of State to extend the permission for the use of the Housing Revenue Account for payments to the Council's tenants under the Discretionary Housing Payments scheme, and provide a budget of £200k in 2019/20 as detailed at paragraphs 3.22.
- 2.3 The housing related support charges for 2019/20 and service charges for 2019/20 as outlined in Appendix 2 are approved.
- 2.4 Leaseholder service charges are set for 2019/20 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 2019/20

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- 2.5 Based on the proposals within this report, the Housing Revenue Account (HRA) proposed budget 2019/20, shown in Appendix 4, be approved and that the HRA Capital Budget and Funding be approved as shown in Appendix 5 and as set out in 3.17 the tenure of the final 10 properties at Sussex Place to change tenure from shared ownership to affordable rent.
 - 2.6 That the draft 3 year capital projects and planned maintenance programme be approved at an indicative funding level of £15.398m (2018/19 prices) for 2019/20 Appendix 6.
 - 2.7 Rents charged on General Fund properties are reduced in line with Government guidance on Housing Revenue Account rents by 1% for 2019/20. Service charges for General Fund properties, as shown in Appendix 7, are approved.
 - 2.8 The charges for Private Sector Leased (PSL) accommodation for those accepted as homeless outlined in Appendix 7 are approved.
 - 2.9 Any underspend or overspend on the 2018/19 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 £48.8m of Gross Income in 2019/20 (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 10,329 dwellings, supported housing schemes, sheltered schemes and, commercial premises. Income is generated through rents, charges and interest received on balances.

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.

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3.3.3 **Support charge** - additional services to help tenants maintain their tenancies i.e. the Sheltered Housing Officer service in sheltered accommodation and the Homeline alarm system.

Government Rent Policy and Capital Investment

- 3.4 Following the introduction of the Welfare Reform and Work Act 2016, the Government introduced a requirement for Council rents to be reduced by 1% per annum for each year from 2016/17 through to 2019/20. Therefore, 2019/20 will be the last year of the required 1% rent reductions. This policy also changed the ability to re-let properties at the higher “target” rent, originally brought in to help align local authority and housing association rents. Figures used in this report therefore assume target rents will also be reduced by 1%. These are used when re-letting property. The Government have stated that rent policy from 2020/21 will revert to the previous system where rents can rise up to a cap of CPI + 1%.
- 3.5 Whilst the final year of the social rent policy represents lower rent payments for tenants, it also represents a real, and significant, loss of rental income to the Housing Revenue Account. Rent income in 2019/20 is therefore approximately £7m less than forecast before the rent reductions were introduced.
- 3.6 The level of rent directly affects the amount of funding available to run the housing landlord function and service the debt, but also importantly for capital investment. This becomes 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 2019/20

- 3.7 Given the Government’s rent policies provide for a continued annual reduction of 1% per annum, rents for 2019/20 have been prepared on this basis.
- 3.8 Table 1 shows the rent decrease by property size and the range of decreases 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 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.
- 3.9 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 housing development programme. There are currently approximately 375 affordable rented properties within the HRA stock.
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Table 1 Average and range of rent by property size (52 week basis)

No. of properties at Dec 2018	No. of Bedrooms	Final rents at year end 2018/19	Rent for existing tenants for 2019/20	Net Change %	Rent for new tenants for 2019/20	Lowest rent per week	Highest rent per week
276	Bedsits	62.36	61.74	-1.0%	65.98	59.32	71.22
3,213	1	72.01	71.29	-1.0%	74.46	61.72	86.25
2,709	2	79.94	79.14	-1.0%	81.39	69.86	95.01
3,573	3	85.89	85.03	-1.0%	88.99	77.04	114.99
187	4	98.66	97.67	-1.0%	102.97	83.76	132.00
4	5	104.32	103.28	-1.0%	110.65	81.90	114.18
0	5>						
9,962	Overall	79.39	78.6	-1.0%	81.92		

- 3.10 The HRA budget for 2019/20 is dependent upon the decisions Members make around changes to rents, service charges, support charges, and capital investment.
- 3.11 Appendix 2 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 2018/19 base budget to the proposed 2019/20 budget. This section will also bring to Members' attention the short and medium term financial implications and challenges facing Swindon's HRA.
- 3.12 The current HRA debt will stand at £109.015 million on 1 April 2019 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 2019/20 the interest payment will be £3.619m (item 26, Appendix 4).
- 3.13 The budgeted cost of revenue repairs (item 3 & 4, Appendix 4) has increased slightly from the £11.627m budget in 2018/19 to £11.851m, reflecting the interim costs of the additional direct labour force delivering the repairs. This was a result of taking more housing voids work in-house. There is potential to deliver savings on the new voids contract when let in 2019/20.
- 3.14 The proposed budget includes a bad debt provision of £620k for 2019/20. This reflects the ongoing challenge of the phased introduction of Universal Credit for tenants. It is standard practice to make an allowance for bad debts, officers will

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Housing Revenue Account (HRA) - Rents and Charges 2019/20

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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 2018 this stood at 96.79% which is above the December 2017 performance. The allowance is included in item 11, Appendix 4.

Capital Programme

3.15 The HRA Capital Improvement Programme covers 3 major areas, these are:

- Capital projects e.g. kitchens & bathrooms, insulation improvements
- Planned maintenance programme e.g. fencing, paths, electrical maintenance, heating
- Regeneration, acquisition and new build programme.

3.16 The capital projects and planned maintenance programme has been set at £15.398m for 2019/20 (Item 6, Appendix 4). This is slightly less than the 2018/19 funding level of £15.5m. Appendix 5 items 17-20 provide a summary of the retained Right-to-buy (RTB) income that is available for investment in new build programmes.

3.17 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, capital receipts from Right-to-buy sales, Section 106 funding for affordable housing and Government funding from Homes England (HE). Appendix 5 line 4 identifies an anticipated spend on the Housing Development Programme of £6.78m. This includes final payments for schemes such as at Penhill Drive, Cranmore Avenue and Sussex Place. On the latter in order to complete the development, subject to Cabinet approval, the final 10 units originally envisaged as shared ownership properties will be converted to affordable rented units due to the Council's preferred partner withdrawing from the scheme due to market conditions. These units have already been funded from reserves, and whilst no capital receipts will be received in respect of the planned sale, there are no additional financial implications as grant funding will be available from Homes England.

3.18 A draft 5-year capital programme is attached at Appendix 6. 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 6 be approved.

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Housing Revenue Account (HRA) - Rents and Charges 2019/20

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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. Service charges for these properties have been reviewed for 2019/20 and aligned with the latest cost of service provision resulting in charges as outlined in Appendix 7 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 accommodation is 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. The Government changed funding arrangements for homelessness accommodation in 2017/18 and introduced a Flexible Homeless Support Grant that is not ring-fenced to homelessness. However, the Grant has been allocated to the temporary accommodation budget since 2017/18 to help mitigate costs and develop a new model of temporary accommodation. At the moment, there is no certainty on future grant allocations beyond 2019/20. The Government determined LHA rates have only had small increases in recent years, with the resulting charges shown in Appendix 7.

Affordable Rents

- 3.21 There are different guidelines that cover affordable rent properties and the current stock of these properties is circa 375. However, affordable rents are subject to the same restrictions as social rents in terms of the Government imposed rent decreases and therefore the budget has been prepared on the basis of a 1% reduction from the 2018/19 rent.

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 2019/20 it is proposed to set this at £200k subject to Secretary of State Consent.

Support and Service Charges

- 3.23 There are no significant pressures on service charges. However, there are some increase due to the expectation of rising utility costs, in contrast to previous years where these costs have fallen. As a result, some service charges have therefore risen for 2019/20. Where reserves exist due to over-recovery in previous years,

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some of these reserves have been used to mitigate any increased charges. 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 3.2% in line the Consumer Prices Index (CPI) +1% from £169.26 to £174.68 per transaction as shown in Appendix 3.

Garage Rents and Parking Charges

- 3.26 Garage rents are now held within the General Fund and all garage charges for 2019/20 are increasing by 5% in line with Council policy on fees and charges. Details are shown in Appendix 2. Cross over spaces linked to properties are increasing by 3.2% in line with CPI + 1%.

Provisional Budget for 2019/20

- 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 2019/20 – 2022/23

- 3.28 Appendix 8 shows the estimated impact of the 1% annual reduction in rents on the funding available for investment through to 2022/23, compared with the previous business plan. The overall change in funding available for capital investment is an increase of £0.7m from £64.8m to £65.5m. This increase is the result of rising income as rents begin to rise by CPI +1% from 2020/21 combined with operational savings. 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 2018. Void allowances, which represent lost rent when properties are vacant between tenancies, rose significantly during 2017/18 and following targeted improvement action have fallen during 2018/19 as the backlog caused by the previous contractor failure has been addressed through a combination of in-house support to the void programme and closer management of the interim external contractors. Consequently, the void rate has been decreased slightly to reflect an anticipated increase in performance from 1.4% to 1.21%, the budget being reduced from £600k to £500k. Also included in the Business Plan assumptions is a bad debt allowance referred to in para 3.14 of £620k, or 1.49% of rents. All of these assumptions will be reviewed as and when the business plan is updated to reflect the latest information and therefore

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

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this is only indicative of the potential position in 2019/20. A full and updated HRA Medium Term Resource Plan will be presented to Cabinet early in the new financial year to reflect current performance.

Investment requirements

- 3.30 A budget of £8.4 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 budget of £550k has been set aside for contingency works which includes safety measures, structural and specialist repairs and fire safety works. The investment for extensive refurbishment works to the high-rise blocks of flats has been deferred by a year, whilst options on whether to refurbish or regenerate are being finalised. However, a budget of £600k has been allocated for water suppressive systems (sprinklers or misting systems) to further enhance fire safety to the high-rise blocks of flats and reassure residents that their homes are safe to live in. The investment to the non-traditional housing stock is to be prioritised for 2020/21 in conjunction with the need to refurbish or regenerate the high-rise blocks of flats. Periodic checks are to be undertaken to ensure that the long-term structural integrity and viability of the non-traditional housing stock is not put at risk. A budget of £2m has been allocated to deliver external planned maintenance to ensure that homes continue to be maintained to a good standard. A budget of £1.55m has been allocated to meet the increasing demand for major adaptations to allow residents with any special needs to live independently. The investment has increased to £500k to replace the vehicles for our in-house workforce due to the existing vans no longer being economical to repair which will also help to reduce the need to hire vehicles. These are summarised in Appendix 6

Consultation

- 3.31 The rent setting presentations to tenants and leaseholders explained the revised Government policies for 2019/20 and beyond and the impact on the funding available for investment in HRA stock. Following work with officers to deliver operational savings, and increased rentals from new builds and acquisitions, the budget for 2019/20 has been balanced without a requirement to draw on reserves or repay less debt. As such, no decisions were required for a formal consultation, but presentations were made during December, where the assumptions and details around the budget and charges were presented and made available to Council tenants and leaseholders. Attendance at the events were relatively low however the presentations were made available online and through social media.
- 3.32 A briefing paper on the Cabinet Report will be discussed at the Housing Management CMAG on the 30th January.

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 2019/20

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4. Alternative Options

- 4.1 The parameters for setting local authority rents are largely controlled by Central Government who have provided guidance that rents should be reduced by 1% per annum from 2016/17 through to 2019/20. Local authorities could reduce by more than this, but after 2019/20, local authorities gain more discretion as the Government have stated they can set rents with increases up to CPI + 1%.
- 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 8 shows how changes in the 2019/20 budget have impacted on the previous business plan through to 2022/23. Given the current capital programme includes a substantial amount of backlog from previous years, there would however be significant resource implications around the ability of officers in delivering a further £5m of capital investment in 2019/20 over and above that currently planned.

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.

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

- 5.3 There are no such direct implications.

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Housing Revenue Account (HRA) - Rents and Charges 2019/20

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Diversity Impact Assessment

- 5.4 A thorough Diversity Impact Assessment was carried out in support of the HRA Business Plan in 2012 and this has been updated based on the narrative in 5.5.1. A specific DIA has not been completed for this report.
- 5.5 Based on the information contained in this report the following considerations have been made
- 5.5.1 Setting of local authority rents is subject to Government guidance, which will require a year on year reduction of 1% up to and including 2019/20, although this will not apply to service charges which are still required to cover their costs. 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, and they will continue to be able to claim their full entitlement under the respective national scheme. Support to enable them to do this is provided both by housing officers and benefits advisers. Housing officers are aware that a large proportion of employed Council tenants are on low incomes and that these decreases should benefit these tenants in some cases. Any tenants who feel that proposed increases in service charges and support costs will cause them hardship will be able to seek advice from their local Neighbourhood Housing Officers as well as from the Citizens Advice Bureau.
- 5.5.2 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.
- 5.5.3 Information regarding Housing Benefit and the support available from Housing Services will continue to be provided to all tenants when they receive notification of new rents for 2019/20. Tenants who fall into rent arrears will be managed according to the Council's Rent Arrears Policy for which a Diversity Impact Assessment has also been completed.
- 5.5.4 The impact of the loss of rental income due to the 1% rent decrease has largely been mitigated in 2019/20 by efficiency savings identified within the Housing Teams, the completion of new housing properties which are let at affordable rent levels, the acquisition of properties as part of the £17m acquisition programme and the inclusion of 53 weeks rent in 2019/20. This will ensure for the coming year that the housing stock is maintained in the short term.

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 2019/20

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Risk Management

- 5.6 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 part of the rent setting process. The implications of the Government's proposed 1% rent decrease are set out in Appendix 8.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and the Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Proposed HRA Budget Overview 2019/20.
- 8.2 Appendix 2 – Service charges for 2019/20
- 8.3 Appendix 3 – Leaseholder charges for 2019/20
- 8.4 Appendix 4 – Detailed HRA Budget 2019/20
- 8.5 Appendix 5 – Proposed HRA Capital Budget 2019/20
- 8.6 Appendix 6 – Proposed HRA 3 year Capital Programme
- 8.7 Appendix 7 – Proposed HGF Rents & Service Charges 2019/20
- 8.8 Appendix 8 – 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 2019. This is not a key decision to be made by Cabinet because the final decisions are to be made by full Council on 21st February 2019.

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Appendix 1 – Overview of HRA Revenue Budget

	2018/19 Budget	2019/20 Proposed Budget
	£	£
Expenditure		
Management (staff, overheads and service charge costs)	12,459,500	12,756,000
Repairs (incl. staff costs)	11,627,200	11,851,900
Discretionary Housing Payments	200,000	200,000
Rent, Rates & Taxes	68,500	68,500
Debt Management fees and Debt Rescheduling Premium	60,000	60,000
Gross Expenditure	24,415,200	24,936,400
Income		
Rents	(43,355,500)	(43,767,300)
Voids and Bad debts	1,220,300	1,120,300
Service Charges	(3,745,900)	(3,628,700)
Other Income (garages, commercial property, Homeline)	(2,653,400)	(2,566,600)
Gross Income	(48,534,500)	(48,842,300)
Net Cost of Services	(24,119,300)	(23,905,900)
Net Interest costs (after interest receivable has been deducted)	3,581,300	3,507,900
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	(15,538,000)	(15,398,000)
Use of operating Surplus with £5m Loan Repayment		
Funding available for Capital Investment	15,538,000	15,398,000
Use of Operating Surplus	15,538,000	15,398,000

Appendix 2 – Service charges for 2019/20

	Current Charge 2018/19	Proposed Charge 2019/20
	£	£
<u>Flats (Communal entrance)</u>		
Service Charge - Staircase Lighting	0.74	0.75
Multi Storey service charge	13.80	10.52
Neighbourhood Wardens Low & medium rise blocks service charge	1.90	1.87
Neighbourhood Wardens General stock service charge	1.07	1.00
Townsend House	9.86	9.86
<u>Sheltered Housing</u>		
Sheltered service charge	25.85	26.68
Heating charge - private use	5.24	6.50
Heating charge - communal use	2.51	2.54
Water charge	4.32	4.39
Extra Care (Newburgh House)	2.97	3.25
Guest room charge	14.00	16.00
Guest flat charge	16.00	18.00
<u>Other</u>		
Cable TV charge	2.04	2.04
Communal TV aerials	1.13	1.17
Grass Cutting	3.00	4.00
Hedge	1.44	2.00
Furniture Charge - Full Flat	5.00	5.00
Emergency Room Service Charge	17.43	17.61
<u>Support Charges</u>		
Sheltered housing support charge	3.13	3.13
Sheltered transitional protection	-1.67	-1.67
Homeline Charge	4.62	4.77
Homeline transitional protection	-0.30	-0.30
Homeline Charge - private tenants	7.25	7.48
Homeline Plus level 1	13.36	13.79
Homeline Plus level 2	14.87	15.35
Homeline Plus level 3	16.87	17.41

Appendix 2 – Service charges for 2019/20 (continued)

	Current Charge 2018/19	Proposed Charge 2019/20
	£	£
<u>Garage / Parking Charges</u>		
Garage rent	8.28	8.69
Account Garage + VAT	9.16	9.62
Parking space	2.80	2.94
Cross over - existing tenants	2.51	2.59
Cross over - new tenants	4.91	5.07
Cross over - new build properties (2 spaces)	9.82	10.14
Account parking space + VAT	3.12	3.28
Premium Garage + VAT	10.98	11.53
Premium parking space + VAT	6.87	7.21
<u>Supported Housing</u>		
Service Charge	43.21	44.59
Heating charge - private use	5.78	5.87
Heating charge - communal use	2.03	2.06
Water charge	5.47	5.56
Electricity	6.18	6.18
<u>Small Housing Schemes</u>		
Service charge - Moredon Road	35.26	35.26
Service charge - William Robins Court - LD clients	22.45	22.45
Service charge - William Robins Court - General needs	12.28	12.28
Service charge - Baileys Farm Gardens - General needs	14.44	14.58
Service charge - Baileys Farm Gardens - General needs water	4.34	4.34
Service charge - Marlowe Avenue	24.36	24.36
Service charge - Twyford Close	8.92	9.21
Service charge - Evelyn House (SBC element)	24.63	25.42
Service charge - Tyndale Gardens (SBC element)	30.06	30.94
Service charge - Kimmerfield Court (SBC element)	6.20	6.20
Service charge - Kimmerfield Court - Private heating charge	3.99	3.99
Service charge - Kimmerfield Court - Communal heating charge	1.74	1.74
Service charge - Sussex Place	1.37	1.37

Appendix 3 - Leaseholder Charges

	Current Charge 2018/19	Proposed Charge 2019/20
	£	£
Ground Rent - Annual Charge	10.00	10.00
Leaseholder management charge - all properties	167.79	173.16
Leaseholder management charge - properties with communal areas	200.93	207.36
Service Charge - Staircase Lighting adjusted to actual charge during annual review	34.87	34.89
Multi Storey service charge	588.66	443.95
Administration charge dealing with the re-sale of leasehold interest	169.26	174.68
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 2019/20

Item		2018/19 Budget	2019/20 Proposed Budget
		£	£
	<u>EXPENDITURE</u>		
1	S&M General	6,575,500	6,792,800
2	S&M Special	5,884,000	5,963,200
3	Repairs Administration	1,233,900	1,175,200
4	Contribution to Repairs Account	10,393,300	10,676,700
5	Rent, Rates & Taxes	68,500	68,500
	<u>Capital Financing</u>		
6	Funding available for Capital Investment	15,538,000	15,398,000
7	Debt Management	60,000	60,000
8	Discretionary Housing Payments	200,000	200,000
9	<u>TOTAL EXPENDITURE</u>	39,953,200	40,334,400
	<u>INCOME</u>		
	<u>Rent income</u>		
10	Dwellings	(43,355,500)	(43,767,300)
11	Provision for Bad Debts	620,300	620,300
12	Less voids	600,000	500,000
13	Garages	(160,800)	(215,000)
14	Shops / Commercial	(68,400)	(76,000)
15	Support charges - Sheltered	(216,000)	(216,000)
16	Sheltered Housing Service Charges	(2,556,600)	(2,269,000)
17	Supported Housing Service Charge	(447,100)	(453,300)
		(45,584,100)	(45,876,300)
18	Miscellaneous Properties Rent	(80,000)	(95,000)
19	Service Charges - Flats	(78,600)	(92,800)
20	Sheltered Housing Heating Charges	(447,600)	(597,600)
21	Homeline	(985,200)	(1,019,400)
22	Other Service Charges / Other income	(1,359,000)	(1,161,200)
23	Contribution from General Reserves	0	0
		(2,950,400)	(2,966,000)
24	<u>TOTAL INCOME</u>	(48,534,500)	(48,842,300)
25	<u>NET COST OF SERVICES</u>	(8,581,300)	(8,507,900)
26	Loan Charges - Interest	3,785,300	3,619,300
27	Interest on balances (interest receivable)	(204,000)	(111,400)
28	Right to buy mortgage interest (interest receivable)	0	0
29	<u>NET OPERATING EXPENDITURE</u>	(5,000,000)	(5,000,000)
30	Loan repayments	5,000,000	5,000,000
31	<u>PROJECTED (SURPLUS) / DEFICIT FOR THE YEAR</u>	0	0

Appendix 5 - Proposed HRA Capital Budget 2019/20

Item		2018/19 Budget	2019/20 Proposed Budget
		£	£
	<u>HRA Capital Schemes</u>		
1	Capital Projects (including vehicle replacement) and Planned Maintenance Programme	13,542,000	15,398,000
2	Carried forward from previous year's Programme	0	2,000,000
3	Anticipated spend on Acquisition Programme (Budget £17m)	5,000,000	5,100,000
4	Anticipated spend on Housing Development Programme	5,000,000	6,780,000
5	Total Capital Programme	23,542,000	29,278,000
	HRA Capital Funding Applied		
6	Funding available for Capital Investment - transfer to MRR	15,542,000	15,398,000
7	In year Capital receipts	0	0
8	S106 Funding	0	1,800,000
9	In year resources available	15,542,000	17,198,000
	HRA Capital Reserves		
10	Usable Capital Receipts		
11	Prudential Borrowing		
12	HCA Funding	530,000	3,900,000
13	RTB Funding Used	1,500,000	1,530,000
14	HRA Capital Reserves	6,372,000	2,402,000
15	In year resources available	8,402,000	7,832,000
16	Total HRA Capital Funding	23,944,000	25,030,000
	<u>RTB retained funding</u>		
17	Brought forward	3,708,600	4,908,600
18	Used in year	(1,500,000)	(1,530,000)
19	Additional funding from in year sales	2,700,000	2,700,000
20	Resources carried forward	4,908,600	6,078,600

The HRA Business Plan assumes that any shortfall in funding would be met initially from General Reserves before any additional borrowing is required.

Appendix 6 - Proposed 5 year Capital Programme

Element	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
Components #	8,410	7,336	6,973	6,512	6,404
Vehicle Replacement Programme	500	500	250	-	-
EWI/Refurbishment/Regeneration of High-Rise Blocks	-	3,100	4,000	5,000	5,400
Contingent Major Repairs	550	300	300	300	300
Cyclical Planned Maintenance	2,030	2,030	2,030	2,030	2,030
Major Adaptations	1,550	1,500	1,500	1,500	1,500
Improvements	2,358	900	900	900	900
Grand Total	15,398	15,666	15,953	16,242	16,534

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

All budgets are shown at 2018/19 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 7 - Proposed HGF Rents & Service Charges **2019/20**

	Current Charge 2018/19	Proposed Charge 2019/20
<u>Christopher House, Marlowe Avenue</u>		
Service Charge	11.74	12.06
<u>David Murray John Building</u>		
Service charge - 1 bed property	19.71	18.09
Service charge - 2 bed property	23.19	21.28
<u>PSL rents</u>		
1 Bed	106.54	109.74
2 Bed	127.51	131.34
3 Bed	157.56	162.29
4 Bed	198.11	204.05
<p>Private Sector Landlord Rents have been reduced in response to Government removing the previous weekly management fee. The fee has been replaced by the Flexible Homeless Support Grant that is not ring-fenced to Homelessness and has so far only been made confirmed up to and including 2019/20.</p>		

Appendix 8 - Comparison of Business Plans showing the impact of changes made as part of the budget setting for 2019/20 over the next 4 years

Current 18/19 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 2019.20	42,111	(1,227)	40,884	7,979	48,863	(24,542)	(3,679)	20,642	(5,000)	15,642	
2 2020.21	42,351	(1,234)	41,117	8,200	49,318	(25,212)	(3,513)	20,592	(5,000)	15,592	
3 2021.22	43,405	(1,264)	42,141	8,492	50,632	(25,901)	(3,347)	21,384	(5,000)	16,384	
4 2022.23	44,480	(1,296)	43,184	8,798	51,982	(26,608)	(3,181)	22,192	(5,000)	17,192	
Totals	172,347	(5,021)	167,326	33,469	200,795	(102,263)	(13,721)	84,811	(20,000)	64,811	
Revised 19/20 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 2019.20	41,653	(1,120)	40,533	8,371	48,904	(24,820)	(3,679)	20,405	(5,000)	15,405	
2 2020.21	42,206	(1,129)	41,077	8,587	49,664	(25,404)	(3,555)	20,705	(5,000)	15,705	
3 2021.22	43,394	(1,160)	42,234	8,778	51,012	(26,028)	(3,384)	21,600	(5,000)	16,600	
4 2022.23	44,917	(1,191)	43,726	8,994	52,720	(26,665)	(3,231)	22,824	(5,000)	17,824	
Totals	172,170	(4,600)	167,570	34,730	202,300	(102,917)	(13,849)	85,534	(20,000)	65,534	
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 2019.20	-458	107	(351)	392	41	(278)	0	(237)	0	(237)	
2 2020.21	-145	105	(40)	387	346	(192)	(42)	113	0	113	
3 2021.22	-11	104	93	286	380	(127)	(37)	216	0	216	
4 2022.23	437	105	542	196	738	(57)	(50)	632	0	632	
Totals	(177)	421	244	1,261	1,505	(654)	(128)	723	0	723	

The "Available for Capex" figures include an element earmarked for depreciation charges on vehicles

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Pay Policy Statement: 2019 / 2020

Cabinet

Date: 6th February 2019

Author: Cabinet Member for Corporate and Customer Services
Director of Performance, Organisational Improvement and Communications

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 2019 / 2020 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 2019 / 2020, as set out in Appendix 1 to the report.
- 2.2 Recommend the Pay Policy Statement to the Council for approval, and, if approved, authorise the Director of Performance, Organisational Improvement and Communications to update the salary information on 1st April 2019 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 2018 / 2019 has been updated for 2019 / 2020 and must be approved by Full Council before 31st March 2019. 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
- 3.1.3 The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

Further information on the subject of this report can be obtained from Sam Mowbray, Direct Dial Telephone Number: 07823 525337, E-mail: smowbray@swindon.gov.uk.

Pay Policy Statement: 2019 / 2020

Cabinet

Date: 6th February 2019

- 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 2018 / 2019 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.
- 3.5.2 **Page 9: Highest to Lowest Paid Employees** - this section has been amended to reflect the changes in the ratios. The main change is the ratio of highest to lowest paid employees. In April 2018 it was 1:10.9 and for October 2018 it is 1:10.1.
- 3.6 The proposed Pay Policy Statement 2019 – 2020 is attached at Appendix A. The Statement sets out the Council’s policies in relation to pay of its workforce, particularly its Chief Officers. The figures are based as at 1st October 2018, but will be amended on 1st April 2019 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.
-

Further information on the subject of this report can be obtained from Sam Mowbray, Direct Dial Telephone Number: 07823 525337, E-mail: smowbray@swindon.gov.uk.

Pay Policy Statement: 2019 / 2020

Cabinet

Date: 6th February 2019

- 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. The majority of these are already available to Members and employees 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.

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

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

Diversity Impact Assessment

- 5.4 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 or future employees.

Risk Management

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

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and the Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

Further information on the subject of this report can be obtained from Sam Mowbray, Direct Dial Telephone Number: 07823 525337, E-mail: smowbray@swindon.gov.uk.

Pay Policy Statement: 2019 / 2020

Cabinet

Date: 6th February 2019

- 6.2 the Director of Performance, Organisational Improvement and Communications 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 1: 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 January 2019.

Swindon Borough Council

Pay Policy Statement: April 2019

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.

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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 2019/20. Information on the Council's workforce will be published after 1st April 2019 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 Performance, Organisational Improvement and Communications at smowbray@swindon.gov.uk.

Structure Overview

As of 1st October 2019 the Council employs **2660** 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 2018:

- **15th November 2018:** Forward Swindon transferred to the Council
- **30th November 2018:** 4 employees from the Swindon Music Service transferred out of the Council to become an independent charity.

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 2660 staff (as at 1 October 2018 – this figure does not include school staff or casual workers), 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.

Communities & Housing

Communities & Housing 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.

The service areas that support Communities & Housing include StreetSmart, Planning, Regulatory Services & Heritage, Housing, Highways and Design & Architecture.

Resources & Growth

Resources & Growth are the enabling function of the Council with overall responsibility for the Council's support services functions and is managed by the Chief Executive.

Economy & Regeneration also forms part of this structure and focuses on the delivery of the Council's ambition to be one of the UK's most successful economies. Economy & Regeneration are responsible for translating that ambition into defined and measurable outcomes and procuring services from internal and external providers to realise the vision across the borough.

The service areas within Resources & Growth are Law, Democratic Services, Election Services, Finance, Human Resources & Organisational Development, Economy &

Regeneration, Performance Communications, IT and Digital Services, Corporate Programmes, Customer Services and Business Support.

Adult Services

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 supports Adult Services

The Director of Adult Services 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 Education Services, Children, Families & Community Health and Routes to Employment.

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

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

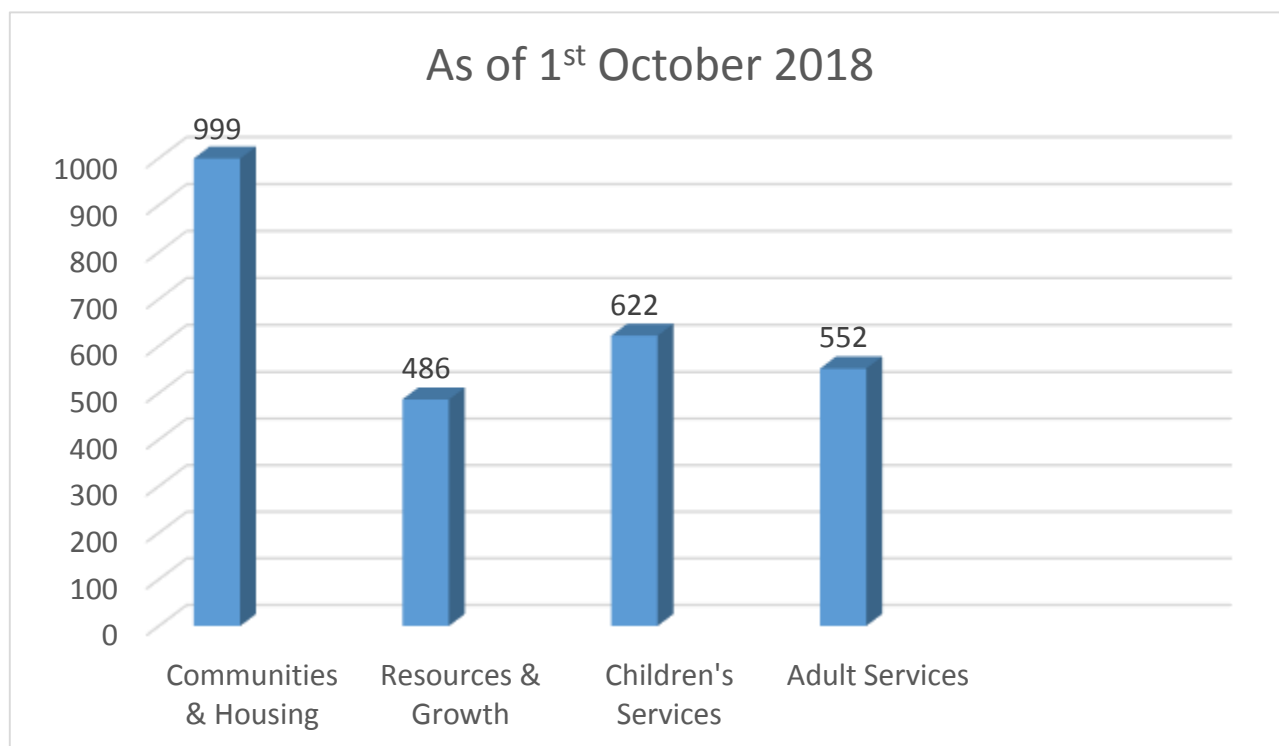


Figure 1: Number of staff in each directorate (excluding the Chief Executive)

As a team member of Corporate Management Team, the Board 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.:
 - Corporate Director – Communities & Housing
 - Director of Finance (section 151 Officer)
 - Corporate Director - Children's Services (DCS)
 - Corporate Director - Adult Social Services (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 2018):

Level	Salary Range	
	From	To
CEO	£153,370	£191,140
Board Director	£119,866	£143,589
Director 5	£100,931	£118,513
Director 4	£83,314	£99,763
Director 3	£68,880	£82,464

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 this can be found on the Council's website.

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 2018)

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

Salary (FTE)	Male	Female	Total	Total % of workforce
£0 - £15,000	8	7	15	0.56%
£15,001 - £20,000	328	586	914	34.36%
£20,001 - £25,000	185	322	507	19.06%
£25,001 - £30,000	158	233	391	14.70%
£30,001 - £40,000	158	357	515	19.36%
£40,001 - £50,000	79	144	223	8.38%
£50,001 - £60,000	23	35	58	2.18%
£60,001 - £70,000	11	12	23	0.86%
£70,001 - £80,000	0	0	0	0%
£80,001 - £90,000	3	1	4	0.15%
£90,001 - £100,000	2	3	5	0.19%
£100,001 - £120,000	1	0	1	0.04%
Over £120,000	2	2	4	0.15%
Total	958	1702	2660	100%

Staff who are earning below £15,000 are on apprenticeship contracts of employment. All other employees are earning above the National Living Wage.

Salary Band by Ethnic Group (as of 1st October 2018)

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	2	13	0	15
£15,001 - £20,000	116	633	165	914
£20,001 - £25,000	58	390	59	507
£25,001 - £30,000	41	292	58	391
£30,001 - £40,000	54	395	66	515
£40,001 - £50,000	19	184	20	223
£50,001 - £60,000	6	47	5	58
£60,001 - £70,000	0	20	3	23
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	1	2	1	4
£90,001 - £100,000	0	3	2	5
£100,001 - £120,000	0	0	1	1
Over £120,000	1	2	1	4
Total	298	1981	381	2660

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, £16,486 pa (£8.55 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 2018)
16 – 18 *	£3.70 per hour
19 – 24	£7.38 per hour
Over 25	£7.83 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	£167,000
Mean Pay	£27,293
Median Pay	£23,473
Lowest Pay	£16,486
Ratio of Mean to Highest	1: 6.1
Ratio of Median to Highest	1: 7.1
Ratio of Lowest to Highest	1: 10.1

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 1:7.1. 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 1:10.1 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 page 11.

National Pay

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

Local Pay

Due to financial constraints, the Council is mindful not to offer any additional pay increases for the 2019 / 2020 financial year.

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 [Executive Pay Strategy](#).

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 Guidance](#) can be found on the Council's website.

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 found on the Council's website.

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 which can be found on the Council's website.

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 found on the Council’s website.

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 found on the Council’s website.

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 found on the Council's website. 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 2018) 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 2018);
- 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	<table><tr><td rowspan="10">Please note: 2008 contribution rates are based on whole-time equivalent pay whereas the 2014 contribution pay bands will be based on actual salary.</td><td>Pay Bands</td><td>Contribution rates</td><td>Pay Bands 2018 / 2019</td><td>Contribution Rates</td></tr><tr><td>£0 to £13,500</td><td>5.5%</td><td>Up to £14,100</td><td>5.5%</td></tr><tr><td>£13,501 - £15,800</td><td>5.8%</td><td>£14,001 - £22,000</td><td>5.8%</td></tr><tr><td>£15,801 - £20,400</td><td>5.9%</td><td>£22,001 - £35,700</td><td>6.5%</td></tr><tr><td>£20,401 - £34,000</td><td>6.5%</td><td>£35,701 - £45,200</td><td>6.8%</td></tr><tr><td>£34,001 - £45,500</td><td>6.8%</td><td>£45,201 - £63,100</td><td>8.5%</td></tr><tr><td>£45,501 - £85,300</td><td>7.2%</td><td>£63,101 - £89,400</td><td>9.9%</td></tr><tr><td>Above £85,300</td><td>7.5%</td><td>£89,401 - £105,200</td><td>10.5%</td></tr><tr><td></td><td></td><td>£105,201 - £157,800</td><td>11.4%</td></tr><tr><td></td><td></td><td>More than £157,801</td><td>12.5%</td></tr></table>			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	Contribution rates	Pay Bands 2018 / 2019	Contribution Rates	£0 to £13,500	5.5%	Up to £14,100	5.5%	£13,501 - £15,800	5.8%	£14,001 - £22,000	5.8%	£15,801 - £20,400	5.9%	£22,001 - £35,700	6.5%	£20,401 - £34,000	6.5%	£35,701 - £45,200	6.8%	£34,001 - £45,500	6.8%	£45,201 - £63,100	8.5%	£45,501 - £85,300	7.2%	£63,101 - £89,400	9.9%	Above £85,300	7.5%	£89,401 - £105,200	10.5%			£105,201 - £157,800	11.4%			More than £157,801	12.5%
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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.

The NHS Pension Scheme has undergone significant changes that became effective on 1 April 2008. [Members Guide \(PDF\)](#) provides further information on this.

Further information about the [NHS Pension Scheme](#) can be found on their website.

Pay Scales April 2018

NJC Pay Grades			New Rate (FTE)	Hourly Rate
Grade	Point	Payroll Point		
J	1	1	16,486	8.55
	2	2	16,707	8.66
	3	3	16,898	8.76
K	1	4	17,114	8.87
	2	5	17,303	8.97
	3	6	17,552	9.10
	4	7	17,815	9.23
	5	8	18,217	9.44
	6	9	18,439	9.56
	7	10	18,820	9.75
L	1	11	19,092	9.90
	2	12	19,385	10.05
	3	13	19,534	10.12
	4	14	19,847	10.29
	5	15	20,409	10.58
	6	16	20,736	10.75
	7	17	21,626	11.21
	8	18	22,161	11.49
M	1	19	22,563	11.70
	2	20	22,925	11.88
	3	21	23,473	12.17
	4	22	23,848	12.36
	5	23	24,380	12.64
	6	24	24,770	12.84
	7	25	25,288	13.11
	8	26	25,693	13.32
	9	27	26,198	13.58
N	1	28	26,684	13.83
	2	29	27,112	14.05
	3	30	27,607	14.31
	4	31	28,050	14.54
	5	32	28,529	14.79
	6	33	28,987	15.02
	7	34	29,451	15.27
	8	35	29,923	15.51
	9	36	30,373	15.74

Hay Grades		New Rate (FTE)	Hourly Rate
Grade			
Q		£30,151	£15.63
	Midpoint	£35,017	£18.15
		£39,882	£20.67
R		£34,061	£17.65
	Midpoint	£39,781	£20.62
		£45,499	£23.58
S		£38,711	£20.07
	Midpoint	£45,273	£23.47
		£51,834	£26.87
T		£45,217	£23.44
	Midpoint	£51,865	£26.88
		£58,511	£30.33
U		£50,898	£26.38
	Midpoint	£59,197	£30.68
		£67,495	£34.98

Executive Pay Scales

Level	Salary Range	
	From	To
CEO	153,370	191,140
Board Director	119,866	143,589
Director 5	100,931	118,513
Director 4	83,314	99,763
Director 3	68,880	82,464

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Library Strategy - Delivery Model

Cabinet

Date: 6th February 2019

Author:	Cabinet Member for Corporate and Customer Services Corporate Director Children Services
Wards:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 This report outlines the direction of travel for the delivery of core library services, following further investigation of the award route for a Public Service Mutual (PSM).
- 1.2 The report responds to Cabinet Decision minute dated 13th June 2018, that authorised officers to implement transition arrangements including the award route, for the Swindon Library and Information Service (SLIS) to become a PSM and to deliver the Swindon Library Strategy providing a comprehensive and efficient library service and to promote an increase in literacy and learning within communities.
- 1.3 The proposal contributes towards the Council's vision for Swindon, particularly: Priority Two: offer educational opportunities that lead to the right skills and the right jobs in the right places; Priority Three: ensure clean and safe streets and improve public spaces and local culture; Priority Four: Help people to help themselves while always protecting the most vulnerable children and adults.

2. Recommendations

Cabinet is recommended to:

- 2.1 To authorise the Head of Libraries and Information Services, in consultation with the Cabinet Member for Corporate and Customer Services, the Head of Skills, Employment and Lifelong Learning and the Corporate Director Children Services:
 - 2.1.1 To deliver the Swindon Library and Information Service as a service delivered directly by Swindon Borough Council and not to implement transition arrangements for the Swindon Library and Information Service to become a PSM at this time.
 - 2.1.2 To set out arrangements for how specific elements of the Swindon Library Strategy, planned to be developed through the PSM will be delivered directly by the Council.

Further information on the subject of this report can be obtained from Sally Burnett, 01793 463061, sburnett@swindon.gov.uk.

Library Strategy - Delivery Model

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Date: 6th February 2019

3. Detail

- 3.1 Following the development and agreement of the Swindon Library and Information Service Strategy, a Mission and Vision for the service was developed and is being used by the service moving forward and is incorporated into the business plan.
- 3.2 The SLIS Vision is to expand the horizons of our community, transforming lives and feeding imaginations and the SLIS Mission is to:
 - 3.2.1 Promote literacy and the love of reading.
 - 3.2.2 Support lifelong learning to help everyone develop the right skills for jobs and for life.
 - 3.2.3 Help people discover our past and value their heritage.
 - 3.2.4 Ensure libraries are safe, open, welcoming spaces for people to meet, learn, have fun and realise their potential.
 - 3.2.5 Provide trusted access to knowledge and information.
 - 3.2.6 Help people to help themselves to improve health and wellbeing.
 - 3.2.7 Give everyone the opportunity to participate in and enjoy cultural and literary experiences.
- 3.3 As part of the transition arrangements to prepare Swindon Library and Information Service for becoming a PSM, a Transition Board was set up to oversee its implementation and to provide advice to the Cabinet Member for Corporate and Customer Services and the Head of Library Services. Key officers including those from finance, HR, procurement, legal and property are represented on the Board.
- 3.4 The Transition Board reviewed the business plan and the options open to the Council and concluded that the service being delivered directly by the Council is the option presenting the least risk and ensures that the council can have direct control over ensuring that the SLIS Strategy is delivered with strong staff and community engagement. It also provides the significant opportunity to align services and contribute to a number of Council pledges, adding value to the Council's early and targeted intervention plans.
- 3.5 The Library and Information Service is currently a key contributor to a number of Council priorities and remaining in-house will ensure that these opportunities are maximised. For example, the National Literacy Trust 'Swindon Stories' project is fully integrated into the work of Children's Services to improve literacy across the

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Library Strategy - Delivery Model

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town, the service has a key role in the development of Digital Skills and delivering job clubs to improve job search skills.

- 3.6 It was also recommended that officer time is best spent ensuring services are efficient, effective, have impact and meet resident needs rather than spending significant time addressing technical issues to move forward with a PSM.
- 3.7 The advantages of a PSM model included the financial benefits of reduced business rates (policy has since changed, reducing the benefit), access to charitable funding, ability to generate increased levels of traded income, strong staff and community engagement and social value, the development of meaningful strategic and operational relationships with a range of partners across the public, private and community sectors to deliver the library strategy effectively. The Board considered how these advantages could be delivered through an in-house model.
- 3.8 Strategic objectives sit behind each of the SLIS Mission statements and setting key performance indicators is a key element of moving the service forward. The approach to achieving this through an in-house model will be outlined in the business plan and will include:
 - 3.8.1 The appointment of a Commercial and Income Generation Manager who will focus on an income generation strategy for the service, develop ideas for generating new income and ways to increase established income so the service is able to be sustainable within the future agreed budget. This role will also support the further development of partnerships across all sectors.
 - 3.8.2 Effective staff engagement that directly influences the design and delivery of services will be achieved by identifying and engaging a group of staff who will work together to identify challenges and opportunities to shape ways of working effectively and efficiently and will contribute to the development of the service. In addition the SLIS Senior Management Team are planning monthly staff engagement sessions to ensure everyone is aware of the business plan and can contribute to it. Staff will have the opportunity to develop their skills and keep up to date with national and local initiatives.
 - 3.8.3 Effective community engagement that directly influences the design and delivery of services will be achieved by establishing a service wide Friends group that can contribute to service development. There is already an established Swindon and District History Network, led by SLIS Local Studies staff that contributes to service development in that specific area. In addition ongoing consultation/ engagement with Library users on specific services has already started so that services are tailored to their needs and continue to deliver the SBC priorities and pledges.

Further information on the subject of this report can be obtained from Sally Burnett, 01793 463061, sburnett@swindon.gov.uk.

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- 3.8.4 Developing meaningful strategic and operational relationships with a range of partners from across the public and community sectors. The SLIS will develop a formal approach to enable it to build relationships and partnerships with local organisations, businesses and employers.
- 3.8.5 Setting key performance indicators that demonstrate the impact of the SLIS and how the service contributes to Council pledges and deliverables as well as contributing to nationally agreed Library universal offers.

Reviewing the technical issues outlined in the draft business plan to move forward with the PSM.

- 3.9 The draft business plan outlines a number of technical issues that needed addressing for the PSM to move forward. The focus of the initial work of the Board was to outline the award route options.
- 3.10 The SLIS Transition Board met in June and September 2018. Following a full appraisal of the award route options and giving consideration to the resources required to move towards a PSM within the current Council financial context, the Board advised that it did not consider that it was the right time to move to a PSM model. The key reasons are as follows
 - 3.10.1 The award routes open to us do not guarantee that the staff led PSM will be successful and provide an award option which ensures an appropriate approach to specifying requirements and contract management.
 - 3.10.2 The rewards from any change are small and the risks high. In an uncertain and immature market, the least risky option is to continue in-house delivery.
 - 3.10.3 Moving to a PSM will take considerable resource from enabling services, senior managers and SLIS as well as funds for set up.
 - 3.10.4 The service has gone through some significant change with a lot of public interest. Creating stability and managing risk is key to delivering the SLIS Strategy and providing an efficient and effective service.
- 3.11 More detail on the work completed by the Board is outlined below. After further investigation of the award route options, receiving and reviewing external legal advice it became clear that the only way of legally implementing a staff led PSM, would be to carry out a full procurement exercise. Other routes have been discounted due to reasons of timing and legality. The full range of options that were considered by the Transitions Board were :
 - 3.11.1 Entering into a funding agreement with a property lease. If the Council was to pursue the option of a funding agreement with ancillary lease, the risk of a legal challenge and the prospects of such a challenge being successful, are

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significant. The funding agreement would also be drafted on the basis that there are no legally enforceable obligations or detailed specification which could result in the Council being placed in breach of its statutory duty.

- 3.11.2 Use of 'Teckal' exemption to enable a Direct Award to a Staff Led PSM. Possible State Aid implications if the Library Service undertake activity that is not considered ancillary to delivering a Library Service. Potential limitations to attracting external grant funding. In addition, the Council must control all of the shares in the 'Teckal' company and must exercise day-to-day control over the company's affairs, limiting the PSM model advantages.
- 3.11.3 Direct Award to Staff Led PSM via a services Contract. A direct award to the Council's PSM would be unlawful under the Public Contract Regulations (PCR) 2015 and therefore was dismissed as an option.
- 3.11.4 Joint Venture. This would require a Procurement exercise that would have to be open to the Market.
- 3.11.5 Partnership with an existing PSM. This would require a Procurement exercise that would have to be open to the Market.
- 3.11.6 Outsourcing. The option presenting the next lowest risk of challenge would be a fully compliant procurement exercise pursuant to the Public Contract Regulations (PCR) 2015 leading to the award of a services contract. There would be a detailed specification and remedies under the contract to ensure compliance with the statutory duty. However the time and costs incurred in setting up and preparing the PSM for tender should be considered, noting that this investment would not guarantee the PSM would be the successful tenderer
- 3.11.7 Outsourcing via 'Reserved' restricted tender (that is limited to qualifying organisations). Restricting the procurement to certain organisation types has the added disadvantage of PCR 2015 requiring the contract to be limited to a duration of not more than three years so would not be worthwhile pursuing due to the time constraints.
- 3.11.8 Remain In-house. Having reviewed the external legal advice received, it is clear that the option with the least risk of a successful legal challenge from third parties to the Council is for the Library and Information service to continue in-house but to continue to develop a more commercial approach to income generation and costs savings. The Council would still retain complete control over the service delivery and it would be able to ensure compliance with the statutory duty. A successful legal challenge would result in delays to the implementation of the chosen solution and result in additional costs.

Library Strategy - Delivery Model

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Date: 6th February 2019

- 3.12 A full appraisal of Library Service PSM models in other areas of England was carried out and it was confirmed that there were no recent examples of direct award routes to achieve a staff led PSM. Recent examples include Dudley who went through a full tender process (with their libraries now managed by GLL), and Hertfordshire County Council are currently looking to spin out a Public Service Mutual to run their Library Service. Their intention is to undertake a Restricted Procurement Process under Schedule 3 of the Public Contracts Regulations 2015.
- 3.13 With a full procurement exercise there is no guarantee that a staff led PSM would be the successful bidder. There is provision for the procurement exercise to be restricted by type of organisation but this would not guarantee a staff led PSM being successful. This route would also lead to a second procurement process within 3 years that would be unrestricted. The advice from Mutual Ventures, who were appointed to assist the Council in preparing for a PSM, was that their expectation was that it would take up to 5 years for the staff to be ready to move to a PSM.
- 3.14 The development of a PSM would also prove resource hungry across many areas within SBC who would be required to support the Library and Information Service. From past experience this would require significant input from finance, legal, procurement, property and project management. All of these service areas are currently heavily involved in the Swindon Programme and the delivery of savings and efficiencies across the Council
- 4. Alternative Options**
- 4.1 The alternative options to the recommendation would be to implement a PSM model for delivery by April 2020 or in an extended timeline. The range of options to achieve this and the level of risk are outlined above.
- 5. Implications, Diversity Impact Assessment and Risk Management**
- Financial and Procurement Implications
- 5.1 The current budget for 2018/19 for the service is £1.323M, excluding the business rates. Savings proposals were included in the budget report presented to Cabinet in December 2018 for £117k in 2019/20 which will result in an operating cost of £1.206M. Potential capital requirements for replacing equipment to ensure Payment Card Industry compliance has been identified and a separate briefing paper is being prepared.
- 5.2 The procurement implications are set out in the body of the report.
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Further information on the subject of this report can be obtained from Sally Burnett, 01793 463061, sburnett@swindon.gov.uk.

Library Strategy - Delivery Model

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Legal and Human Rights Implications

- 5.3 All legal and human rights considerations have been taken fully into account in compiling this report. The considerations of this report are compatible with convention rights.

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

- 5.4 A programme of communications will be developed to keep staff informed of the decision and the ongoing direction for the Service.

Diversity Impact Assessment

- 5.5 A diversity Impact Assessment (DIA) has been completed for Swindon's Library Strategy. There is no change to the diversity and equalities requirements of the service. A DIA is therefore not required for the recommendation of this report.

Risk Management

- 5.6 Staying in-house is the option with the least risk attached. Risk moving forward will be managed via the usual service risk management protocols.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 SLIS Strategy, vision and mission

8. Appendices

- 8.1 None

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

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2019.

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School Admission Arrangements 2020-21

Cabinet

Date: 6th February 2019

Author:	Cabinet Member for Children's Services and School Attainment Head of Education
Wards:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 To seek Cabinet's agreement to put in place co-ordinated admission arrangements for the normal point of entry (Reception, Year 3, Year 7) and In-year admission arrangements for all Swindon Schools and Published Admission Numbers (PAN) for Community and Voluntary Controlled Schools in Swindon for September 2020.
- 1.2 This report particularly links to the Council's updated study of long-term school place planning. It also relates the Vision priority 2: "Offer education opportunities that lead to the right skills and right jobs in the right places."

2. Recommendations

Cabinet is recommended to:

- 2.1 Approve the co-ordinated scheme of admission arrangements for the normal point of entry (Reception Year, Year 3 and Year 7) for all primary schools and secondary schools in Swindon from September 2020;
- 2.2 Approve the co-ordinated In Year admission arrangements for all primary schools and secondary schools in Swindon from September 2020;
- 2.3 Approve the admission numbers and arrangements for Community and Voluntary Controlled schools from September 2020 and note that no opposition from Schools was received;
- 2.4 Approve the reduction of the published admission number for Bridlewood Primary School from 60 to 30 for Reception for September 2019,
- 2.5 Note that, if approved by Cabinet, these proposals are determined, and will be implemented by the Head of Education for Admissions from September 2019 for all applicants.

3. Detail

- 3.1 The admission arrangements and co-ordinated scheme are consulted upon annually. There have been no significant changes to the detail in the admission arrangements for point of entry or co-ordinated scheme for all schools within in Swindon. However, there has been a change in the way the Admissions Team

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, eheaton@swindon.gov.uk.

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Cabinet

Date: 6th February 2019

provide the application process for In Year Admissions with the introduction of all processes online, which is detailed below in paragraph 3.22 onwards.

- 3.2 The school admission arrangements are used for the purpose of allocating school places at the point of entry for children at age 4 (Reception), 7 (Infant to Junior) and 11 (Secondary).
- 3.3 There are a number of different elements relating to arranging an overall admissions process, especially with the rapidly changing education landscape and greater autonomy granted to schools. It is the responsibility of all admission authorities to ensure that admission arrangements are compliant with this Code.
- 3.4 The following table outlines where the responsibility lays for the different admissions processes.

Type of School	Admission Authority
Academies (including Free Schools)	Academy Trust
Community Schools	Local Authority
Foundation Schools	Governing Body
Voluntary Aided Schools	Governing Body
Voluntary Controlled Schools	Local Authority

- 3.5 An admission authority is responsible for determining their admission policy, published admission number, oversubscription criteria including the determination of catchment areas. Individual admission authorities within Swindon are required to consult the Local Authority on their admission policy. However, the Local Authority is not responsible for the contents of their arrangements; this is the responsibility of the Academy Trust or Governing body as indicated in the above table.
- 3.6 In addition to the responsibilities set out in paragraph 3.4, the Local Authority is required to formulate a co-ordinated scheme for the point of entry to manage the application process for all schools within the Local Authority area.
- 3.7 This report outlines those policies written and consulted on by the Local Authority with regard to the allocation of school places. The document contains the following sections:
- 3.7.1 Co-ordinated admissions scheme (applicable to all schools);
- 3.7.2 In Year Admissions Scheme (applicable to all schools)
- 3.7.3 Admission Arrangements and oversubscription criteria (Community and Voluntary Controlled School), which also includes Published Admissions Numbers and School Catchment Areas.

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, eheaton@swindon.gov.uk.

School Admission Arrangements 2020-21

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Consultation

- 3.8 The School Admissions Code places a duty on the Local Authority and all admission authorities to consult upon its admission arrangements above for a minimum of 6 weeks, which must be completed by 31st January 2019. The consultation ran between the 19th November and 31st December 2018.
- 3.9 The School Admissions Code outlines the list of relevant bodies that must be consulted as outlined in section 6 below. The Local Authority publicised the consultation on its website and through all local schools and the pre-schools, neighbouring Local Authorities and the Diocesan Boards of Education. The Local Authority notified all ward councillors and parish councillors also.
- 3.10 Survey responses could be made in writing or by using an online survey tool. The survey tool allowed responses to all the arrangements. The Local Authority received a total of 4 responses to the consultation.

Admissions Consultation responses:

- 3.11 In terms of the Admission Arrangements for Community and Voluntary Controlled Schools, 100% of respondents agreed with the proposals.
- 3.12 In response to the Co-ordinated Admissions Scheme for the point of entry for 2020 for all schools, 100% of all respondents agreed with this.
- 3.13 For the proposed In Year Co-ordinated Scheme, 75% agreed with the proposal, and 25% disagreed. We also received the following comment and response as set out below:

Comment	LA response
We have concerns about the way in which in year admissions are undertaken when this leaves children without a school place (especially for those who have moved into the country/area and are not in school) for a considerable amount of time. It seems contradictory that a child not be allowed to have holiday during school time and a fine is issued when there are children not in school for maybe up to 6 weeks with no consequences as they have not been issued a place in a school because they have missed or are unable to meet the application deadline and therefore have to wait for	The coordinated in year admissions has process periods in which parents have clear timeframes to apply within and a date for when they will receive an offer of a school place. Parents who are moving into the area are able to apply in advance of moving into the area, which could speed up their application. This coordinated system considers all preferences on a single application at the same time, which speeds up the consideration of an application from approximately 2-3 months under the old process, to just 30 days. This new process also allows significantly more applications to be

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, eheaton@swindon.gov.uk.

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the next round of allocations.	considered at the same time in each process period, thus ensuring many more children are allocated school places much more quickly – in September 2018 alone the Admissions Team processed 1175, which would have been impossible under the old system.
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Co-ordinated Admissions Scheme for the Point of Entry

- 3.14 The Local Authority is legally required to consult on the co-ordinated admission arrangements that all the schools and admissions authorities in their area must comply.
- 3.15 The Education Act 2002 introduced the statutory requirement for every Local Authority to draw up a scheme for co-ordinating admission arrangements to cover every maintained school in its area. The regulations also require Local Authorities to co-ordinate arrangements across Local Authority boundaries. Therefore, the scheme sets out the admissions timetable and the responsibility to exchange information between schools and Local Authorities to ensure Swindon makes one fair offer to all residents of the Borough.
- 3.16 The purpose of the co-ordinated scheme is to ensure that every parent of a child living in Swindon who has applied for a school place receives the offer of one school place on the same day.
- 3.17 This applies to admission for the point of entry for Reception, Year 3 and Year 7 for all categories of schools including Community, Voluntary Controlled, Voluntary Aided, Foundation and Academies. The proposed co-ordinated scheme and timescales for the 2020-21 academic year is attached in Appendix 1.

Admission Arrangements

- 3.18 All schools are required to set fair and transparent arrangements for assessing priority for admission.
- 3.19 The key part of the admission arrangements is to set criteria used to determine admission where more parents / carers have expressed a preference for a particular school than it has places available in a particular year. The published oversubscription criteria must be applied to decide which preferences should be met.

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, eheaton@swindon.gov.uk.

School Admission Arrangements 2020-21

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- 3.20 The oversubscription criteria must be set out clearly and unambiguously, making clear not only what the criteria are but also the way and order in which they will be applied.
- 3.21 The proposed admission arrangements for Community and Voluntary Controlled Schools are set out in Appendix 2. A full analysis of the response is set out within Appendix 3.

In Year Coordinated Admissions

- 3.22 Following a number of complaints during the 2016/2017 academic year on delays in dealing with in year applications, the Local Authority consulted and implemented a scheme outside of the normal admissions round in July 2017 to co-ordinate applications for schools.
- 3.23 The in-year co-ordinated scheme operates a shorter version of the co-ordinated scheme from paragraph 3.14 by opening and closing 12-13 admissions rounds during the course of the year.
- 3.24 The new scheme has been in operation since September 2017 and has helped the school admissions team deal with the high demand for applications to change schools during the year and assisted schools with managing the induction of new pupils through a controlled process.
- 3.25 In the first process period (admissions round) in September 2018 the admissions team processed 1175 applications alone from applicants moving into Swindon or to change school during the first part of the year.
- 3.26 Since September 2018, the School Admissions Team implemented the In Year Co-ordinated Admissions Scheme as an online process. This has meant that parents / carers have to apply for school places using the online portal via the Swindon Borough Council website instead of submitting paper applications. This is in line with two of the priorities of the Swindon Programme: moving customer contact online and to reduce the amount of paper used by the Council.
- 3.27 At present, the applications for the point of entry allocations for Reception and Secondary school places are already available on line with success in terms of take up with 90% of all applications made online for these processes. This process has now been applied to In Year Admissions from September 2018. If parents / carers are unable to access a computer or smart phone to make an application, the Admissions Team encourages them to make the application at the child's current school, local library or to come into the Council offices for one of the team to help them directly and to support them through the process.
- 3.28 This online process has a number of benefits for the user and includes parents / carers being able to make their applications in the comfort of their own home day or night, receive an automatic email to confirm receipt of the application and

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, ehaton@swindon.gov.uk.

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receive notifications of the offer of a school place via email. This also allows the offers to be accessed instantly instead of waiting 2-3 days for a letter in the post and has reduced printing costs of the team significantly, as the LA no longer sends any hard copy letters.

3.29 The proposal in this report is to agree the In Year Co-ordinated Admissions Scheme for the 2020-21, taking into account the new online process.

3.30 The proposed In Year Coordinated Scheme is included as Appendix 4.

Published Admission Numbers (PAN)

3.31 All schools must have an admission number for each age group. The admission number is the upper limit of pupils that will be offered places in the particular year. Admission numbers should be set with regard to the capacity assessment for the school.

3.32 Once an admission number has been set, the Admission Authority must respect that number. Pupils should not be admitted above the published admission number unless exceptional circumstances apply.

3.33 As above, Governing bodies of Academies and Voluntary Aided Schools are responsible for setting their own PAN and the Local Authority is a stakeholder in their consultation. This section relates to the PANs set by the Local Authority in consultation with schools as the Admission Authority for Community and Voluntary Controlled Schools.

3.34 The proposed published admission numbers have been included as part of Appendix 2. Under the School Admissions Code 2014, the Local Authority, as the Admitting Authority for Community and Voluntary Controlled schools, is not required to consult on the admissions number as part of the consultation on admission arrangements if they are requesting the school to increase or keep the same PAN. However, they must consult the Governing Body of the school. Consultation would be required where it is intended to reduce the published admission number.

3.35 As part of this consultation, the LA consulted on the proposal to reduce the PAN for the Reception intake in September 2019 for Bridlewood Primary School from 60 to 30. This is due to a lower than expected allocation of pupils to the reception class in September 2018 and the school could be at a financial risk if they are required to organise the year group into two classes.

3.36 Schools were asked to inform the LA if they disagreed with the proposed PAN for 2020-21 and the LA received no opposition to these.

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Catchment Areas

- 3.37 All existing catchment areas remain the same with the exception of the proposed area for Chiseldon Primary School. The catchment area for this school previously included the area now known as Badbury Park, but as there is a school opening in this area in September 2019 to serve this community, the LA has proposed that Badbury Park be omitted from Chiseldon Primary Schools catchment area.
- 3.38 The catchment areas were available on the Council's website for comments.

4. Alternative Options

- 4.1 The School Admissions Arrangements must be determined annually for parents / carers applying for school places in the following year. In relation to the arrangements proposed there are no alternatives proposed that differ from the arrangements for 2020-21.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The admission budget is funded through the Dedicated Schools Grant (DSG) for 2020-21 and therefore no corporate funding is required to support this service. However, changes to the admissions policy may have direct impact on the number of pupils in each school, which will affect the level of funding which they receive from the DSG. There are also implications more generally for the DSG of creating additional school places in terms of both set up funding and on-going revenue funding.

Legal and Human Rights Implications

- 5.2 The Council is required to comply with the statutory provisions referred to in the report. All other legal and human rights implications have been considered in the preparation of this report. The recommendations are considered compatible with Convention Rights.
- 5.3 Under Section 89b of the School Standards and Framework Act 1998 and associated regulations, and the Education Bill 2011 the Council, in its role as a Local Authority, has to determine the co-ordinated scheme and other admission arrangements.

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

- 5.4 The proposals for additional school places comply with Section 17 of the Crime and Disorder Act 1998 to develop school policy to maximise school attendance.

Further information on the subject of this report can be obtained from Emily Heaton, 01793 46 5791, eheaton@swindon.gov.uk.

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Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment was undertaken and a copy can be obtained from the report author.
- 5.6 The admission arrangements in the report are used for the purposes of prioritising individual applications for admission to school based on family arrangements and the distance they reside from a school. The admission criteria set out in the report are based on published guidance from the Department for Education to ensure that they are arranged and operated in a clear, fair and transparent way according to a nationally imposed timescale.
- 5.7 It is considered that the admission arrangements set out in the report do not discriminate against disability, ethnicity, religion, sexual orientation, marital/civil partnership status or pregnancy/maternity

Risk Management

- 5.8 The co-ordinated admissions scheme, including in year admissions, has strengthened the measures in place for safeguarding children as the Admissions Team are aware of every child in Swindon and are aware of transfers coming into or out of the Borough. This will continue if the proposals for in year admissions are agreed.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all Cabinet reports.
- 6.2 In relation to the consultation carried out with Admission Authorities, etc. the following were consulted:
 - 6.2.1 Head Teachers of all maintained schools in Swindon application procedures;
 - 6.2.2 Chairs of Governors of all maintained schools in Swindon via the Head Teachers of the School
 - 6.2.3 Secondary Admission Authorities within 8 km of the Borough Boundary
 - 6.2.4 Primary Admission Authorities within 3.2 km of the Borough Boundary
 - 6.2.5 Dioceses of Education
 - 6.2.6 Wiltshire, Oxfordshire and Gloucestershire Local Authorities
 - 6.2.7 Ward members and Parish Councils within Swindon Borough

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6.2.8 Relevant parents / carers and local interest groups as set out in the School Admissions Code

6.2.9 School Admissions Forum.

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 - Proposed Co-ordinated Scheme 2020-21

8.2 Appendix 2 – Proposed Admission Arrangements for all Community and Voluntary Controlled Schools 2020-21

8.3 Appendix 3 – Consultation responses

8.4 Appendix 4 – Proposed In Year Coordination Scheme for 2020-21

9. Key Decision/Decision in Cabinet Work Programme

9.1 This is a Key Decision and is included in the Cabinet Work Programme for February 2019.

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**Swindon Borough Council
School Admissions Co-ordinated Schemes
Academic Year 2020-21**

1. Introduction

In accordance with the School Admissions (Admission Arrangements and Co-ordination of Admission Arrangements) (England) Regulations 2012 Swindon Borough Council must formulate a scheme which outlines how it intends to manage admissions to all maintained schools¹ in its area and all admission authorities¹ must participate in this scheme. This scheme will apply where an applicant is resident within the Swindon Local Authority area.

Interpretation and Glossary

In this scheme –

“the LA” means Swindon Borough Council acting in their capacity as a Local (Education) Authority;

“the LA area” means the Borough of Swindon;

“Primary education” has the same meaning as in section 2(2) of the Education Act 1996;

“Primary school” has the same meaning as in section 5(2) of the Education Act 1996;

“Secondary education” has the same meaning as in section 2(2) of the Education Act 1996;

“Secondary school” has the same meaning as in section 5(2) of the Education Act 1996;

“school” means – a Community, Voluntary Aided, Voluntary Controlled, Trust School, Foundation School, Academy, University Technical College, Studio School or Free School

“admission authority” in relation to a Community or Voluntary controlled school means the LA and, in relation to an Academy, Foundation, Voluntary Aided or Free school means the governing body of that school;

“the specified year” means the school year beginning in September 2020

“admission arrangements” means the determined arrangements which govern the procedures and decision making for the purposes of admitting pupils to a school.

¹ References to schools in this scheme includes, community, voluntary controlled, voluntary aided, foundation or trust schools, academies, free schools and University Technical Colleges. All schools with the exception of community and voluntary controlled schools are their own admission authority.

2. Key Information for phased entry 2020-21

		Primary and Infant	Junior	Secondary
1.	Relevant Year Group	Reception (Yr 0)	Year 3	Year 7
2.	For children born between	1 st September 2015 and 31 st August 2016	1 st September 2012 and 31 st August 2013	1 st September 2008 and 31 st August 2009
3.	Applications can be made from	1 st September 2019	1 st September 2019	1 st September 2019
4.	Maximum number of preferences	3	3	3
5.	Deadline for ontime applications	Wednesday 15 th January 2020	Wednesday 15 th January 2020	Thursday 31 st October 2019
6.	Applications to be forwarded to other LA and Swindon admission authorities	Friday 14 th February 2020	Friday 14 th February 2020	Monday 2 nd December 2019
7.	Ranked lists to be returned by Swindon admission authorities	Friday 13 th March 2020	Friday 13 th March 2020	Monday 13 th January 2020
8.	Deadline for proof and changes of address to be received	Friday 13 th March 2020	Friday 13 th March 2020	Monday 13 th January 2020
9.	Swindon LA to notify schools of offers made	Wednesday 1 st April 2020	Wednesday 1 st April 2020	Friday 14 th February 2020
10.	Offers made to Swindon residents	Thursday 16 th April 2020	Thursday 16 th April 2020	Monday 2 nd March 2020
11.	Deadline for parents to accept place	Thursday 30 th April 2020	Thursday 30 th April 2020	Friday 13 th March 2020

Table 1

- 2.1. The primary and secondary co-ordinated scheme will apply to all admission authorities within the LA area in relation to children wishing to join the normal year of entry during the primary/infant phase, junior or secondary phase in Swindon for September 2020.
- 2.2. Table 1 indicates the following information for each phase
 - 2.2.1. Relevant Year Group
 - 2.2.2. The relevant dates of birth for the normal point of entry
 - 2.2.3. The maximum number of preferences which can be made
 - 2.2.4. The date from when applications can be made
 - 2.2.5. The deadline for on-time applications
 - 2.2.6. The date when the LA will forward applications to other LAs and Swindon Admission Authorities
 - 2.2.7. The date by which Swindon Admission Authorities are required to return the ranked list of applications
 - 2.2.8. The deadline for changes of address
 - 2.2.9. The date when the LA will forward details of those offered a place to Swindon schools
 - 2.2.10. The date that parents will be notified in writing of the offer made
 - 2.2.11. The deadline for parents to accept the school place.
- 2.3. In Swindon, children can start school at the earliest from the September following their fourth birthday. Full time provision will be made available in all reception classes for all relevant children from September 2020.
- 2.4. Parents can defer the date their child is admitted to school until later in the school year but not beyond the point at which they reach compulsory school age² or, for children born between 1 April and 31 August, not beyond the beginning of the final term of the school year for which the offer was made;
- 2.5. Parents can also request that their child takes up the place offered part time until the child reaches compulsory school age.

3. Making an application

- 3.1. Parents will be able to make an online application directly to Swindon Borough Council as the LA. The online facility will be available from 1 September 2019 up until the closing date indicated in **Table 1**.
- 3.2. The online application form will be known as the Swindon Local Authority (LA) Common Application Form used for the admission of pupils into the relevant year group.
- 3.3. Swindon Local Authority (LA) Common Application Form will be available for Swindon residents wishing to apply for a school place, either within or outside of the Borough of Swindon.

² Compulsory school age is set out in section 8 of the Education Act 1996 and the Education (Start of Compulsory School Age) Order 1998. A child reaches compulsory school age on the prescribed day following his or her fifth birthday (or on his or her fifth birthday if it falls on a prescribed day). The prescribed days are 31 December, 31 March and 31 August.

- 3.4. Swindon LA's Common Application Form, must be used as a means of expressing one or more preferences by a parent wishing to apply for a school place for their child either within or outside the Borough of Swindon. The child must live in Swindon.
- 3.5. Parents will be asked to express no more than 3 preferences in ranked order for schools both within and outside the Swindon Borough with the opportunity to express reasons for their particular preferences.
- 3.6. Parents are required to submit one application only per child. Where the LA receive more than one application for the same child before the closing date, the LA will only consider the latest submitted application and the other application will be discarded. If two late applications are received (after the closing date), the latest application by date will be the application considered.
- 3.7. Each preference will be considered equally. This means that Swindon LA will consider all applications against the published admissions criteria without reference to how the school applied for has been ranked on the application form. As far as possible applicants will be offered a place at a school to which they have expressed a preference. Where the applicant has made more than one preference the LA will make an offer at the highest ranked preference school with available places in accordance with the standard admission criteria. Where it is not possible to offer a place at a preferred school, and the applicant lives in Swindon, the LA will allocate a place at the next nearest school with a place, The distance between the applicant's home and school is taken as a straight line between the Local Land and Property Gazetteer (LLPG) address point of the applicant's home address and of the school with those living closest to school receiving higher priority.
- 3.8. The governing body of a Foundation, Voluntary Aided School, Academy or Free School can ask parents who have expressed a preference for their school on the online Common Application Form, to provide additional information on a supplementary form or additional evidence, only if the additional information is required in order to apply their oversubscription criteria to the application. Where a supplementary form or additional evidence is required it is the responsibility of the parent to complete the form and return to the school concerned.
- 3.9. Where a school receives a supplementary form it may not be regarded as a valid application unless the parent has also completed an online Common Application Form which expressed a preference for that school. The online Common Application Form must have been returned to the LA.
- 3.10. Swindon LA must receive the application by the deadline date (by midnight) indicated in Table 1 (Row 5)

4. Application Process

- 4.1 The LA will consider in the first instance those applications received before the closing date.
- 4.2 Applications received after the closing will be considered as late. Applications can be submitted after this date but they will be considered as late for the purposes of the co-ordinated scheme. This means they will be considered after all on time applications. The LA will endeavour to deal with late applications before the offer date, but it may not be possible to do this in every circumstance.
- 4.3 Swindon LA will have forwarded applications for schools in other LA's to the maintaining LA's and forwarded applications to other admission authorities with any supporting evidence the parent submitted by the date indicated in Table 1 (Row 6).
- 4.4 Foundation, Voluntary Aided Schools and Academies will apply their admissions criteria and send Swindon LA a list indicating the order in which all applicants have priority according to oversubscription criteria by the date indicated in Table 1 (Row 7).
- 4.5 Academies may choose to delegate the consideration of applications to the LA.
- 4.6 Swindon LA requires all evidence of changes in circumstances (e.g. proof of move / address) by the date indicated in Table 1 (Row 8).
- 4.7 Pupils with a statement of Special Educational Needs or an Education, Health and Care Plan (EHCP) will be admitted to the school named on their statement or plan. Applications of children with a statement or EHCP are considered by the Special Educational Needs Assessment Team (SENAT Team). Once a statement or plan reaches the formal proposed stage, this scheme does not apply as any placement is finalised by SENAT.
- 4.8 The LA will apply the agreed scheme and all applications for Community and VC schools will be considered using the oversubscription criteria for Community Schools and those lists provided by Swindon authorities and other LA schools. The LA will offer the highest rank available as indicated on the parent's application. Swindon will then compare the lists for all schools in the area. Where a child qualifies for one of the available places at more than one school, Swindon will provisionally allocate a place at the school ranked highest by the parent in their application. The lists will be adjusted for any other school for which a preference was expressed, moving another child who was previously not eligible for a place up the list to the provisional place that has been vacated.
- 4.9 Swindon LA will inform other LA's of offers made to their residents. Other LA's have responsibility to inform their residents.
- 4.10 If a child resident in Swindon remains unplaced Swindon LA will consider how to place them in schools within the area. Swindon LA will then offer places at the nearest available school (measured in a straight line) with places when children remain unplaced.

Children who have been refused a place at all of their named preferences, will be offered a place at an alternative school (excluding Catholic Schools unless agreed with the school's governing body) with a place available
- 4.11 Swindon LA will then offer places to late applicants subject to the places available and oversubscription criteria.

- 4.12 Swindon schools will be informed by Swindon LA of the final results by the date indicated in Table 1 (Row 9).
- 4.13 Offers will be made to parents by Swindon LA, on the national offer day (or the next working day where the national date is on a weekend). This date is indicated in Table 1 (Row 10).
- 4.14 Parents are only able to apply through the online system and those that have requested an email notification will be notified on the offer day. Parents / Carers that do not have access to this can contact the LA for assistance with this.
- 4.15 Those children refused places at higher preferences for Community or Voluntary Controlled schools will be placed on a waiting lists and informed of their right of appeal.
- 4.16 Parents must accept or refuse the place offered by the deadline indicated in Table 1 (Row 11)
- 4.17 Appeals against the refusal of a place at a preferred school will be heard within 40 school days of the closing date for appeals to be lodged. A timetable for appeals will be published on the Swindon Borough Council website by 28th February of the relevant year of admission.

5. In-year admissions

- 5.1 If parents/carers decide to transfer their children during the academic year after the normal admissions round, this is referred to as an In Year Transfer. Parents/carers who wish to transfer their child/ren in year to a Swindon school they must apply online on Swindon Borough Council's website and through the Boroughs In-Year Coordinated Scheme.
- 5.2 Parents / carers can apply for up to 3 schools and these can be any type of school in Swindon; Community, Academy or Voluntary Controlled and Voluntary Aided, or Free School.
- 5.3 Swindon operates an In Year Coordinated Scheme and this means all preferences are considered equally under the Equal Preference Scheme and places are allocated in process periods (batches) every 30 schools days.
- 5.4 If a preference is for a school which is its own admitting authority, the LA will pass the application to the school concerned for their governing body to consider within the Coordinated scheme. This is because schools which are Academy, Voluntary Aided, Free School and Foundation are their own admitting authority and therefore the Governing Body of those schools must consider the application within the agreed timescales. Academies can delegate responsibility to Swindon LA to consider applications on their behalf.
- 5.5 Only Swindon Schools must be named in the online application. If a parent living in Swindon wishes to apply for a school outside of Swindon and in another Authority, then they must make contact with that Authority directly to apply.
- 5.6 Some admission authorities also require a Supplementary Information Form (SIF) or additional evidence if they need to collect any further information from parents to enable them to apply the school's admissions policy. Where a SIF or additional evidence is required this should be returned to the school.
- 5.7 The Local Authority's Admissions Team will coordinate all applications and will pass any applications for own admitting authority schools to those schools to consider in line with the timescales in the in year calendar. Those schools will notify the LA of the decisions. The LA will consider applications for Community and VC schools in line with the oversubscription criteria and published admission number (PAN) for the school. The Admissions Team will determine the outcome of the application in accordance to its admission arrangements for these schools.
- 5.8 The LA will then run the equal preference scheme and will coordinate offers / refusal of places on behalf of all schools to parents / carers via email.
- 5.9 Once offered a place at a school, the parent must inform the school if they will be accepting the place offered. If they are refusing the place they must inform the LA.
- 5.10 If the child is refused a place at a Community or VC school they will be placed on a waiting list for the Community and VC school and this list would be maintained by the LA. The list is held in order of the oversubscription criteria and therefore may change. The list is held for the remainder of the academic year.

- 5.11 All schools must inform the LA of the number of places they have in each year group on a regular basis.
- 5.12 Schools must inform the LA as soon as a child starts at their school. Schools must also inform the LA if a child has left the school, for any reason. This should provide each time the school provides the number of places available.
- 5.13 Children will be expected to remain on roll at the current school (if it is a Swindon school) and attending there, whilst their transfer to another school is in progress, unless they are new to the Country or area.
- 5.14 If a child has not been able to find a school place, and is out of school for more than 2 months then the child must be referred to the Fair Access Panel and a placement at a school considered under this protocol.
- 5.15 Swindon Borough Council operates a Fair Access Protocol which is outside the remit of the co-ordinated scheme. All schools are aware of, and support the Swindon Borough Council Fair Access Protocol arrangements including the operation of the Secondary Fair Access Panel.
- 5.16 For more information on the In Year Scheme please see the full copy of the In Year Coordinated Admissions Scheme for 2020-21

6. Sampling of Admission Applications to detect suspected fraud

- 6.1. The LA reserves the right to undertake sampling of applications as and when it determines necessary. All parents should be aware of this and therefore ensure that the information they submit on their application form is correct. By signing the application form, or submitting the form online, the parent is confirming that the information they have provided is correct.
- 6.2. If the LA undertakes sampling of applications, it will write to parents to ask that they submit proof of their address. Evidence of proof of address will be checked and parent will need to submit at least 2 of the following:
- Council Tax bill
 - Child Benefit letter
 - Child Tax Credit
 - Official Rental Agreement
 - Solicitor's letter (not older than one month).
 - Drivers Licence
 - Utility Bill
- 6.3 The LA may check the information given on the application form or the evidence submitted with other parties such as Council Tax or Electoral roll
- 6.4 If evidence is not submitted, or the evidence is not sufficient, then the LA will either not consider the application as an on time application, which may have implications for the child being allocated their preferred school, or it may withdraw the offer of a school place, whichever is appropriate depending on the time the sampling is done. If a parent applies for a school place falsely (using false information), they will lose all the preferences stated on the application form and the whole application will become invalid. The application would then be treated as a late application. (A fresh application would need to be made which would be treated as a late application and if a place is refused at the preferred schools, the parents would have right of an appeal against the refusal.)
- 6.5 If the LA finds that fraud has been committed and the child has already started at the school, there may also be consequences for any other sibling of that child who may not be able to start at the preferred school.
- 6.6 If the LA withdraws a place for a child on the suspicion of fraud, the place will be reallocated.
- 6.7 If parents or schools suspect someone has applied fraudulently they should contact the Council on the whistle blowing contact number of 01793 464603.

7. Definitions

Deferred admissions

Parents can request that the date that their child is admitted to school is deferred later in the academic year or until the term in which the child reaches compulsory school age. However, please note that the place must be taken up in the same academic year that it was originally offered and admission cannot be delayed beyond the statutory school start date. Notification of the intention to defer should be given directly to the school concerned as soon as possible once a place has been offered.

1st September 2015 and 31st December 2015

Admission will be September 2020 or can be deferred until January 2021

1st January 2016 and 31st March 2016

Admission will be September 2020 or can be deferred until January or April 2021

1st April 2016 and 31st August 2016

Admission will be September 2020 or can be deferred until January or April 2021

Delayed admissions

Parents can request that the date that their child is admitted to school is deferred later in the academic year or until the term in which the child reaches compulsory school age. However, please note that the place must be taken up in the same academic year that it was originally offered and admission cannot be delayed beyond the statutory school start date. Notification of the intention to defer should be given directly to the school concerned as soon as possible once a place has been offered.

Applications outside the Normal Age of Admission

Parents of gifted or talented children, or those who have experienced problems or missed part of a year, for example due to ill health, can seek places outside of their normal age group. Admission Authorities must make decisions on the basis of the circumstances of each case, informing parents of their statutory right to appeal. This right does not apply if they are offered a place in another year group of the school.

Evidence will be required in these circumstances from a Senior Medical Consultant, Educational Psychologist and/or other relevant professionals. Swindon LA will carefully consider applications for children outside the normal age group, but for all year groups the decision will be made between the parents and the primary school based on the individual circumstances of each case.

In the instance that the child has not started school (or is not statutory school age), or it is before the child needs to apply for a school place, the LA may have discretion to decide whether the child would need to be put back an academic year on the circumstances outlined above. Evidence may be required in these circumstances from a Senior Medical Consultant and/or Educational Psychologist. This discretion would only be used in exceptional circumstances where it would have to be proved that it was in the child's interest to be put back an academic year. This may have already been picked up by the Special Educational Needs Assessment Team (SENAT) through the Early Years Panel.

Summer born children

A parent of a child born between 1st April and 31st August defined as “summer born” may request for the child to be admitted to a year group later than that of their natural cohort. The admission authority will take into consideration the individual circumstances of the case to determine whether the request can be granted. This may include but not be limited to include whether they were born prematurely, whether delayed social, emotional or physical development is adversely affecting their readiness for school, the possible impact of attending a year group which is not their natural cohort.

Where the request is granted, a place will not be allocated prior to the normal admissions round for the year of entry and the parent will be required to reapply during the admissions round in order to ensure that they are fairly considered against the admission criteria for the schools they wish to apply for.

Where a parent of a summer born child wishes to admit their child into a year group lower than that of their natural cohort, they should contact the Local Authority and schools concerned as soon as possible.

Where a Swindon resident wishes to apply for a school outside of Swindon, they must gain agreement from that school / Local Authority that they would accept a deferred application.

Relevant Age Group

The age group to which children are normally admitted. Each relevant age group must have admission arrangements, including an admission number. Some schools (for example schools with sixth forms which admit children into the sixth form) may have more than one relevant age group.

Statement of Special Educational Needs (SEN)

A Statement of Special Educational Need is a statement made by the local authority under Section 324 of the Education Act 1996, specifying the special educational provision required for that child.

Education, Health and Care Plan

An Education, Health and Care plan is a plan made by the local authority under Section 37 of the Children and Families Act 2014 specifying the special education provision required for that child.

Proof of Address

The LA reserves the right to ask parents for proof of their address. If the parents' current address is different to that held on the LA's computerised system the LA may ask parents to provide proof of the new address if one is indicated. Acceptable proof of address includes:

- A copy of your Council Tax Bill
- A solicitor's letter stating contracts have been exchanged and specifying a completion date
- A copy of the Child Tax Credit or Working Tax Credit award letter
- A signed and dated tenancy agreement plus proof of residency (e.g. copy of recent utility bill)

If parents fail to provide proof of a new address then, the LA will use the old address for admission purposes. If parents indicate they will be moving house, even if they provide the relevant proof of that address, they must move into that property by at least the end of the first term. The LA reserves the right to check that parents are living in the address indicated within that timescale. If parents are not living in that address, the applications will be investigated and the place allocated may be withdrawn

Applications

Online Common Application Form

For the normal admissions round, an online Common Application Form (CAF) must be completed by all parents applying for Admission for 2020-21. All parents who list their preferred schools on the LA's CAF are regarded to as having made a valid application.

In-year admission application

For in-year applications, the online Swindon In-year application form must be completed by all parents applying for Admission applying to transfer during the 2020-21.

Supplementary forms and additional evidence / information

An additional supplementary form (SIF) or additional evidence may be required by an Academy, Foundation or Voluntary Aided school who require additional information in order to consider the application, this is available from the school. This may be for in-year and normal admissions round.

Children from Overseas

Children who hold a full British Citizen passport or children whose passport has been endorsed to show they have a right of abode in the country are entitled to apply for a place at a maintained school. The passport or visa should be made available for inspection before an offer of a school place can be made. Asylum Seekers should make available evidence of their right of abode as provided by the National Asylum Support Service.

During the normal admissions round applications on behalf of children currently living outside the UK will be considered, but until the children are resident in the country of their home address will be considered as being their place of residence outside the UK. Exceptions to this would be instances where the children are of parents returning from foreign postings such as UK service personnel and other crown servants as indicated above (including diplomats) who have been posted abroad on a fixed term contract and who are returning to live within the UK. Proof of future residency will be required if the application is made to an oversubscribed school.

For in-year applications, with the exception of UK service personnel as indicated above, applications for in-year places will only be accepted once the child is permanently resident within the country.

Duplicate Applications

The LA requires parents to submit one application only per child. Where the LA receive more than one application for the same child before the closing date, the LA will only consider the latest submitted application and the other application will be discarded. If two late applications are received (after the closing date), the latest application by date will be the application considered.

Late applications

The closing date for applications is defined in Table 1. Applications can be submitted after this date but they will be considered as late for the purposes of the coordinated scheme. This means they will be considered after all the on time applications. The LA will endeavour to deal with late applications before the offer date, but it may not be possible to do this in every circumstance.

Preferences

Parents will be invited to state up to three ranked preferences. Each preference will be considered equally. This means that Swindon LA will consider all applications against the published admissions criteria without reference to how the school applied for has been ranked on the application form. As far as possible applicants will be offered a place at a school to which they have expressed a preference. Where the applicant has made more than one preference the LA will make an offer at the highest ranked preference school with available places in accordance with the standard admission criteria. Where it is not possible to offer a place at a preferred school, and the applicant lives in Swindon, the LA will allocate a place at the next nearest school with a place, as measured as a straight line from the centre of the roof of the school to the centre of the roof of the child's home address.

The next nearest school with a place will relate to any maintained mainstream school, whether it be Community, Voluntary Aided, Voluntary Controlled, Foundation, Academy or Free School (excluding Catholic Schools unless agreed with the school's governing body).

Change of preference

A parent may change their mind about the preferences they have made after the closing date indicated in Table 1, if they have a genuine reason for doing so, which may be that they are moving house. The Admissions Team would need any request to change a preference in writing from the parent. Any change in preference received after the deadline for ontime applications, regardless of the circumstance, will be considered as a late application.

Any evidence that is needed to accompany the change in preference would be required to be with the Admissions Team by the deadline for address changes in Table 1 (Row 8).

8. Swindon Schools

Primary, Infant and Junior Schools

School Name	Type of School
Abbey Meads Community Primary School	Academy
Badbury Park Primary School	Academy
Beechcroft Infant School	Community
Bishopstone CE Primary School	Voluntary Controlled
Bridlewood Primary School	Community
Brook Field Primary School	Community
Catherine Wayte Primary School	Community
Chiseldon Primary School	Community
Colebrook Infant Academy	Academy
Colebrook Junior School	Community
Covingham Park Primary School	Community
Drove Primary School	Academy
East Wichel Community Primary School	Community
Eastrop Infant Academy	Academy
Eldene Primary School	Community
Even Swindon Primary School	Community
Ferndale Community Primary School	Academy
Goddard Park Primary School Academy Trust	Academy
Gorse Hill School	Academy
Grange Infant School	Academy
Grange Junior School	Academy
Greenmeadow Primary School	Community
Haydon Wick Primary School	Academy
Haydonleigh Primary School	Community
Hazelwood Academy	Academy
Holy Cross Catholic Primary School	Academy
Holy Family Catholic Primary School	Academy
Holy Rood Catholic Primary School	Academy
King William Street CE Primary School	Academy
Lainesmead Primary School	Community
Lawn Primary School	Community
Lethbridge Primary School	Academy
Liden Primary School	Community
Millbrook Primary School	Academy
Moredon Primary School	Academy
Mountford Manor Primary School	Academy
Nythe Primary School	Community
Oakhurst Primary School	Community
Oaktree Primary School	Community
Oliver Tomkins CE Infant School	Voluntary Aided
Oliver Tomkins CE Junior School	Voluntary Aided
Orchid Vale Primary School	Community
Peatmoor Primary School	Academy
Red Oaks Primary School	Academy
Robert Le Kyng Primary School	Community
Rodbourne Cheney Primary School	Academy
Ruskin Junior School	Academy
Seven Fields Primary School	Academy
Shaw Ridge Primary School	Academy

Southfield Junior School	Academy
South Marston CE Primary School	Academy
St Catherine's Catholic School	Academy
St Francis CE Primary School	Voluntary Aided
St Leonards' Primary Academy	Academy
St Mary's Catholic Primary School	Academy
Swindon Academy	Academy
Tadpole Farm Church of England Primary Academy	Academy
The Croft Primary School	Academy
Tregoze Primary School	Academy
Wanborough Primary School	Community
Westlea Primary School	Academy
Westrop Primary School	Community
William Morris Primary School	Academy
Wroughton Infant School	Community
Wroughton Junior School	Community

Secondary Schools

School Name	Type of School
Lawn Manor Academy	Academy
Highworth Warneford School	Academy
Abbey Park Academy	Academy
Kingsdown School	Academy
Lydiard Park Academy	Academy
Nova Hreod Academy	Academy
St Joseph's Catholic College	Academy
Swindon Academy	Academy
The Commonweal School	Academy
The Dorcan Academy	Academy
The Ridgeway School	Academy
Great Western Academy	Academy
The Deanery	Academy
University Technical College	University Technical College

Schools due to open in September 2020

King Fisher Church of England Primary School (Academy)

Swindon Borough Council

Admission Arrangements
(Community and Voluntary Controlled Schools)
2020-21

Admission Arrangements 2020-21 (Community and Voluntary Controlled Schools)

1. Introduction

This policy applies solely to applications for places at Community and Voluntary Controlled (VC) schools in Swindon. Foundation, Voluntary Aided (VA) and Academy Schools are their own admission authorities and therefore the Governing Bodies of the schools are responsible for determining their own admission arrangements and policies.

This document should be read in conjunction with the Co-ordinated Scheme for 2020-21 which applies to all schools within the Swindon LA area.

The closing dates for applications are

Primary, Infant and Junior – 15th January 2020 and offers are made on 16th April 2020
Secondary - 31st October 2019 and offers are made on 2nd March 2020

Applications must be made for children transferring from nursery to infant or primary school and for children transferring from infant to junior school.

2. Oversubscription Criteria

If there are more applications than there are places at the school, then the oversubscription criteria are applied.

The over-subscription criteria for all Swindon Community and Voluntary Controlled Schools are as follows:

A child who has a statement of special educational needs or Education, Health and Care Plan (EHCP) is required to be admitted to the school named on the child's statement.

A	A looked after child or previously looked after child. <i>Previously looked after children are children who were looked after, but ceased to be so because they were adopted (or became subject to a child arrangements order or special guardianship order)</i>
B	Any child who has a sibling attending the preferred school at the same time as he or she is due to be admitted;
C	Any child living within the school's catchment area;
D	Any child not living in the school's catchment area.

Decider

For Community and Voluntary Controlled schools distance will be determined from the applicant's home address to the school on the following basis –

The distance between the applicant's home and school is taken as a straight line between the Local Land and Property Gazetteer (LLPG) address point of the applicant's home address and of the school with those living closest to school receiving higher priority.

Children with statements of special educational needs or Education, Health and Care Plan

Pupils with a statement of special educational needs or Education, Health and Care Plan at the time of allocation are required to be admitted to the school named on their statement or plan. Once a statement reaches the formal proposed stage the administration of the admission of the young person becomes the responsibility of Special Educational Needs Assessment Team (SENAT) at which point this policy no longer applies.

Looked After Child

Looked After Child

A 'Looked After Child' is a child who is:

- (a) in the care of a local authority, or
- (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989) at the time of making an application to a school.

This also applies to a 'Looked After Child' or a child who was previously looked after but immediately after being looked after became subject to an adoption, child arrangements or special guardianship order. If children have ever been Looked After or Adopted or subject to a residency or special guardianship order evidence would need to be provided and the LA reserve the right to ask the parent to provide this.

A 'previously looked after child' is a child who:

- (a) ceased to be looked after because they were adopted (under the Adoption Act 1976 (see section 12 adoption orders) and children who were adopted under the Adoption and Children Act 2002 (see section 46 adoption orders).
- (b) became subject to a child arrangements order (defined in s.8 of the Children Act 1989, as amended by s.12 of the Children and Families Act 2014) or
- (c) became subject to a special guardianship order (see Section 14A of the Children Act 1989 - an order appointing one or more individuals to be a child's special guardian (or special guardians)).

Sibling

A sibling is defined as a child attending the preferred school at the same time as he or she is due to be admitted, who is a;

- brother or sister;
- half brother or sister;
- adopted brother or sister;
- step brother or sister, or
- the child of the parent/carer's partner where the child for whom the school place is sought is living in the same family unit at the same address as that sibling.

Where the sibling of the child making the application is under assessment for a Statement of Special Educational Needs or Education Health and Care Plan, then they will be counted as a sibling from the time that the school is named on the final plan.

Catchment area

A catchment area is a geographical zone served by a school. The address that determines a child's catchment area is the place where s/he is ordinarily resident with his/her parent(s) or legal guardian(s). Most schools have a catchment area but some addresses fall within areas shared by two or more schools. Children living outside the Borough boundary are treated as if the children live within Swindon but outside the catchment area for the school(s) in question. Maps of each catchment area are held by the LA and can be viewed on request or on the council's website

Distance

In all cases where schools are oversubscribed, distance is as a straight line between the Local Land and Property Gazetteer (LLPG) address point of the applicant's home address and of the school within each oversubscription criteria. If the direct distance measurement does not separate applicants, places will be offered by random allocation.

3. Other definitions

Address

Home address

The home address given on the application form must be the address where the child resides for most of the week with his or her parent or carer. The LA will not accept more than one address as the child's home address. The terms of a residency order may clarify the home address. Where necessary to determine which address to recognise and in the absence of a residency order, the LA will consider the home address to be with the parent with primary day to day care and control of the child.

In reaching this decision, evidence may be requested to show the address to which any Child Benefit is paid and from which the child is registered with a medical GP. If the Child Benefit letter is not available, a copy of the most recent bank statement where the Child Benefit is credited may be taken as residency, or the address stated on the NHS Medical Card of the child. Any other evidence provided by parents will also be considered by the Admissions Manager in reaching a decision on the home address for admissions purposes. This may be necessary for instance where parents do not agree on the child's home address. Parents are urged to reach agreement but where they do not, the LA will determine the home address.

Applications

An application for a place at a primary or secondary school for September 2020 must be made online using the Local Authority's online common application form. This is made via the Council's online admission system.

Children of UK Service Personnel

Applications for children of service personnel with a confirmed posting to the area will be considered in advance of the family arriving in the area provided the application is accompanied by an official letter from the commanding officer that declares a relocation date and a Unit postal address or quartering area address. Until a fixed address is provided, the LA will accept the Unit Postal Address or Quartering address as the Home Address for allocation purposes. All

applications must be included in the normal admissions round if possible. The LA will not refuse a service child a place because the family does not currently live in the area, and will not reserve blocks of places for these children.

An in-year application will be considered in the normal way and if a reasonable alternative cannot be offered, the child may be admitted as an 'excepted pupil' under the School Admissions (Infant Class Sizes) (England) Regulations 2012. In circumstances where placing a child at a school that is deemed a reasonable alternative would mean admitting above the PAN, the LA will take into account the organisational structure of the school to determine whether it is the best interests of the child and children already attending the school.

A reasonable alternative is defined as a school which is within the statutory maximum walking distance of 2 miles for a child who is under 8 years old and 3 miles for a child who is over 8 years old.

Late applications

Applications received after the closing date will be considered as late applications. This means that they will be considered after all on-time applications have been considered. This applies to primary applications received after 15th January 2020 and secondary applications received after 31st October 2019.

Multiple births

The LA will endeavour to place siblings born at the same time (e.g. twins, triplets etc.) at the same school, if necessary the school will admit over its PAN to accommodate such children. In the case of Infant Class Sizes (Reception, Year 1 and Year 2) class sizes must not contain more than 30 pupils with a single school teacher, however, additional children may only be admitted in limited exceptional circumstances, and in accordance with the School Admissions Code, twins and children from multiple births are classed as 'excepted pupils' to this legislation. Therefore, if one child of a multiple birth is offered the last available space at the school (according to the PAN), then offers will be made to all the children of that particular multiple birth. Those children would remain an exception to infant class size for the entire time they are in an infant class or until the class numbers fall back to the current infant class size limit.

Parent/carer

This is defined as a person with parental responsibility (PR) or legal residency of the child. This could include a person who is not a parent but who has a Court Order giving parental responsibility to them.

Shared responsibility

Where two adults have shared responsibility for a child they should agree before submitting an application form which school(s) to name as their preference(s). In cases of dispute, or where two applications from the adult with whom the child is living are received, the LA will ask parents to agree on the school applied for, or if that is not possible the LA will ask the parent to seek a Specific Issues Order through the Courts to gain the authority to make an application.

In the absence of a parental agreement or either of the parents obtaining a Court order determining the issue, the LA will be required to decide which preference(s) to be recorded and this will be done by using the application made by the person who lives at the property where the child is resident at their home address as defined below

(In reaching a decision on the address to use as the 'home address', evidence may be requested to show the address to which any Child Benefit is paid and from which the child is registered with a medical GP. Any other evidence provided by parents will also be considered by the Admissions Manager in reaching a decision on the home address for admissions purposes.)

Applications outside the Normal Age of Admission

Parents of gifted or talented children, or those who have experienced problems or missed part of a year, for example due to ill health, can seek places outside of their normal age group. Admission Authorities must make decisions on the basis of the circumstances of each case, informing parents of their statutory right to appeal. This right does not apply if they are offered a place in another year group of the school.

Evidence will be required in these circumstances from a Senior Medical Consultant, Educational Psychologist and/or other relevant professionals including the school / settings concerned. Swindon LA will carefully consider applications for children outside the normal age group, but for all year groups the decision will be made between the parents and the primary school based on the individual circumstances of each case.

In the instance that the child has not started school (or is not statutory school age), or it is before the child needs to apply for a school place, the LA may have discretion to decide whether the child would need to be put back an academic year on the circumstances outlined above. Evidence may be required in these circumstances from a Senior Medical Consultant and/or Educational Psychologist. This discretion would only be used in exceptional circumstances where it would have to be proved that it was in the child's interest to be put back an academic year. This may have already been picked up by the Special Educational Needs Assessment Team (SENAT) through the Early Years Panel.

Summer born children

A parent of a child born between 1st April and 31st August defined as "summer born" may request for the child to be admitted to a year group later than that of their natural cohort. The admission authority will take into consideration the individual circumstances of the case to determine whether the request can be granted. This may include but not be limited to include whether they were born prematurely, whether delayed social, emotional or physical development is adversely affecting their readiness for school, the possible impact of attending a year group which is not their natural cohort.

Where the request is granted, a place will not be allocated prior to the normal admissions round for the year of entry and the parent will be required to reapply during the admissions round in order to ensure that they are fairly considered against the admission criteria for the schools they wish to apply for.

Where a parent of a summer born child wishes to admit their child into a year group lower than that of their natural cohort, they should contact the Local Authority and schools concerned as soon as possible, ideally before the places are offered on the 16 April, but no later than June in that year.

Where a Swindon resident wishes to apply for a school outside of Swindon, they must gain agreement from that school / Local Authority that they would accept a deferred application.

Published Admissions Number

A Published Admission Number (PAN) is agreed for each school annually and defines the number of places available for the year of entry. All applications must be agreed until the PAN has been reached.

Waiting lists

Waiting lists will be maintained for all Community and Voluntary Controlled schools from the initial point of entry until the end of that academic year. For the September 2020 intake this will be from the national offer date until 31st August 2021.

For all other year groups (Years 1 – 6 and 8-11) the waiting list will be discarded on 31st August 2020 and new applications will be invited from 1st September 2019.

Placement will be determined by applying the oversubscription criteria published in the Admissions Guide. Names will be removed from the lists if requested or if the offer of a place that becomes available is not accepted. Positions on waiting lists may change due to new applications received.

Waiting lists for Foundation, Voluntary Aided Schools and Academies are outlined in the individual schools own admission arrangements.

Placing a child's name on a waiting list does not affect the parents' right of appeal against an unsuccessful application.

Parents may only apply and appeal once per school per academic year. The LA may consider a fresh application if there is a significant and material change in circumstances of the parent, child or school since the original application was made. An example of this may be that the family have moved house.

Appeals procedure

Parents have a right of appeal to an independent panel against any decision made by or on behalf of the LA as to the school at which education is to be provided for their child. Information about the appeal procedure will be provided where a place at one or more of the preferred schools has been refused.

For appeals for September 2020 a timetable for hearing appeals will be published by 28th February 2020 and be available on the relevant schools or Local Authority website. Appellants should contact the Admissions Team to obtain an appeal form, which should be returned to Appeals Clerk at Civic Offices, Euclid Street, Swindon, SN1 2JH.

In-year admissions

- 3.1 If parents/carers decide to transfer their children during the academic year after the normal admissions round, this is referred to as an In Year Transfer.
- 3.2 The LA has a coordinated In Year Admissions Scheme and all Community and Voluntary Controlled Schools are part of this scheme for September 2020-21.
- 3.3 Please refer to the In Year Coordinated Admissions Scheme for more information on this.

4. Published Admission Numbers

The following list of schools are community and voluntary controlled which the Local Authority is the admission authority. The Local Authority are consulting upon the admission number for the 2020-21 academic year. The Published Admission number (PAN) applies to the relevant year group for admission in September 2020-21 and these are in the table below.

The LA is also consulting on reducing the PAN for Year 1 at Bridlewood Primary School from September 2019-20 and onwards to 30 due to a decrease in pupil numbers in the area.

School Name	Type of School	Published Admission Number 2019-20	Published Admission Number 2020-21
Beechcroft Infant School	Community	90	90
Bishopstone CE Primary School	Voluntary Controlled	8	8
Bridlewood Primary School	Community	30	30
Brook Field Primary School	Community	60	60
Catherine Wayte Primary School	Community	60	60
Chiseldon Primary School	Community	30	30
Colebrook Junior School	Community	50	50
Covingham Park Primary School	Community	60	60
East Wichel Community Primary School	Community	60	60
Eldene Primary School	Community	60	60
Even Swindon Primary School	Community	90	90
Greenmeadow Primary School	Community	40	40
Haydonleigh Primary School	Community	90	90
Lainesmead Primary School	Community	60	60
Lawn Primary School	Community	60	60
Liden Primary School	Community	50	60
Nythe Primary School	Community	30	30
Oakhurst Primary School	Community	60	60
Oaktree Primary School	Community	55	55
Orchid Vale Primary School	Community	60	60
Robert Le Kyng Primary School	Community	60	60
Wanborough Primary School	Community	30	30
Westrop Primary School	Community	45	45
Wroughton Infant School	Community	90	90
Wroughton Junior School	Community	90	90

School Admission Arrangements 2020-21

1. Privacy Statement

2. School Admission Arrangements - Community and Voluntary Controlled Schools

1. Do you agree with the Proposed School Admission Arrangements for 2020-21 for Community and Voluntary Controlled Schools?							Response Percent	Response Total
1	Yes						100.00%	4
2	No						0.00%	0
Analysis	Mean:	1	Std. Deviation:	0	Satisfaction Rate:	0	answered	4
	Variance:	0	Std. Error:	0			skipped	0

3. Coordinated Admissions Scheme

2. Do you agree with the proposed Coordinated Admissions Scheme for 2020-21?							Response Percent	Response Total
1	Yes						100.00%	4
2	No						0.00%	0
Analysis	Mean:	1	Std. Deviation:	0	Satisfaction Rate:	0	answered	4
	Variance:	0	Std. Error:	0			skipped	0

4. In Year Coordinated Admissions Scheme

3. Do you agree with the proposed In Year Coordinated Admissions Scheme for 2020-21?								Response Percent	Response Total
1	Yes	<div></div>					75.00%	3	
2	No	<div></div>					25.00%	1	
Analysis	Mean:	1.25	Std. Deviation:	0.43	Satisfaction Rate:	25	answered	4	
	Variance:	0.19	Std. Error:	0.22			skipped	0	
Comments: (1)									
1	18/12/2018 14:42 PM ID: 102406785	We have concerns about the way in which in year admissions are undertaken when this leaves children without a school place (especially for those who have moved into the country/area and are not in school) for a considerable amount of time. It seems contradictory that a child not be allowed to have holiday during school time and a fine is issued when there are children not in school for maybe up to 6 weeks with no consequences as they have not been issued a place in a school because they have missed or are unable to meet the application deadline and therefore have to wait for the next round of allocations.							

5. Respondent Details


4. Please tick the box that best describes you:

							Response Percent	Response Total	
1	I am a parent / carer of a child at Primary, Infant or Junior School in Swindon			<div></div>			25.00%	1	
2	I am parent / carer of a child at a Secondary School in Swindon						0.00%	0	
3	I am a parent of a child in a School outside of Swindon						0.00%	0	
4	I represent a Primary, Infant or Junior School in Swindon			<div></div>			75.00%	3	
5	I represent a Secondary School in Swindon						0.00%	0	
6	I represent a School outside of Swindon						0.00%	0	
7	I am a Parish, Town or Ward Councillor for Swindon Borough Council						0.00%	0	
8	other						0.00%	0	
Analysis		Mean:	3.25	Std. Deviation:	1.3	Satisfaction Rate:	32.14	answered	4
		Variance:	1.69	Std. Error:	0.65	skipped0			

6. Do you consider yourself to have a disability?

							Response Percent	Response Total
1	Yes						0.00%	0
2	No						100.00%	4
Analysis	Mean:	2	Std. Deviation:	0	Satisfaction Rate:	100	answered	4
	Variance:	0	Std. Error:	0			skipped	0

7. What do you consider, best describes your ethnicity?

							Response Percent	Response Total
1	White British						100.00%	4
2	White European						0.00%	0
3	White Other						0.00%	0
4	Black African						0.00%	0
5	Black British						0.00%	0
6	Black Caribbean						0.00%	0

7. What do you consider, best describes your ethnicity?

					Response Percent	Response Total
7	Black Other				0.00%	0
8	Asian Indian				0.00%	0
9	Asian Bangladeshi				0.00%	0
10	Asian British				0.00%	0
11	Asian Pakistani				0.00%	0
12	Asian Other				0.00%	0
13	Mixed White & Black Caribbean				0.00%	0
14	Mixed White & Asian				0.00%	0
15	Mixed White and Black African				0.00%	0
16	Mixed Other				0.00%	0
Analysis	Mean:	1	Std. Deviation:	0	Satisfaction Rate:	0
	Variance:	0	Std. Error:	0		
					answered	4
					skipped	0

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In-Year Coordinated Admissions Scheme - September 2020-21

This is the proposed policy for In Year Coordination for September 2020-21.

The main components of this are:

- Parents must apply online using the Swindon Borough Council's online system.
- Parents can express up to 3 preferences and this must be submitted via the online system to the Admissions Team at the Council.
- The Local Authority coordinates all applications for all schools.
- All applications will be considered under the Equal Preference Scheme and therefore all preferences will be considered at the same time. This speeds up the consideration of each application as every parent will have an offer / refusal on the entire application (all preferences).
- Under the Equal Preference Scheme, places will be offered to the highest preference possible.
- This Scheme will apply to all schools including VA, Foundation, Academy, Community, Free School and VC. The LA is the admitting authority for Community and VC schools and this scheme is applicable to these schools.
- This scheme only applies for children wishing to transfer to a Swindon School. If Swindon residents wish to apply for a place outside of Swindon they will need to apply to the school / or that Local Authority directly, and not through this system.
- Information regarding children's applications will be sent electronically via Egress to schools. This is only information that is relevant to the consideration of the application.
- All applications will be considered in process periods (batches) and not individually in preference order.
- As one of the peak times for in year admissions is September to October, and to ensure that we offer as many places before the October census, there will be as many offer dates during September to October.
- The process periods are every 30 school days and therefore the LA will offer places every 30 school days, which works out as one offer date per month approximately.
- There is an in year calendar of dates which is available to parents on the Council's website that shows when each process period is open, closed and when places will be offered and parents notified.
- Each process period has an open and close date, and within this period the LA will receive applications. On each closing date any application must be submitted online by **12 noon** of that day for it to be considered in that process period.
- If the school parents are applying for schools that also need a supplementary form these are available on the Council's website or on the schools website. However, these must be submitted at the same time as the application (or before the closing date) and if these are not submitted it may affect the rank of the application. Supplementary forms must be submitted directly to the school. Please note that a Supplementary Form

alone is not an application for a school place, parents must have also completed an online admissions application.

- The Admissions Team will send the applications received in each process period to own admitting authority schools, and those not buying into the LA's traded service, for them to rank in order of their oversubscription criteria, and to send back to the LA within the required time limit.
- Even if schools have space, they must not admit the child until they have completed an in year application online and the application has been processed by the School Admissions Team, regardless of the circumstances. This is to ensure that the correct application is considered for any place available.
- On the offer dates, the LA will send all schools an electronic list of all the children offered a place at their schools.
- On the parent notified dates, the LA will send out the offer of a place via email.
- Once the places have been offered, all schools will then have to undertake any investigative work that they deem necessary for that particular student, including obtaining the child's school records and history. No admissions should be held up unduly waiting for this information.
- The Admissions Team will need up to date numbers for children in each year group for all schools on a regular basis to ensure that the correct number of places can be offered.
- As the LA is considering applications in process periods (batches), offers will be made for all year groups at all schools and therefore waiting list places will be offered at the same time, thus speeding up the process.
- Parents should refer to each individual schools admissions policy with regards to how they hold waiting lists and for how long children are on waiting lists.
- If a child is offered a place at a lower preference, they will remain on the waiting list for any higher preferences.
- There will be very exceptional cases that can be considered outside of a process period, for instance Looked After Children, Children who are subject to Domestic Violence and living at the Women's Refuge / or appropriate alternative, Year 11 protocol children, and children with EHCP's.
- Children who are new to the Country or area and do not have a current school place in Swindon will continue to be offered an alternative school place to speed up the process of them being able to go to school.
- The Alternative school will be the next nearest school with a place available at that time.
- If parents are making applications for more than one child, the LA will consider each application separately. If one child is offered a place it does not necessarily mean that the other child will also be offered a place as this depends on the number of places available. The application form does request that that parents inform the LA if they would like to be allocated places at one school for all children even if this means it is a lower preference.
- Places must be taken up at the offered school within 28 school days. After this date the place will be withdrawn.

- Schools must inform the LA as soon as a child starts or leaves their school by via the Vacancy Spreadsheet sent to the LA.
- Children will be expected to remain on roll at the current school (if it is a Swindon school) and attending there, whilst their transfer to another school is in progress, unless they are new to the Country or area.

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SEND HOME TO SCHOOL TRANSPORT

Cabinet

Date: January 2019

Author: Cabinet Member for Children's Services and School Attainment
Head of Education: Strategic Commissioner Routes to Employment

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 The report outlines an opportunity to create a more independent living approach to travel to school for children and young people with special educational needs who live within the mileage limit that could make them ineligible for free travel to school.
- 1.2 The report is necessary because as well as providing the opportunity for a more independent and self-sufficient approach to travel to and from school, it also will ensure the more efficient and effective use of the funding available whilst offering some cost reduction to the school transport budget.
- 1.3 Children and young people with special educational needs who live within the statutory mileage to their school are not always entitled to be taken to school by minibus or taxi. This has been part of practice for some time but is not statutory.

2. Recommendations

Cabinet is recommended to:

- 2.1 Agree to Option A as outlined in the report.

3. Detail

- 3.1 The purpose of this paper is to outline two possible options to create more a more independent living approach to travel to school. There are about 223 pupils with EHCPs (Education, Health & Care plan) that receive transport to school that live within the mileage limit for school transport. The estimated cost of this per year is in the region of £530,000. Families are normally expected to take their children to school if they live within 2 miles of the school if they are under 8, or within 3 miles of the school if they over 8.
- 3.2 A review was carried out in August 2018 by an external consultant who looked at a sample of 14 cases to consider the justification for the children receiving transport to schools. It would appear that custom and practice assumes that because a child has an EHCP they should receive transport to school despite the mileage eligibility rule. There was little evidence in the files that there was any degree of assessment of whether a child needed transport to school.
- 3.3 The current transport policy notes:

Further information on the subject of this report can be obtained from Peter Nathan, 01793 463067, pnathan@swindon.gov.uk.

SEND HOME TO SCHOOL TRANSPORT

Cabinet

Date: January 2019

Students unable to walk to school by reason of their disability, or mobility problem (including temporary medical conditions).

3.18 Where a student is attending their nearest qualifying school (or designated school if this is not the nearest) which is within the relevant walking distance (i.e. within 2 miles if aged under 8, and 3 miles if aged over 8), but is unable to walk to that establishment (accompanied as necessary) by reason of their SEN and/or disability, he or she will be eligible for transport assistance.

3.19 Transport may be provided to the designated appropriate school on medical grounds for either short-term provision, where a student has a temporary medical problem or on a long-term basis if the student has a particular long term condition. In both cases recommendations must be received from the Local Health Authority.

3.20 Evidence would be required and any application would be considered on a case by case basis. In all cases recommendations must be received from an appropriate medical officer from the Local Health Authority. This should be a Consultant looking after the student.

3.21 If assistance is granted this would be reviewed termly, with the need for new evidence to be submitted. If assistance is granted the LA, in the first instance would seek to provide petrol expenses. If a parent cannot provide evidence from the Local Health Authority, the LA will remove that assistance.

Students with special educational needs have the same entitlement to transport assistance under legislation or policies agreed by Swindon Borough Council as all other students (please see section 3 of the policy, Eligibility). The special educational needs of the student may also be taken into account (please refer to page 6 of section 3).

3.4 There is currently an appeals process through the Education Transport Appeals Committee.

3.5 There are two options to consider in terms of pupils who live within the mileage limit:

A) This would introduce new practice from September 2019. All new pupils who receive EHCPs with a named school within the mileage limit would not automatically receive transport to school (usually by minibus or taxi). Instead, parents/carers would have to apply for transport with the appropriate health information to receive transport with the right of appeal to the committee. This would also apply on transition to a new school.

B) This would be similar to A) above but this would apply to pupils who are currently in school as well. In this scenario, a notice period would be put in place warning parents/carers of the change which would come into place from

SEND HOME TO SCHOOL TRANSPORT

Cabinet

Date: January 2019

September 2020. Then parents/carers would have to apply for transport as above.

4. Alternative Options

- 4.1 The three main options have been presented. A further option is not to change the policy but this would not encourage independent living and would not create a budget saving.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There is the potential to make a budget saving with this proposal although this it is not possible to quantify accurately. Over time, however, if 25% of children and young people with SEND who are currently transported to school travelled independently, then a saving of £125,000 per year might be expected.

Legal and Human Rights Implications

- 5.2 There are no legal or human rights implications to the report. It is considered that the report's recommendations are compatible with Convention Rights.

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

- 5.3 There are no other implications.

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has been completed and a copy is available from the report author. This shows that this initiative may have a positive impact in terms of supporting independent living.

Risk Management

- 5.5 There are several risks with this change in the way that the transport policy is implemented. There could be a high number of appeals for transport which could put considerable management pressure on committee services which would have to be addressed. If Option B is chosen, there could be considerable unhappiness amongst parents/carers who lose their current free transport which would have to be managed through the Communication team.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all Cabinet reports.

Further information on the subject of this report can be obtained from Peter Nathan, 01793 463067, pnathan@swindon.gov.uk.

SEND HOME TO SCHOOL TRANSPORT

Cabinet

Date: January 2019

7. Background Papers

7.1 None.

8. Appendices

8.1 None.

9. Key Decision/Decision in Cabinet Work Programme

9.1 This is not a Key Decision

Statement of Community Involvement in the Planning Process

Cabinet

Date: 6th February 2019

Author:	Cabinet Member for Strategic Planning and Sustainability, and Head of Planning, Regulatory Services and Heritage
Wards:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1. To seek Cabinet's approval that the revised Swindon Borough Statement of Community Involvement in the Planning Process be adopted.

2. Recommendations

Cabinet is recommended to:

- 2.1 Adopt the Revised Swindon Borough Statement of Community Involvement in the Planning Process (attached at Appendix 1) and authorise the Head of Planning, Regulatory Services and Heritage to make it available in accordance with the arrangements detailed in paragraph 4.1 of this report; and
- 2.2 Authorise the Head of Planning, Regulatory Services and Heritage in consultation with the interim Director of Law to make minor changes to the content of the Statement of Community Involvement in the Planning Process, in consultation with the Cabinet Member for Strategic Planning prior to publication.

3. Detail

- 3.1 The Planning and Compulsory Purchase Act, 2004, (as amended), requires each Local Planning Authority to produce a Statement of Community Involvement (SCI) to set out how the community will be involved in the preparation, alteration and review of planning policy documents, and in the determination of planning applications.
- 3.2 The Borough Council's SCI was originally adopted in January 2007 (Council Minute 106, 18/07/2007 refers), The SCI was revised in 2013 (Cabinet Minute 122, 20/03/2013 refers) to reflect changes to the legislative framework including the publication of the Localism Act 2011 and the National Planning Policy Framework 2012, and changes to the Borough Council's operating model on the 'Stronger Together' principles.
- 3.3 A further review is now necessary in order to ensure the SCI continues to be up-to-date and fit for purpose. In particular it is necessary to comply with further legislative changes including a requirement introduced by the Neighbourhood

Further information on the subject of this report can be obtained from Karen Phimister, 01793 466425, kphimister@swindon.gov.uk

Statement of Community Involvement in the Planning Process

Cabinet

Date: 6th February 2019

Planning Act (2017 Regulations) for Local Planning Authorities to review their SCI's every five years and to set out how they will support communities to produce Neighbourhood Development Plans. It also takes account of the increased use of the internet and social media; structural changes (including a move towards increased digitisation of services) within Swindon Borough Council; and financial pressures on the Council.

- 3.4 Planning Practice Guidance (Paragraph 030 Reference ID: 61-030-20180913) states that: 'There is no requirement for local planning authorities to consult when reviewing and updating their Statement of Community Involvement.'
- 3.5 However, prior to reviewing this document some targeted consultation was carried out with a number of community groups in order to gather feedback as to how the current SCI could be improved. These same groups were then invited to make further comments on the draft revised document. This final version has been amended to reflect these comments.
- 3.6 Comments were also sought from internal officers and members. This review also took account of the Council's wider Consultation Strategy which is in the process of being updated.

4. Next Steps

- 4.1 Once adopted, the revised SCI will be made available to view on the Council website and paper copies placed in Swindon Borough Council managed libraries. All statutory consultees including Parish and Town Councils will be notified by email with a link to the relevant SBC website page.

5. Alternative Options

- 5.1 There is a legal requirement for Local planning authorities to review their SCI every five years or to publish the reasons why a decision not to carry out a review has been made. Prior to undertaking this review an assessment was made of the 2013 SCI which was felt to be out of date and no longer in line with best practice. The Council could choose to not review the SCI but would result in it being not up-to-date and fit for purpose.

6. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 6.1 The financial implications arising from publishing the Statement of Community Involvement are to be met from existing Forward Planning budgets.

Further information on the subject of this report can be obtained from Karen Phimister, 01793 466425, kphimister@swindon.gov.uk

Statement of Community Involvement in the Planning Process

Cabinet

Date: 6th February 2019

Legal and Human Rights Implications

- 6.2 It is not envisaged that the content of this report will have a direct implication upon human rights issues, in so far as greater opportunities will be available to individuals to partake in the planning process. The SCI will seek to improve the quality of consultation for Swindon's residents and stakeholders, building on the principles of basic human rights.

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

- 6.3 The Council has a duty to ensure that the SCI is in accordance with the sustainability principles of the National Planning Policy Framework.

Diversity Impact Assessment

- 6.4 The SCI requires that all sections of the community, including those that are regarded as "hard to reach" are engaged in planning matters. A DIA was completed which highlighted the risk that people without computer access or skills might find it increasingly difficult to engage in the Council's planning processes. The DIA can be requested from Karen Phimister, Planning Policy at kphimister@swindon.gov.uk

Risk Management

- 6.5 There is a risk that the SCI will become out-dated. To avoid this, the SCI will be reviewed regularly to ensure that it is fit for purpose.

7. Consultees

- 7.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

8. Background Papers

- 8.1 None

9. Appendices

- 9.1 Appendix 1: Revised Swindon Borough Statement of Community Involvement in the Planning Process.

Further information on the subject of this report can be obtained from Karen Phimister, 01793 466425, kphimister@swindon.gov.uk

Statement of Community Involvement in the Planning Process

Cabinet

Date: 6th February 2019

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

- 10.1 This is not a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2019.

Further information on the subject of this report can be obtained from Karen Phimister, 01793 466425, kphimister@swindon.gov.uk



Statement of Community Involvement in Planning

February 2019

This document may be viewed or downloaded from our website
<https://swindon-consult.objective.co.uk/portal/>

Planning Policy, Swindon Borough Council, Wat Tyler West,
Beckhampton Street, Swindon

E-mail: forwardplanning@swindon.gov.uk

This document can be made available in a range of languages, large print, on tape, electronic and other accessible formats from:

Tel: 01793 445500 or e-mail: forwardplanning@swindon.gov.uk

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1. Introduction

What is the Statement of Community Involvement?

1.1 The Statement of Community Involvement in Planning (SCI) sets out how you can get involved in the planning process within Swindon Borough. It is intended for:

- Residents,
- Town and parish councils,
- Charities, sports, local interest and other community groups,
- Business and organisations located or have an interest in the Borough
- Statutory agencies; and,
- Land owners and developers

1.2 The Council is required to prepare and publish a Statement of Community Involvement by the Planning and Compulsory Purchase Act 2004. The Council adopted its Statement of Community Involvement in 2007 and published a revised version in 2013.

1.3 This document is divided into 3 main sections:

- Plan making
- Planning applications
- Neighbourhood planning

To make them easy to find, the contact details and website links from each sub-section are repeated in an orange shaded box at the end of that sub-section.

Why is the 2013 Revised Statement of Community Involvement being reviewed?

1.4 The Neighbourhood Planning Act (April 2017) included requirements for Local Planning Authorities to review their SCI's at regular intervals and to include information on how local authorities will support neighbourhood planning groups.

1.5 This review will also take account of the increased use of the internet and social media, structural changes within Swindon Borough Council (including a move towards increased digitisation of services) and increased pressures on Council spending.

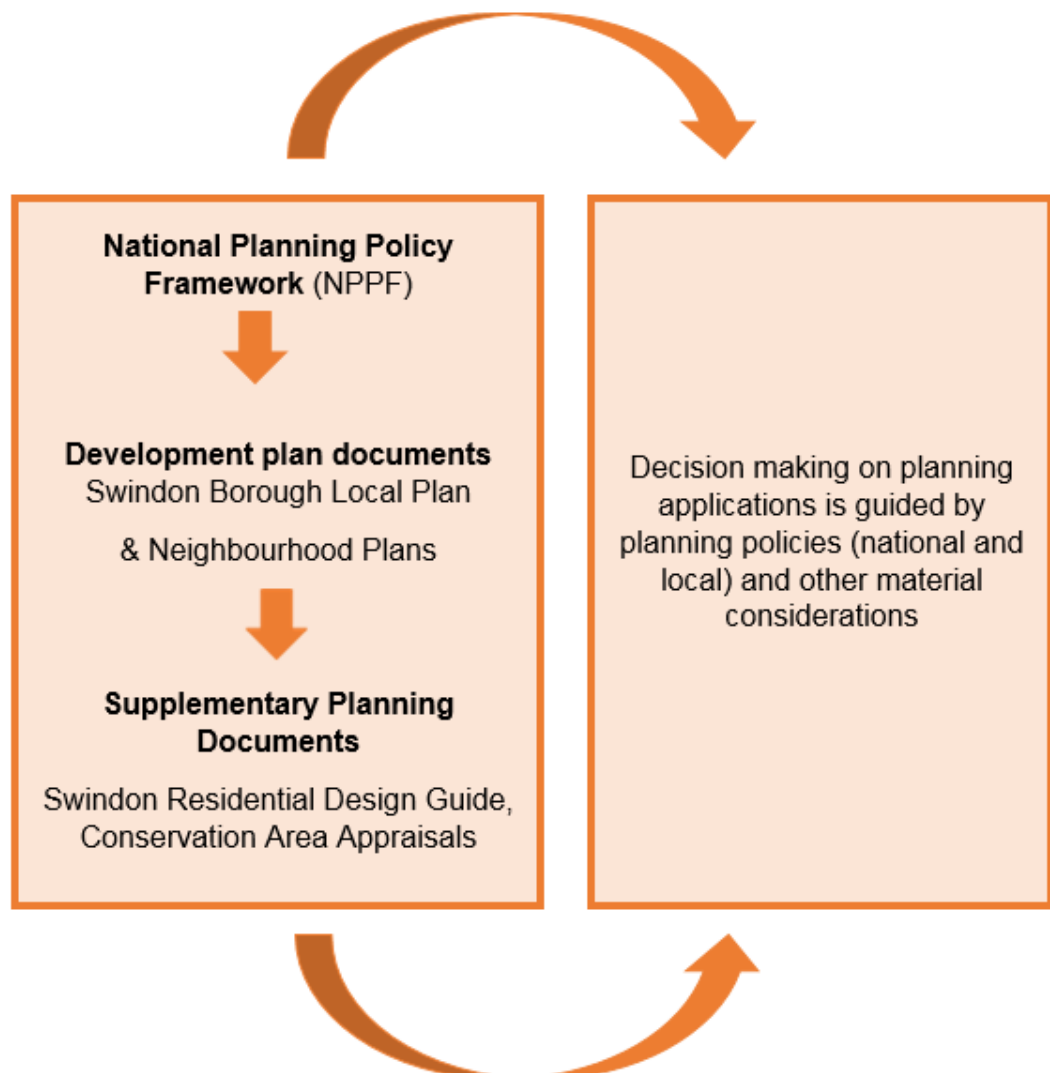
The planning system in England

1.6 The purpose of the planning system is to help achieve sustainable development by enabling development in the right place at the right time, to the benefit of existing and future communities. It aims to balance the often competing impacts of social, economic and environmental consequences of development.

1.7 Local government is responsible for carrying out the two key functions of the planning system: **Planning Policy** and **Development Management**.

- **Planning Policy** is concerned with producing local planning document and policies which identify what development is needed and where, and what areas need to be protected or enhanced. These documents are used to guide development in Swindon Borough. They must conform to relevant Government guidance and there are specific regulatory procedures which must be followed in their preparation.
- **Development management** is concerned with processing and decision making on planning applications, including applications relating to advertisements, listed buildings and trees, as well as the enforcement of breaches of planning control. Decisions on planning proposals are guided by planning policies and other material considerations.

Figure 1: the relationship between plan making and decision making on proposals



- 1.8 The government sets out its economic, environmental and social planning policies for England in the National Planning Policy Framework (NPPF). The NPPF was first published in March 2012 and is a material consideration in deciding planning applications. Its policies must be taken into account when preparing Local Plans and neighbourhood plans. Whilst it does not dictate how Local Plans and neighbourhood plans should be written, it is a framework for producing distinctive plans which meet local needs.
- 1.9 The government published a revised NPPF in July 2018.

Purpose and Benefits of Consultation

- 1.10 Community involvement in planning should be a continuous process enabling the local community to engage at a stage where they can make a difference.
- 1.11 The revised NPPF encourages effective engagement in both plan-making and decision making:
- 1.12 With regard to plan-making, paragraph 16 (c) of the NPPF states that '*Plans should be shaped by early, proportionate and effective engagement between plan-makers and communities, local organisations, businesses, infrastructure providers and operators and statutory consultees.*'
- 1.13 With regard to decision making, paragraph 128 states that '*Applicants will be expected to work closely with those directly affected by their proposals to evolve designs that take account of the views of the community. Proposals that can demonstrate this in developing the design of the new development should be looked on more favourably.*'
- 1.14 The benefits of consultation to the public are:
- An ability to influence the decision-making process
 - A sense of ownership and common vision
 - A greater understanding of the planning system and work of the Council.
- 1.15 The benefits to the Council are:
- Improved decision making drawing on local knowledge, experience and priorities
 - Common ownership and shared responsibilities
 - Potential conflicts (which can be costly) are minimised.
- 1.16 Swindon Borough Council is committed to effective and meaningful community involvement at all stages of the planning process in order to ensure that residents and other stakeholders have an understanding of planning processes and that they have opportunities to contribute and to influence it.

1.17 Community involvement in planning within Swindon is underpinned by the following principles:

- Clear aims and objectives
- Clear and co-ordinated process and timeframes
- Strive to be inclusive
- Clear roles and responsibilities
- A proportionate approach
- Clear communication and information
- Correct and robust use of data
- Commitment to feedback on the results
- Adapt and learn throughout
- Review or evaluate at the end

This document covers how the Council will meet the particular requirements of involving the community in the planning process. It complements:

- Swindon Borough Council's Consultation Policy which sets out the Council's wider approach to consulting the public in carrying out all its activities; and
- the Swindon Compact & Five Codes of Practice – which was developed in 2007 and sets out the framework which reinforces and enhances the working relationship between the voluntary and community sector and the statutory sector in Swindon.

Ensuring the planning process is inclusive

1.18 Historically some segments of the community such as older people, the young, disabled people, people from ethnic minorities, Gypsies, Travellers and Travelling Showpeople have been under represented in the planning process. These groups are sometimes referred to as 'hard to reach' or 'seldom heard' and many of these groups are likely to have an interest in the development plan process.

1.19 In line with the Equality Act 2010, and to take into account the views of all our community, the Council is committed to making the planning system in Swindon Borough as inclusive and representative as possible. It will do so by making sure to use a wide range of consultation methods in order to inform and enable all sections of our community to engage with the planning process.

Links with the Council's Priorities and Pledges (the Vision)

The Swindon Vision sets out the Council's ambitions and priorities to 2030. Successful planning is key to the realisation of many of those priorities and effective consultation is key to successful planning. The priorities and pledges can be viewed at:

https://www.swindon.gov.uk/info/20028/open_data_and_transparency/952/our_priorities_and_pledges

2. Community Involvement in Plan Making

- 2.1 Swindon Borough Council is responsible for the preparation and publication of planning documents containing planning policies on a range of different issues such as the provision of new housing and employment land, retail and open space. These policies seek to ensure that they are delivered in the right time at the right places and they are used to inform and guide decision making on planning proposals.
- 2.2 There are two main types of planning documents – Development Plan Documents and Supplementary Planning Documents.

What are Development Plan Documents?

- 2.3 Development Plan Documents (DPDs) are formal plans that set out the planning policies for the area. Each plan is subject to public consultation and independent examination and has to be adopted by the Council before it comes fully into force. The main Development Plan Document in Swindon Borough is the **Swindon Borough Local Plan 2026 (SBLP 2026)**. This was adopted in March 2015 and includes a Policies Map showing the geographical areas to which the policies contained within the Plan relate.
- 2.4 A local planning authority may choose to produce a development plan document with another local authority as is the case with mineral and waste plans which we have produced jointly with Wiltshire Council. Development Plan Documents are subject to sustainability appraisal. These Plans also may need to consider international and EU rules and regulations.

The Local Development Scheme (LDS)

- 2.5 When appropriate the Council may need to produce new planning documents, or update existing ones. The timetable for the preparation and consultation on the Plans will be kept up to date and published in the Council's Local Development Scheme, available at https://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy/643/local_development_scheme.
- 2.6 The steps involved in preparing a DPD are summarised in the following table:

Table 1: Key Stages in producing a Development Plan Document

Key Stages	Opportunities for community involvement?	Regulation
<u>Plan preparation:</u> A period of evidence gathering and on-going engagement with the community and stakeholders to inform the scope, content and preferred options for the Plan. At the start of the process, a Diversity Impact Assessment highlights who may be affected by the plan and the most appropriate consultation methods to use.	YES - during this period the Council may arrange workshops, information sessions, public displays for the general public or for specific groups. Comments can also be made on the evidence documents eg the Strategic Housing & Economic Land Assessment (SHELAA) and Strategic Housing Market Assessment (SHMA) as they are published. There will also be at least one period of formal public consultation of a minimum of 6 weeks	Regulation 18
<u>Plan production and publication of the draft Plan</u>	YES - a statutory public consultation of 6 weeks on the draft Plan will be carried out. This is normally the final stage at which representations can be made to the Council before it is submitted for Examination	Regulation 19
<u>Submission</u> of the final draft Plan to Secretary of State for independent examination	NO	Regulation 22
<u>Independent Examination:</u> An independent inspector is appointed to examine the soundness of the Plan.	YES - invitations to participate at the hearing sessions of the examination are at the discretion of the Inspector. Opportunities exist for additional statements to be made to the Inspector to elaborate on those representations made at regulation 19. The Inspector may request a period of consultation on any draft modifications to the Plan recommended to make the Plan sound.	Regulation 24
<u>Inspector's Report:</u> The Inspector sends the Council a copy of the Report of the Examination which may contain recommendations for modifications to make the Plan sound	NO	Regulation 25
<u>Adoption by Full Council:</u> The Council considers the Inspectors Report and chooses to adopt the Plan as modified.	NO although a legal challenge may be made during a 6 week period	Regulation 26

*Town and Country Planning (Local Plan) (England) Regulations 2012

Supplementary Planning Documents (SPD's)

- 2.7 **Supplementary Planning Documents (SPD's)** are produced to add further detail to the policies contained in a Development Plan Document. They provide further guidance for development on specific sites, or on particular issues, such as design. Supplementary planning documents are material considerations in planning decisions but are not part of the development plan.
- 2.8 The process of preparing an SPD is simpler and shorter than that of a DPD. There are opportunities to get engaged during the preparatory stages when relevant stakeholders and communities are likely to be consulted with and occasionally invited to take part in technical studies. Once the draft document is completed, a 4-6 week period of formal consultation will take place prior to adoption, usually through Planning Committee.
- 2.9 Further information on Swindon Borough Council's SPD's is available at: https://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy/651/planning_policy_guidance.
- 2.10 Other policy documents (which can be viewed on the planning pages of the SBC website) that the Council may produce include:
- Local Development Orders (LDO's)
 - Community Infrastructure Levy (CIL) Charging Schedule

Sustainability Appraisals & Strategic Environmental Assessments

- 2.11 The Council is required by law to promote sustainable development by assessing the plans and policies that it produces (such as development plan documents) for their potential impacts on the environment, economy and society. This is done through a **Sustainability Appraisal (SA)**.
- 2.12 The Council is also required to undertake a **Strategic Environmental Assessment (SEA)** in order to ensure the consideration of environmental issues during decision making on strategic documents such as development plan documents. The Assessment identifies the significant environmental effects that are likely to result from the implementation of the plan. The findings of the assessment are published in a report which is then consulted upon. Any issues that are raised must be considered and resolved before the plan can be adopted. In most cases the SEA is incorporated within the Sustainability Appraisal.
- 2.13 Sustainability Appraisal Reports are published alongside Plans for consultation and comments are usually invited on them at the same time.

Box1: Go to:

https://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy

in order to follow the links and view these documents:

- Swindon Borough Local Plan 2026
- The Local Development Scheme
- Supplementary Planning Documents
- Local Development Orders (LDO's)
- Community Infrastructure Levy (CIL) Charging Schedule
- The Statement of Community Involvement

How Swindon Borough Council will consult on Development Plan Documents

- 2.14 The Council seeks to engage as many people and stakeholders as possible in the plan-making process and will use a variety of communication methods as necessary to ensure the fullest participation in the planning process.
- 2.15 The diagram below identifies some of the consultation methods we may use to engage with communities and stakeholders. The actual methods used may differ depending on the purpose of the engagement exercise and the target audience. We will also consider new methods of engagement should they arise during the life-time of this document.
- 2.16 In order to provide value for money for local people and businesses, the Council needs to use the most appropriate methods of communication and engagement relevant to the document and the stage that it has reached in its production. Increasingly, the Council will use electronic communications and social media such as Twitter and Facebook to consult and engage with the public. These methods are more cost effective and time-efficient and can reach a wider audience than more 'traditional' methods.
- 2.17 The Council will monitor and evaluate consultation methods to ensure they remain effective and value for money. The Council will explore new opportunities to engage with the community and, where it is reasonable to do so, will respond to individual preferences.
- 2.18 The planning regulations require that the Council consults with the following types of organisations whilst preparing development plans. These groups will always be notified (by letter or email) of any consultations on future plan-making proposals:
- **Specific consultation bodies** are organisations responsible for services, utilities and infrastructure provision in the Borough and include Parish and Town Councils and major land owners plus organisations such as the Environment Agency, Highways England, Natural England and Historic England. For the full list see Planning Practice Guidance at: <https://www.gov.uk/guidance/consultation-and-pre-decision-matters>

Table 2: Consultation Methods

	Swindon Borough Council website. Information will be published here about the Local Plan and other development plan documents about consultations. Visit https://www.swindon.gov.uk/info/20113/local_plan_and-planning_policy
	Swindon's On-line Engagement Portal (Objective). This enables on-line participation in consultations on planning issues, allowing residents to view planning documents and make comments. Users will need to register as a consultee before submitting a response.
	Questionnaires, response forms, leaflets and newsletters emailed to residents or via the Online Engagement Portal.
	Site notices and notification letters inform local residents of planning applications in their area only.
	Letters and emails to statutory bodies, groups and individuals - with email being the first choice.
	Meetings and discussion groups with councillors, community groups and residents - including regular meetings such as the Parish Clerks' Forum and one-off meetings arranged to consult on a specific planning related issue. Face to face meetings enable information to be disseminated and instant feedback to be given.
	Public exhibitions staffed and unstaffed, enable people to view information at a time convenient to them.
	Press releases and statutory notices in local newspapers and to local newspapers, radio and TV enable information to be given to a wide range of people.
	Social Media e.g. Facebook and Twitter.
	Focus groups and workshops enable thorough discussion of planning related issues and the collation of local knowledge and other feedback.
	Targeted work with community and voluntary organisations is useful where issues affect a particular area or community. The involvement of external consultants or facilitators may be required.

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- **General consultation bodies** are voluntary bodies whose activities benefit any part of the Council's area and/or bodies which represent the interests of different ethnic or national groups, different religious groups, disabled people and people carrying out business in the local authority area.
- **Other consultation bodies** include any organisations with which it might be appropriate to consult with on specific planning issues, such as other government bodies, local authorities, charities and business organisations.

2.19 The Council holds a consultation database of individuals and stakeholder organisations to be contacted when we publish a planning policy document. Anyone can register on the Council's database in order to be notified of future consultations on Swindon Borough Council development plan documents.

In addition, in order to raise awareness, gather views and seek feedback and consensus the Council will:

- use existing liaison meetings with the community such as the Wiltshire Association of Local Councils (WALC) Swindon meetings, the Parish Clerks Forum and Swindon Developers Delivery Panel, Swindon Investment Group and Initiatives in Swindon Group
- attend meetings by invitation/request from individual parish council/community group/resident associations
- organise information sessions and workshops for the general public or specific groups

Box 2: How to register on the SBC planning consultation portal

- **On-line:** <https://swindon-consult.objective.co.uk>
- **By Email** your contact details to us at: forwardplanning@swindon.gov.uk
- **By post;** send your contact details to us at: Planning Department, Swindon Borough Council, 5th floor, Wat Tyler House West, Beckhampton Street, Swindon SN1 2JH

To view a list of statutory consultation bodies:

<https://www.gov.uk/guidance/consultation-and-pre-decision-matters>

How to View and Respond to Consultation Documents

2.20 The Planning & Compulsory Purchase Act 2004 (as amended) stipulates the following minimum requirements for publicising consultations on plan documents:

- notices in local newspapers (mainly the Swindon Advertiser but also the Wiltshire Gazette and Herald when a wider circulation is necessary), stating when and where the relevant material can be inspected, how copies of the relevant material may be obtained, the

closing date for any comments and where the comments should be sent.

- providing copies of all planning documents and the supporting evidence base on the Council's website.
- making paper copies of the development plans available for inspection at the Council Offices and at Swindon Borough Council libraries (Swindon Central, Highworth, North Swindon, Park and West Swindon).

- 2.21 The easiest way to respond to Planning Policy consultations is to use the Council's online Planning Consultation Portal <https://swindon-consult.objective.co.uk/portal/>. It is convenient in that the documents and questionnaires are available in one place. Responses can be drafted, saved and submitted at a later date. Access to the portal is secure and password protected.

When registering to use the Council's Consultation Portal 'Objective' you will be asked whether you wish to receive notifications of future consultations on planning policy documents and related issues. You may withdraw from this list at any time by contacting us at: forwardplanning@swindon.gov.uk.

- 2.22 We recognise that not everyone has access to a computer and therefore we will accept comments by post. Such comments will be added alongside those received by e-mail into the consultation portal.

Box 3: Where to view paper copies of planning and related documents

At Swindon Borough Council libraries (Swindon Central, Highworth, North Swindon, Park and West Swindon) and by request from the Planning Policy team (see below). Some documents may be available for purchase for a fee plus postage.

How to view consultation documents and related materials on-line:

- Online Planning Consultation Portal <https://swindon-consult.objective.co.uk/portal/>
- The Consultations, engagements and surveys page on the SBC website at: https://www.swindon.gov.uk/info/20019/consultations_and_surveys

Comments can be submitted:

- **on-line** through the Planning Consultation Portal at: <https://swindon-consult.objective.co.uk/portal/>
- **by post:** Swindon Borough Council, Planning Policy 5th Floor, Wat Tyler House, Beckhampton Street, Swindon SN1 2JG (opening hours: Monday – Friday 9am-5pm) and can be contacted
- **by email** at: forwardplanning@swindon.gov.uk

To contact the Planning Policy team by phone: 01793 466513

- 2.23 Responses to Development Plan Documents and Supplementary Planning Documents consultations should not be considered confidential as the Council

is obliged under the Town And Country Planning (Local Planning) (England) Regulations 2012 to publish:

- A list of consultees that are contacted
- A summary of responses; and
- Copies of responses to draft documents that the Local Authority intends to submit to the Secretary of State.

2.24 The Council is also required to comply with the Data Protection Act 2018. Responses to public consultations will be made publically available to view on the Council's website. Responses containing libellous, discriminatory or otherwise offensive comments will not be made publically available.

2.25 The Council redacts comments from individual members of the public to remove personal data in respect of email addresses, telephone numbers and signatures. In order to enable us to do so, personal information should be clearly distinguished from the comments, preferably by use of a cover sheet. Personal information included within the body of the text is harder to redact and therefore more costly to the Council.

2.26 Subject to the above, comments received:

- Will be made available for public inspection, and cannot be treated as confidential;
- Will be available to view on the Council's website;
- Will be used by the Council to inform the preparation and production of the Development Plan Document or Supplementary Planning Document;
- Will be retained by the Council for one year after the Document has been superseded;
- Will be stored in electronic format within the Council's consultation portal and servers (hard copy letters, where received, will be stored at the Council's offices or secure storage facility);
- May be forwarded to the Planning Inspectorate or other independent Examiner, as appropriate to the Document and the stage it has reached. for consideration as part of any examination;
- May be summarised and presented in summary form.

Box 4: For more information on how the Council uses personal information and to view the Planning Policy Privacy Notice visit:

https://www.swindon.gov.uk/info/20061/data_protection/395/data_protection

What you can expect from us

2.27 When consulting on Planning Policy Documents:

- The Council will meet the requirements of the Equality Act 2010.

- Copies of draft and adopted Development Plans and Supplementary Planning Documents will be made available to view on the Council's website. Paper copies will be available at the Civic Offices, at the 5 Swindon Borough Council libraries (Swindon Central, Highworth, North Swindon, Park and West Swindon) and at other locations the Council considers appropriate. Additional paper copies will be available to purchase.
 - Documents will be made available in large print, alternative formats and different languages on request to forwardplanning@swindon.gov.uk
 - Planning Policy documents will be written in a format that is clear and understandable. Technical studies will include an executive summary.
 - We will make it clear how and when you can make comments.
 - We will acknowledge consultation responses made through the consultation portal or by e-mail by return. Consultation responses made by post will not be acknowledged unless an e-mail address is provided.
 - Other correspondence requiring a response will be responded to within 10 working days or acknowledgement will be sent stating when a full response will be made.
 - Local Events will be held at a time and place suitable to different sections of the community.
 - Once a consultation period has ended, we will log all comments that we have received on the Planning Policy Consultation Portal. We will produce a report with officer responses, which identifies how comments have been considered. Such a report will be published on the website.
 - The internet and e-mails will be the default method of communication.
- 2.28 In response to previous consultations, petitions have been raised in respect of a particular element of the relevant document. With such petitions individual names will not be added to the Councils consultation database. The main or first named contact on any such petition will be included on the database and only that person will be kept informed of the relevant stages of plan making.

Duty to Co-operate

- 2.29 The Localism Act (2011) provides a statutory duty for local planning authorities to co-operate with neighbouring authorities and other public bodies in the preparation of development plans. Compliance with the legislation will be demonstrated through the production and agreement of Statements of Common ground.
- 2.30 Given our functional geographies, more specific cooperation has been and will be undertaken with Wiltshire Council.

The role of Swindon Borough Councillors

- 2.31 As elected representatives, Swindon Borough Council Members (also known as ward councillors) are a vital link between local communities and the Council. They may be the first point of contact for residents. Their role is to understand the planning related issues raised by the community and to relay those views to the wider Swindon Borough Council.

- 2.32 Any decision relating to the approval of or variation to the Council's development plans is considered by the Borough Council's Cabinet who will then make recommendations to the Full Council of the Borough for final approval.
- 2.33 All ward councillors are sent the weekly list of applications received within the Borough. The SBC Planning Committee is currently made up of thirteen Council Members who debate and vote on larger planning proposals in the Borough and who can approve some development plan documents such as Supplementary Planning Documents.
- 2.34 All Cabinet and Planning Committee meetings are open to the press and public (subject to various legislative exclusions) and agendas and minutes are available in advance on the Council's website. At each meeting, time is allocated to questions from members of the public.
- 2.35 Parish and Town Councils play a similarly vital linking role between the communities they represent and Swindon Borough Council. As statutory consultees within the planning process, many councils have considerable knowledge of the planning system and related issues. They can be a useful source of advice and information for their residents.
- 2.36 The procedures for how Parish Councils and SBC should work together are set out in the **Swindon Parish Charter 2015** available at: https://www.swindon.gov.uk/info/20030/planning_and_regeneration/492/apply_for_planning_permission or by emailing the Planning Department at: sbcadc@swindon.gov.uk
- 2.37 In order to raise planning issues with parish councils and gather feedback on them, SBC Planning Officers attend:
- Quarterly Parish Clerk Forums
 - Quarterly meetings of the Swindon branch of the Wiltshire Association of Local Councils (WALC) which are attended by participating parish councillors
- 2.38 SBC Planning Officers provide training for parish and borough/ward councillors on the planning process, the production of development planning documents and on specialist subjects as required. They keep councillors informed of progress of development plans, especially during key consultation stages.
- 2.39 Parish and Town Councils are statutory consultation bodies and are automatically informed of all planning applications in their area and invited to make representations about development proposals on behalf of their communities. Working with local residents they can also produce Parish or Town Plans, Neighbourhood Plans and other planning documents such as Village Character Assessments for their own parish.

Box 5: How to contact your Ward Member(s) and Parish Council

See the SBC website for contact details of all Swindon Borough Councillors and the details of Borough Council meetings, Minutes and Agendas:

https://www.swindon.gov.uk/info/20021/councillors_democracy_and_elections

For information about Parish Council meetings you will need to refer to the individual Parish Council website.

The **Swindon Borough/Parish & Town Council Charter 2015** can be viewed

- on-line at:
https://www.swindon.gov.uk/info/20030/planning_and_regeneration/492/apply_for_planning_permission
- by emailing the Planning Department at: sbcadc@swindon.gov.uk

3. Engaging with Planning Applications

- 3.1 Decision making on planning applications rests in the first instance with the relevant Local Planning Authority, Swindon Borough Council. For a unitary authority like Swindon Borough this means all applications including householder, residential, commercial, waste disposal and treatment sites and mineral workings. In exceptional circumstances, the Secretary of State may choose to make the decision on a proposal him/herself and will 'call in' the application. When this happens a public inquiry is usually held.
- 3.2 Planning law requires that applications for planning permission must be determined in accordance with the Development Plan unless material considerations indicate otherwise.
- 3.3 The Planning Portal defines a material consideration as '*a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.*' See Appendix 1 for a list of material considerations.
- 3.4 Swindon Borough Council's Planning Department deals with some 2,000+ planning and related applications each year. All are determined in accordance with the relevant policies in the NPPF and SBC development plan documents such as the Local Plan 2026, Neighbourhood Plans and Supplementary Planning Documents and any other relevant material considerations. Whilst applications of wider interest or significance or which are locally controversial are usually dealt with by the planning committee, decisions on the majority of schemes are made by Officers under delegated authority.
- 3.5 This section of the Statement of Community Involvement sets out the Council's approach for involving residents and local and other stakeholders in the planning application process.
- 3.6 There are two main categories of planning applications:

Table 3: Categories of Planning applications

Type of application	Definition
Major Proposals	<ul style="list-style-type: none"> • applications for developments of 10 or more dwellings or on sites of more than 1 hectare • 1,000m² or more gross non-residential floor area (including changes of use of existing buildings) • applications associated with minerals & associated landfill operations
Minor and other Proposals	<ul style="list-style-type: none"> • applications for developments of up to 9 dwellings or up to 999m² gross non-residential floor area • changes of use • smaller residential, retail, commercial and employment schemes • telecommunications

	<ul style="list-style-type: none"> • householder applications for the extension or alteration to a house and ancillary buildings in the garden of a house • advertisement consents • listed building consents • prior approvals
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Pre-application Advice

- 3.7 The Council encourages pre-application discussions for certain types of development before making a formal application. The aim of these discussions is to establish whether the principal of the development is acceptable and to clarify the detail, format, type and level of information required to support the application in order to assist the Council to make a decision.
- 3.8 Effective pre-application discussions can identify and resolve potential problems before an application is submitted and help ensure timely decision making on that application following submission.

Pre-application Consultation

- 3.9 The Localism Act (2011) introduced a requirement for developers of **major applications** (10 or more dwellings) to carry out pre-application consultation with communities. Developers are required to:
- Publicise their proposals and carry out consultation before submitting certain types of planning application.
 - Consider any comments received from the community before finalising and submitting the application.
 - Provide evidence of the consultation carried out in the form of a Record of Community Involvement which sets out the responses received and what amendments were made to the proposal as a result of those comments.
- 3.10 SBC encourages all applicants, developers and landowners to discuss their proposals with the local community (neighbours, residents, elected members, schools, colleges and other public institutions, parish or town councils, ward councillors and other interested groups) before submitting a planning application. In general, the more significant and potentially controversial the proposal, the more extensive the amount of consultation expected.

Box 6: The Council's current **Pre-application Guidance** is available on the website at:

http://www.swindon.gov.uk/info/20030/planning_and_regeneration/371/check_if_you_need_planning_per

Planning Applications

- 3.11 The Council's Planning team assesses and determines planning applications against the relevant policy in the Borough's Local Plan and any other material planning considerations including supplementary Planning Guidance and the NPPF.
- 3.12 Decision making on planning applications is guided by the **SBC Protocol for Dealing with Planning and Related Applications and Local Planning and Related Application Validation Lists** (April 2017). This identifies how consultations will take place, representing good practise and exceeds the requirements of legislation. This is reviewed regularly and can be viewed on-line on the SBC website at:
https://www.swindon.gov.uk/info/20030/planning_and_regeneration/492/apply_for_planning_permission

How will SBC publicise planning applications?

- 3.13 There are minimum publicity procedures required by law¹ for all applications. The following sets out the general requirements for the initial consultation.
- 3.14 Where additional consultation is required eg following receipt of amended plans, there is likely to be a reduced time period (normally 14 days) in which comments can be made.

Table 4: How applications are publicised

Publicity method	Details	Timing
Publication of application details on the Council's website (PAS)	http://www.swindon.gov.uk/info/20030/planning_and_regeneration/380/view_or_make_comment_on_a_planning_application/	On-line comments should be made within 21 days
Press Notice in the Swindon Advertiser (when relevant)	Notification of all major proposals. Notification of certain minor proposals primarily where they affect a Conservation Area or a listed building. Proposals that depart from the Local Plan	Once, weekly: allows 21 days to comment
Site Notice	Required when a notice is published in the press and in other cases when required or appropriate in a way that is visible and legible to the public	For a minimum of 21 days
Neighbour notifications	To be sent to adjacent affected neighbours and, when considered necessary, additional properties which might be directly affected by the proposal will also be notified	Comments should normally be made within 21 days

¹ Town and Country Planning (Development Management Procedure) Order 2015 and Town and Country Planning (General Permitted Development) Order 2015

Additional opportunities to engage with planning applications

- 3.15 **On-line register Public Access System (PAS).** The Council maintains an on-line register of all planning applications called the Public Access System. PAS is accessible to all members of the public and permits the documents, plans, comments and decisions relating to each planning application to be viewed.
- 3.16 **Weekly planning lists.** A weekly list is published every Wednesday (of all applications received and determined that week). This list is emailed to Borough, Parish and Town Councillors, various consultation bodies and local civic and amenity groups. It is also available to anyone on request (see below).

Box 7: How to view planning applications on the on-line SBC planning register PAS

http://www.swindon.gov.uk/info/20030/planning_and_regeneration/380/view_or_make_comment_on_a_planning_application

How to view the weekly planning list:

<http://pa1.swindon.gov.uk/publicaccess/search.do?action=weeklyList>

How to register for the weekly planning list emails: register on PAS via the tab entitled 'Register' along the top tool bar or email your contact details to sbcadc@swindon.gov.uk

Parish and Town Councils

- 3.17 SBC will notify Parish and Town Councils of any newly submitted planning applications within their area and the Parish Council will be invited to make a formal comment within 21 days. Applications will often be discussed by local Councils, either within one of the regular parish or town Council meetings or, by their Planning Committee in a separate meeting (larger parish councils only).
- 3.18 Parish Council meetings meet regularly (usually monthly) and time is allocated at these meetings for residents to raise any issues with their parish councillors.
- 3.19 Anyone proposing to submit an application is encouraged to contact the relevant parish council in order to discuss their plans at a parish council meeting. This includes householders wishing to make changes to their own home and developers with a planning proposal for more than one dwelling. Such discussions are a good way of finding out what would or would not be considered acceptable to parish councillors who will be making a formal comment on the application at a later stage. Parish councillors will also be able to advise on organising public consultations about proposals.

- 3.20 Parish Councils requiring to be consulted with regarding proposals for strategic sites outside their own area should make a written request to the Development Management team at: planningenquiries@swindon.gov.uk

Borough (ward) councillors

- 3.21 Residents can also approach their ward councillors in order to discuss any issues relating to a planning application in their area. Ward members receive the weekly planning lists.

Consultation with Statutory Bodies

- 3.22 The Council is required by law to consult with the appropriate statutory bodies for each planning application. Consultation with these bodies will vary depending on the type of development proposal and/or location. The up-to-date list of statutory consultees can be viewed at: <https://www.gov.uk/guidance/consultation-and-pre-decision-matters>

Box 8: How to make a comment on a planning application

- **By filling in an on-line comment form** available on the SBC planning register at: http://www.swindon.gov.uk/info/20030/planning_and_regeneration/380/view_or_make_comment_on_a_planning_application
- **By email:** sbcdc@swindon.gov.uk
- **By post:** Management Development Team (Planning), Swindon Borough Council, Wat Tyler House, Beckhampton Street, SN1 2JH

Please quote the planning application reference number, the address of the site and the name of the case officer. Please be advised that all comments can be viewed by the public once they have been uploaded onto the SBC planning register (PAS). The Council will endeavour to remove all personal data from comments.

See our **Privacy Notice** at:

https://www.swindon.gov.uk/info/20028/open_data_and_transparency/912/privacy_notice - click on Planning in the list of Service Areas in the top right hand corner of this webpage.

To contact your ward or parish councillors:

See the SBC website for contact details of all Swindon Borough Councillors and the details of Borough Council meetings, Minutes and Agendas:

https://www.swindon.gov.uk/info/20021/councillors_democracy_and_elections

Decision making on planning applications

- 3.23 At the end of the consultation period, the Council considers the comments received and makes a decision on the planning application guided by policies

within development plan documents and having regard to all other relevant and material planning considerations.

- 3.24 The majority of planning applications are decided by Development Management planning officers using 'delegated powers' from the Council.

SBC Planning Committee

- 3.25 The Planning committee is made up of Borough (Ward) Councillors of all parties. The applications considered by the planning committee are normally those that are controversial or which raise significant or complex planning issues, including those that have been called in by Borough Councillors and Parish / Town Councils.
- 3.26 Planning Committee meetings are usually held once a month on the second Tuesday, in the evening in the Council Chamber at SBC Civic Offices. As each planning application is being discussed and before a decision is made, time will be allocated within the meeting for interested persons (third parties, applicants, agents, Parish or Town Councils, local residents and representatives of local organisations) to address the Planning Committee, where they have registered an interest to do so at least 24 Hours beforehand.
- 3.27 Public copies of the Agenda will be published and made available in advance of a meeting, for viewing and for download from the Council's website. Parish and Town Councils within the Borough are notified as well as anyone who made a comment.
- 3.28 Officers' make a report and recommendation for each application to the Planning Committee and summarise the comments / representations received. Planning Committee members will have read the committee papers and listened to all representations at the meeting and, following a debate, they vote on a resolution in order to make the final decision.
- 3.29 This decision may be different from that recommended by the Planning Case Officer. It may also authorise the Head of Planning, Regulatory Services and Heritage to determine the application, for example, upon the completion of a planning obligation. Once agreed, the minutes of Planning Committee meetings are also published.
- 3.30 Following the meeting, the Decision Notice will be published on the Public Access System on the Council's website.

Box 9: To view information about SBC Planning Committee, including a meeting timetable, meeting Agendas (published 5 working days before each meeting), and the contact details of the relevant Elected Members) go to:

https://www.swindon.gov.uk/info/20021/councillors_democracy_and_elections

To speak at a Planning Committee meeting, please call the Committee Clerk on 01793 463606 or email at: sbanks@swindon.gov.uk no later than 12 noon on the day before the meeting.

4. Neighbourhood Planning

- 4.1 The Localism Act 2011 introduced the ability for local communities to produce Neighbourhood Plans for their area. Once passed at a local referendum and 'made' (adopted) by the local planning authority (LPA), they form part of the Development Plan for the area alongside any development plan documents produced by the local authority.
- 4.2 The Localism Act, together with these regulations, places various duties and responsibilities upon Swindon Borough Council (SBC) in relation to neighbourhood planning. In addition the Neighbourhood Planning Act (April 2017) introduced a requirement for LPA's to set out their approach to neighbourhood planning within their Statement of Community Involvement.
- 4.3 Swindon Borough Council recognises the value of neighbourhood planning in identifying and articulating local community needs and priorities, improving service delivery and informing policy and strategy within Swindon.
- 4.4 Swindon Borough Council has been working with a number of local groups, providing support and advice, to help them progress their Neighbourhood Plans, some of which have now been 'made'. Information about how Swindon Borough Council will support local groups is set out in the SBC Neighbourhood Planning Protocol available on the SBC website.

Table 5: When to engage in the preparation of a Neighbourhood Plan (NP) or

Box 10: To view information on neighbourhood planning visit the SBC website at

http://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy/650/neighbourhood_planning for information about:

- Neighbourhood Planning
- Neighbourhood Planning FAQ's
- Swindon Borough Neighbourhood Planning Protocol
- Neighbourhood Plans in progress
- Adopted Neighbourhood Plans

How will SBC support groups wishing to progress a Neighbourhood Plan?

View the Swindon Neighbourhood Planning Protocol at:

http://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy/650/neighbourhood_planning

How to contact the SBC Neighbourhood Planning Officer (Karen Phimister):

- Email at: kphimister@swindon.gov.uk
- Telephone on 01793 466425

Further sources of information about neighbourhood planning:

- For case studies and information about government support and funding for Neighbourhood Planning see **Locality** at: <https://neighbourhoodplanning.org/>
- **Planning Aid England** has produced guidance to help communities with Neighbourhood Planning that is available at: <https://www.rtpi.org.uk/planning-aid/neighbourhood-planning/>

Neighbourhood Development Order (NDO):

Key Stages	Opportunities for community involvement?	Regulation
<p><u>Decision to proceed:</u></p> <p>The community considers, consults & decides whether to proceed with a Neighbourhood Plan</p>	<p>YES - community engagement is integral to the neighbourhood planning process, from beginning to end. To pass examination Neighbourhood plans must demonstrate that they reflect the views and aspirations of their community. The initial impetus to proceed with a NP may well come from the community and will require the establishment of a NP steering group which is likely to include a mix of residents, parish councillors and members of community groups, businesses and other stakeholder groups. The process will be overseen by the Qualifying Body, usually the Parish Council.</p>	
<p><u>Submission of Neighbourhood Area Application to SBC</u> by Neighbourhood Group</p>	<p>YES - Swindon Borough Council (SBC) will carry out a formal public consultation (minimum 4 weeks) on the proposed Neighbourhood Area</p>	<p>Regulation 6</p>
<p><u>Designation of Neighbourhood Area</u> by SBC</p>	<p>NO - but the designation will be publicised in the Swindon Advertiser and on the SBC website</p>	
<p><u>Plan preparation:</u></p> <p>A period of evidence gathering and on-going engagement with the community and stakeholders to inform the scope and, content for the Plan.</p>	<p>YES - members of the community will be involved, through the Steering Group, in evidence gathering and plan preparation. Engagement with the wider community will also be needed in order to identify issues to be addressed within the NP. All engagement activities will be recorded within the Statement of Community Involvement which will be submitted for examination with the draft NP.</p>	
<p><u>Plan production</u> by the NP steering group</p>	<p>YES - possibly with assistance from consultants on the technical aspects of plan writing.</p>	
<p><u>Pre-submission consultation</u> by Neighbourhood Group (minimum 6 weeks)</p>	<p>YES - and the draft NP will be modified to reflect the comments received</p>	<p>Regulation 14</p>

<u>Submission of draft Neighbourhood Plan</u> to SBC	NO - SBC will seek to appoint an Examiner (with the approval of the NP Steering Group) and prepare for its own formal consultation	
<u>Formal public consultation</u> on the submitted Neighbourhood Plan/Order by SBC (minimum 6 weeks)	YES - all comments received will be sent to the Examiner with the draft NP and its supporting documents	Regulation 16
<u>Independent Examination</u>	NO - although the Examiner may approach individual consultees directly	
<u>Publication of Examiner's Report</u>	NO - SBC will decide (following consultation with the NP Steering Group) whether to accept the Report (and any modifications recommended within it) and to proceed to Referendum	
<u>Referendum</u>	YES - residents are entitled to vote in the Referendum. A 50% YES vote is required to approve the Plan.	
NP 'made' (formally adopted) by SBC Full Council	NO	

APPENDIX 1 – List of material considerations

A material consideration is a matter that should be taken into account in deciding a planning application or on an appeal against a planning decision.

Material considerations can include (but are not limited to):

- Development Plan Policy
- Government policy and guidance
- Overlooking/loss of privacy
- Highway safety, traffic and parking
- Design, appearance, layout and density
- Effect on the level of light and privacy
- Conservation of buildings, trees and open
- Accessibility

The following **cannot** be considered:

- Effect on the value of the property
- Loss of a private view
- Problems caused by building works *
- Private property rights
- The developer's morals, motives or past record
- Possible future development
- The fact development may have started
- Trade objections based on competition
- Moral objections

For more information see the Planning Portal at:

https://www.planningportal.co.uk/faqs/faq/4/what_are_material_considerations

*these can be managed through planning conditions stipulating for example the site construction hours and haulage routes)

This Statement of Community Involvement December 2018 may be viewed or downloaded from our website:

https://www.swindon.gov.uk/info/20113/local_plan_and_planning_policy/641/statement_of_community_involvement

Planning Policy, Swindon Borough Council,
Wat Tyler West, Beckhampton Street, Swindon SN1 2JG

E-mail: forwardplanning@swindon.gov.uk

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Private Sector Housing Enforcement Policies

Cabinet

Date: 6th February 2019

Author: Cabinet Member for Housing and Public Safety
Director of Public Health

Wards: All Wards

Parishes Affected: All Parish Areas

1. Purpose and Reasons

- 1.1 As part of the Government's agenda on 'Rogue Landlords' a suite of new powers and duties has been given to Local Authorities.
- 1.2 This report seeks Cabinet approval to put in place a revised Private Sector Housing Enforcement Policy so that these new powers may be used to better protect the residents of Swindon from poor housing conditions and 'rogue landlords'.
- 1.3 This links to the Council's vision that Swindon will be a model of well managed housing growth that supports and improves new and existing communities, and to Priority One: Improve infrastructure and housing to support a growing, low-Carbon economy and protecting the most vulnerable Priority Three. This also supports the Housing Strategy 2015 – 2026 in helping to improve standards in private rented housing and Houses in Multiple Occupancy.

2. Recommendations

Cabinet is recommended to:

- 2.1 Approve the Private Sector Housing Enforcement Policy 2019 as set out in Appendix one.
- 2.2 Note that the Director of Public Health, under delegated powers and in consultation with the Cabinet Member for Housing and Public Safety, will make amendments to those Policies as required in the future.

3. Detail

History and recent legislative changes

- 3.1 The current Private Sector Housing Enforcement Policy 2006, available at <https://www.swindon.gov.uk/downloads/download/90/housing> was last refreshed in response to the Housing Act 2004 and the new system of housing enforcement that came about as a result.
 - 3.1.1 The Housing Act 2004 introduced a new way of assessing hazards in housing, the Housing Health and Safety Rating System, and a suite of new powers to enforce that.

Further information on the subject of this report can be obtained from Damon Green, (01793) 466102, dgreen@swindon.gov.uk.

Private Sector Housing Enforcement Policies

Cabinet

Date: 6th February 2019

- 3.1.2 It also introduced the Licensing of larger Houses in Multiple Occupation (HMOs).
- 3.2 Since that time and especially more recently, government has restated that housing is one of its main priorities, issuing a number of new Legislations and Statutory Instruments to further support Local Authorities in their work against so called 'Rogue Landlords':
- 3.2.1 The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 has made it a requirement that all privately rented accommodation must have smoke alarms on each floor, and Carbon Monoxide alarms where appropriate. It also introduces a scheme of Remedial Notices and Penalty Charges where these requirements are not complied with.
- 3.2.2 The Housing and Planning Act 2016 amends the Housing Act 2004 to provide a suite of new sanctions and powers to deal with private sector landlords and agents that do not comply with the law.
- 3.3 Details of the Councils existing HMO space standards and local licencing scheme for HMOs are available on the web at:
https://www.swindon.gov.uk/info/20025/homes_and_property/236/houses_in_multiple_occupation/2
- New powers and sanctions
- 3.4 Local Authorities have the power to set a scale of penalty charges under the Smoke and Carbon Monoxide (England) Regulations 2015. This scale must be informed by an adopted Statement of Principles for the setting of the Penalty Charge amount in each case of breach of a Remedial Notice.
- 3.5 The scale of penalty charges should aim to change the behaviour of the landlord, to eliminate any financial gain or benefit from non-compliance, be proportionate to the nature of the breach, deter future non-compliance, and reimburse the costs incurred by the Council in undertaking the works the landlord should have.
- 3.6 A Statement of Principles, within the Smoke and Carbon Monoxide Regulations Policy 2019, implementing an escalating scale for initial and subsequent offences is proposed (see Appendix two).
- 3.7 The new sanctions introduced by the Housing and Planning Act 2016 are:
- 3.7.1 **Civil Penalties;** a monetary charge imposed by the Local Authority as an alternative disposal option to prosecution for some offences. The maximum Civil Penalty that may be imposed is £30,000 per offence.
- 3.7.2 The Local Authority decides the guilt of the offender to the criminal standard, whether to impose a Civil Penalty and if so how great a Civil
-

Further information on the subject of this report can be obtained from Damon Green, (01793) 466102, dgreen@swindon.gov.uk.

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Penalty to impose. A Policy must be put in place to allow the use of this sanction in Swindon.

- 3.7.3 A Civil Penalty is a non-criminal disposal of an offence which could otherwise be prosecuted through the Criminal Courts. No criminal record is produced as a result of receiving one.
- 3.7.4 **Rent Repayment Orders** - if rent was paid through Housing Benefit or through the housing element of Universal Credit, then the rent must be repaid to the local housing authority. If the rent was paid partially by the tenant with the remainder paid through Housing Benefit/Universal Credit, then the rent should be repaid on an equivalent pro-rata basis.
- 3.7.5 The revenue generated from both Civil Penalties and Rent Repayment Orders are ring fenced to support additional housing enforcement work. Any revenue not spent in this way must be returned to central government.
- 3.7.6 Statutory Guidance for Local Authorities on the use of Rent Repayment Orders may be found here: [Rent Repayment Orders Statutory Guidance](#)
- 3.7.7 **Banning Orders** are introduced, and a '**Rogue Landlords Database**' set up by Government. Local Authorities must enter the details of any landlord or agent who becomes subject to a Banning Order onto the national database. Local Authorities may enter those details for any landlord who has been convicted of an offence which could lead to a Banning Order ('a Banning Order Offence'), or the landlord or agent receives two or more Civil Penalties within a period of 12 months.
- 3.7.8 Statutory Guidance on using Banning Orders may be found here: [Banning Orders Statutory Guidance](#)
- 3.7.9 Statutory Guidance on the Rogue Landlords Database may be found here: [Rogue Landlords Database Statutory Guidance](#)

The proposed policy

- 3.8 The Councils Private Sector Housing Enforcement Policy 2006 has been revised to bring it up to date and to take account of the new powers and sanctions recently introduced. The Policy seeks to describe how the council will express the intentions of Parliament locally.
- 3.9 A further Policy, including the required Statement of Principles which the Council will follow in implementing fixed penalties under the Smoke and Carbon Monoxide (England) Regulations 2015 is appended to it.
- 3.10 The Private Sector Housing Enforcement Policy 2019 describes all of the housing specific regulatory options available to the Council and how and when the Council may make use of them.

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- 3.11 The Policy sets clear expectations of full voluntary compliance, and outlines how the Council may respond when that is not found. It allows for the full range of powers to be used by officers to gain compliance in the sector, and gives broad guidance on when and how those powers will be used.
- 3.12 The principal and most complex addition is that of Civil Penalties. The proposed 2019 Policy will enable the Council to use this new power, which is expected to have a beneficial effect, both on compliance and on funding for housing enforcement over time.
- 3.13 Civil Penalties (up to the value of £30k currently) are an alternative disposal method to prosecution, and the burden of proof is therefore to the criminal standard.
- 3.14 The case is not disposed of through the Magistrates Court however, the guilt of the offender and the financial penalty to be imposed in disposal, is decided by the Council.
- 3.15 In setting a Civil Penalty for an offence and offender, the Council must consider a number of factors:
 - 3.15.1 The severity of the offence
 - 3.15.2 The culpability and track record of the offender
 - 3.15.3 The harm or potential harm caused to the tenant or member of the public
 - 3.15.4 The punishment of the offender
 - 3.15.5 The deterrence of further offending by the offender
 - 3.15.6 The deterrence of offending by others
 - 3.15.7 The removal of any financial benefit gained by the offender
- 3.16 A Civil Penalty once imposed is a civil debt which can be collected through the County Court. Means to recover such includes for the removal of the debtor's property and assets.
- 3.17 Civil Penalties may be appealed to the First Tier Tribunal.

4. Alternative Options

- 4.1 The Council has no option but to create a Private Sector Housing Enforcement Policy to allow these powers to be used, and the sanctions to be imposed.
- 4.2 It would be possible to draft a variant if the proposal does not meet with Cabinet's approval.

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 Funds generated from the imposition of Civil Penalties and successful Rent Repayment Order applications are ring fenced to be used to further housing enforcement work and any surplus funds must be returned to Central Government. Effective implementation of this Policy will support housing enforcement work.
- 5.2 The new powers and sanctions are a tool aimed at improving compliance first and foremost and to encourage behaviour change. Although this should not be seen as a tool to increase income it is likely that income will rise allowing for better support of the housing enforcement function at zero cost. The proposal will be cost neutral.
- 5.3 The introduction of this Policy will give rise to a need for additional training for those who will enact it. The cost of this is expected to be relatively small, and can be accommodated from existing budgets and from funds generated by the new sanctions.

Legal and Human Rights Implications

- 5.4 The proposed policy seeks to ensure that legal and reputational risk for the Council is controlled by having a transparent and defensible Policy in place.
- 5.5 It is not considered to pose any Human Rights issues, as it stems from Primary Legislation.

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

- 5.6 As above any surplus funds will be used to support further housing enforcement work and therefore should there be a need for additional staff going forward this will be at zero nett cost.
- 5.7 The intent of the Policy is to improve compliance. Principally it is hoped that the Policy will change negative behaviours of landlords and agents in Swindon and improving housing conditions for some of the most vulnerable in our town.

Diversity Impact Assessment

- 5.8 A diversity Impact Assessment has not been completed for this report as this proposal aims to reduce inequalities by ensuring all landlords are compliant with required private sector housing standards. There are no known diversity issues arising from this proposal. Poor housing conditions, although most often encountered in low quality housing occupied by vulnerable or disadvantaged

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individuals, can affect anyone. The proposed Policy seeks to improve compliance and conditions in all housing and for all parts of our community.

Risk Management

- 5.9 The risk in failing to put in place a Policy to allow the use of these new sanctions and powers is that it would leave the Council exposed to allegations of failing to effectively protect those who find themselves in poor or dangerous housing

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all Cabinet reports.

7. Background Papers

- 7.1 The current Private Sector Housing Enforcement Policy 2006 available at <https://www.swindon.gov.uk/downloads/download/90/housing>

8. Appendices

- 8.1 Appendix one: Private Sector Housing Enforcement Policy 2019
8.2 Appendix two: Smoke and Carbon Monoxide Alarm Regulations Policy 2019

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 2019.

Swindon Borough Council

Private Sector Housing Enforcement Policy 2019

February 2019

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1. Introduction

- 1.1. This policy is intended to provide guidance to officers, businesses, and members of the public on the circumstances where enforcement action will be pursued, and the principles and processes which will guide that enforcement action in the private housing sector, including with regard to Houses in Multiple Occupation (HMO).
- 1.2. This Policy covers the Council's general approach to enforcement and also specific approaches to the imposition of Fixed Penalties under the Smoke and Carbon Monoxide Alarms (England) Regulations 2015.
- 1.3. Although Swindon has some excellent landlords and letting agents, the Council has a vital role to play in tackling criminal, 'rogue' and irresponsible property managers and in preventing them from profiting from their non-compliance. In doing so, the Council aims to achieve as level a playing field as possible for all landlords and property managers.
- 1.4. Swindon Borough Council is committed to improving standards in private sector housing, ensuring as far as is possible that all private rented accommodation is well managed, properly maintained, safe and habitable.
- 1.5. Powers to improve owner occupied property are, in practice, more limited, but the Council will use enforcement powers here too, where necessary and appropriate to mitigate significant risk to occupiers or members of the public. This Policy is therefore tenure neutral to ensure that the condition of owner occupied dwellings does not significantly threaten the health, safety and well-being of owner-occupiers or members of the public.
- 1.6. Authorised Officers undertaking enforcement action in Swindon will be suitably authorised, qualified and experienced, and will have regard to this Policy, and to all applicable Statutory Guidance. Warranted Officers undertaking enforcement action will be suitably supervised by their senior officers and managers and supported by the Council's legal team.
- 1.7. The Council has statutory powers and duties to regulate private sector housing. These are assisted by the Housing Health and Safety Rating System (HHSRS) and the Mandatory Licensing of Houses in Multiple Occupation regime. The Council will use other non-housing-specific legislation where appropriate; such as Statutory Nuisance, Public Health and other provisions in order to protect occupiers and the public from significant risks in the most appropriate way.
- 1.8. In order to carry out its role in the private housing sector, the Council will request and demand information, carry out inspections, process licence applications, help bring empty properties back into use, encourage and promote good practice,

provide owners and landlords with advice and information, investigate potential offences and, where appropriate, take enforcement action; including the prosecution of offenders and the imposition of financial penalties. In all cases, Officers will seek to ensure that offenders do not profit from their non-compliance, and that as level a playing field as possible is provided in the sector.

2. Purpose of the Enforcement Policy

- 2.1** The purpose of the Private Sector Housing Enforcement Policy 2019 is to ensure that, as far as is possible:
- Tenants of private landlords and registered social landlords live in homes that are free from unacceptable hazards and risks to their health and safety;
 - The condition of owner occupied dwellings does not significantly threaten the health, safety and well-being of owner-occupiers or members of the public.
 - All Houses in Multiple Occupation are safe and well managed;
 - All licensable Houses in Multiple Occupation are licensed, and all licence conditions are complied with;
 - Empty properties do not become a nuisance to neighbouring properties, or cause public health or safety issues;
 - Privately owned property and land does not present a nuisance to other land owners, and does not directly or indirectly present an unacceptable risk to public health, safety or the environment; and
 - The Council meets its statutory obligations in relation to private housing.
- 2.2.** This Policy provides an overview of the broad principles and processes which the Council will seek to follow when taking action to ensure that all private sector housing in the borough is healthy, well managed and safe. It should be read in conjunction with its appendices, and with other relevant strategies, policies and guidance documents.

3. Principles of Good Enforcement

- 3.1.** When discharging its duties in relation to private sector housing, the Council will have regard to the principles of good enforcement set out in the following:
- Regulators Compliance Code
 - The Police and Criminal Evidence Act 1984 (as amended)
 - Criminal Procedures and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000
 - All Statutory Guidance in force at the time

3.2. Principles underpinning Enforcement Action.

The Council's enforcement activity will be:

Targeted: Enforcement action will target the properties and people that pose the greatest risk, including the owners and landlords that evade licensing and other regulation, and those whose properties cause a nuisance or put people's health and safety at risk.

Proportionate: Enforcement action will be proportionate and reflect the nature, scale and seriousness of any breach or non-compliance.

Fair and objective: Enforcement action will be based on the individual circumstances of the case, taking all available facts into account. Officers will carry out investigations with a balanced and open mind.

Transparent: Enforcement action will be undertaken in accordance with clearly defined policies and procedures that are readily available. All communications will be easy to understand, with clear reasons being given for any enforcement action taken.

Consistent: Enforcement action will be undertaken by well-trained investigators, and the Director of Public Health will ensure consistency in the interpretation and enforcement of legislation, work with other regulatory agencies, and share and develop good practice where appropriate.

Accountable: Enforcement action will be undertaken in a responsible manner that has a clear purpose. Where appropriate, the Council will work closely with landlords, tenants and other stakeholders that have an interest in private sector housing

- 3.3. The Council will enforce the law efficiently and effectively without imposing unnecessary burdens on responsible owners, agents, and occupiers.
- 3.4. In doing so it will have regard to the local economy, intelligence, the role of inspections, compliance visits, advice and guidance and to the above principles underpinning enforcement activity.
- 3.5. Swindon Borough Council aims to help create neighbourhoods of choice: areas where people want to live, bring up their children and work. Maintaining healthy housing and attractive neighbourhoods will benefit the local economy.
- 3.6. The Council will use intelligence whenever it is available to inform its approach. Intelligence may inform any part of the Council's approach
- 3.7. The Council will undertake proactive property inspections, based on risk and intelligence, and also in response to complaints. It will ensure that its resources are targeted at the worst properties first including, for example, licensable Houses in

Multiple Occupation that are avoiding Mandatory HMO licensing, any House in Multiple Occupation which is failing to comply with Management Regulations, and, more broadly; any residential property which presents risk to occupiers or members of the public.

- 3.8. The Council will respond to residents' complaints about substandard, unsafe and problematic private housing, and adopt an escalating regulatory approach to enforcement.
- 3.9. The Council will provide general information, advice and guidance to make it easier for businesses to understand and meet their responsibilities. This will normally be done through the Council's website www.Swindon.gov.uk.
- 3.10. The Council will also provide advice and guidance to occupiers and will encourage them to attempt to resolve issues themselves using the means and powers available to them where practicable and where risks are not significant.

4. Publicity and Sharing of Evidence.

- 4.1. The Council will share intelligence and evidence secured in the ordinary course of business both internally and with other statutory enforcement bodies and with other relevant partners in accordance with any protocols in force, and our duties under the Crime & Disorder Act 1988, s.17.
- 4.2. The Council will endeavour, in all cases, to secure media coverage of hearings in the Courts where we are seeking the prosecution of offenders. The aim of this approach is to draw attention to the need to comply with the law and to deter noncompliance.
- 4.3. The Council will always seek to publicise offending and the punishment of such, in any way possible, as part of its role in deterring others from offending.

5. Decision Making

- 5.1. Enforcement action will be based on risk. Assessment of risk will be based on current legislation and specific guidance. Where applicable the Council will be guided by an assessment of hazards and risks using the Housing Health & Safety Rating System in the Housing Act 2004; as the statutory method of assessing risks in housing.
- 5.2. Enforcement Officers are required to make informed judgements, and will be suitably trained for this responsibility. They will decide on appropriate action after

considering the criteria within this Policy, guidance documents, and any other relevant written materials.

- 5.3.** Where a departure from published policies or guidance is indicated or proposed, this will always be authorised by a Principal, or more senior officer and will be supported by a written and recorded rationale for that departure. Enforcement Officers will not pursue enforcement options outside of this and associated Policies without first obtaining written sign off from a more senior officer.
- 5.4.** Where the investigating officer believes that formal legal action may be required, evidence will be properly collected and the case will be reviewed by more senior Officer(s) before the case proceeds.
- 5.5.** Any person or entity subject to potential prosecution will be invited to an interview under caution, in accordance with the Police and Criminal Evidence Act 1984 provisions, prior to any final decision being made. Where those under investigation do not take up this offer; decisions will be made on the available evidence.

6. The Regulation of Private Sector Housing

6.1. Responding to complaints about poor housing conditions.

- 6.1.1.** The Council will respond to complaints from tenants and other residents of private housing, prioritising complaints on the basis of an assessment of the risk and urgency of the issue.
- 6.1.2.** For the majority of complaints the Council will expect tenants to have raised the issue in writing with their landlord or agent first. If they have been unsuccessful the tenant will need to provide documents that give evidence that this has been done, along with copies of tenancy or other agreements, before the Council will accept the case for investigation.
- 6.1.3.** Advice will be given to assist complainants in helping themselves in this way. This step is critical to trigger protections against retaliatory eviction and to ensure that the Council has all of the relevant available information.
- 6.1.4.** In some cases the apparent risk will be so significant and/or imminent that the Council will move straight to formal investigation and potential enforcement action where appropriate.
- 6.1.5.** If enforcement action is necessary, the full range of available regulatory powers may be used to address and resolve any issue.

6.2. The Housing, Health and Safety Rating System (HHSRS).

6.2.1. The HHSRS is set out in Part 1 of the Housing Act 2004, and is the prescribed method of assessing hazards and risk in dwellings. It is the method of assessing how likely it is that the condition of a property will cause an unacceptable hazard to the health of the occupant(s), their visitors, or members of the public. There are two categories of possible hazards under the scheme:

- Category 1 (bands A, B, C) hazards represent a serious danger to health and the Council has a duty to take appropriate action to deal with these. An example of a Category 1 hazard might be a defective electrical system presenting a risk of electrocution, or a lack of sufficient heating system in a habitable room, for instance.
- Category 2 (bands D, E, F, G, H, I, J) hazards represent a lesser danger and, although it has no duty to take action, the Council has a power to require the reduction of Category 2 hazards. An example of a Category 2 hazard might be the presence of dampness and mould in a bathroom, or minor overcrowding in a property.

6.2.2. In the great majority of cases the Council will ultimately take enforcement action against all Category 1 Hazards in accordance with its duty.

The higher the Category 2 hazard score the more likely that formal enforcement action will be pursued.

Where multiple Category 2 Hazards exist it is more likely that enforcement action will be taken.

Where Category 2 Hazards exist alongside Category 1 Hazards it is more likely that enforcement action will be taken to also remedy the lower category (2) risks.

6.3. Pre-formal enforcement.

6.3.1. In some cases the Council may follow a pre-formal process in which it will seek to work with landlords and agents to reduce hazards. This will only be followed where the responsible person is willing to undertake to complete all required works quickly, as required, where that route is expected to provide a quicker resolution than formal action.

6.3.2. In all cases where that undertaking cannot be obtained quickly and/or works do not start or complete by the agreed dates, formal enforcement will be commenced without delay and a charge will be made to cover all costs of that enforcement.

- 6.3.3. When dealing with property owners or managers for whom there is any history of non-compliance with relevant requirements, no pre-formal process will be entered into and the Council may move directly to formal enforcement.

6.4. Formal Notices

- 6.4.1. In many cases the service of a Notice is the principal way of bringing issues or potential offences to the formal attention of owners, agents and occupiers. It is often the first step in the formal enforcement process.
- 6.4.2. The service of a Formal Notice triggers obligations on those who receive them. Failing to meet those obligations triggers criminal liability and a number of potential further stages and sanctions highlighted later in this document.
- 6.4.3. The Council will always serve a Formal Notice where it has a duty to do so. In situations where it has a power to do so the exercise of that power will be based on risks presented to occupiers and others and the track record of the responsible person(s).
- 6.4.4. Many Notices also trigger an 'enforcement charge' to reimburse the Council its expenditure in serving such a notice.

6.5. Enforcement Charges.

- 6.5.1. Where available to the Council charges will always be made for formal enforcement action that it takes. The charge levied will be calculated on a case by case basis taking into account the time taken and any other costs borne, for example for contractors or consultancy services.

6.6. Works in Default.

- 6.6.1. The Council will always seek to avoid actions that may encourage owners, landlords and agents to be non-compliant, such as carrying out costly works in default where it may be difficult for the Council to recover all of its costs.
- 6.6.2. Such works will however be an option where it is possible to recover and secure the full costs, including overhead costs, and the risks presented justify it.

6.7. Overcrowding.

- 6.7.1. Overcrowding is often a problematic issue to resolve because, unlike other hazards, there is sometimes little that the landlord can do to resolve the problem unless the tenant has moved other people into the accommodation since the start of the tenancy.

- 6.7.2. In all cases where the Statutory Overcrowding Standard, the legal minimum, is breached enforcement action will be instigated compelling owners and/or managers to remedy the issue. Where overcrowding is not to the level of breaching the Statutory Overcrowding Standard the Council will be guided by an assessment of the risks using the Housing Health and Safety Rating System.
- 6.7.3. Where enforcement is pursued and where appropriate, reducing occupation may, at times, be achieved through natural wastage over time.

6.8. Empty Properties.

- 6.8.1. There is a high demand for accommodation in Swindon. As well as being a wasted source of housing empty properties can be an eyesore, can damage adjoining properties, blight neighbourhoods and attract anti-social behaviour.
- 6.8.2. The Council will identify, risk assess and prioritise long-term, problematic and nuisance empty properties using the full range of informal and formal action open to them (including enforced sales, management orders, and compulsory purchase) and where appropriate to bring them back into use.
- 6.8.3. Where the condition of empty properties gives rise to risk to members of the public enforcement action will be taken as with any other premises in accordance with this Policy and any guidance in force at the time.

6.9. Smoke and Carbon Monoxide Alarm (England) Regulations 2015.

- 6.9.1. The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 require that all rented properties must be fitted with a working smoke alarm on each level of the premises at the start of each tenancy.
- 6.9.2. In addition where any room contains a solid fuel appliance, that room must also be fitted with a working Carbon Monoxide alarm at the start of each tenancy.
- 6.9.3. Where the Local Authority has reasonable grounds to believe that these requirements are not met; they must serve a Remedial Notice on the landlord requiring that they be provided. If the landlord does not comply with the Notice, the Local Authority must carry out works in default of that Notice to provide or maintain the detectors and may levy a penalty charge.
- 6.9.4. The penalty charge acts to reimburse the Local Authority for undertaking those works and also as a punitive penalty for non-compliance.
- 6.9.5. The Local Authority must publish a Statement of Principles on which it will base the penalty charge. Swindon Borough Council's Statement of Principles is contained in the Smoke and Carbon Monoxide Regulations Policy attached to this document as Appendix A.

- 6.9.6. The Council will in all cases impose a Penalty Charge, in accordance with the attached Policy, where a Remedial Notice under this provision is not complied with.

6.10. Civil Penalties

- 6.10.1. Civil Penalties are an alternative disposal method to a prosecution. A Local Authority may choose to impose a Civil Penalty for any qualifying offence instead of prosecuting the responsible person.
- 6.10.2. When deciding to apply a Civil Penalty, the Council must be satisfied that there is sufficient admissible and reliable evidence that an offence has been committed by an identifiable individual, or individuals, or a company and that there would be a realistic prospect of conviction were the matter to be prosecuted in the courts. The standard of proof is 'beyond reasonable doubt', the criminal standard.
- 6.10.3. Revenue received from Civil Penalties is ring-fenced to support further housing enforcement work.
- 6.10.4. Where the Council is satisfied that a relevant offence has been committed, Civil Penalties will, in most cases, be the primary consideration of the Council.
- 6.10.5. There will however be circumstances where a Simple Caution and/or Prosecution remains the most appropriate course of action, even where an option to impose a Civil Penalty exists. The higher the culpability of the offender, the worse the offender's track record, and/or the higher the risk of harm presented the more likely that prosecution will be pursued.
- 6.10.6. Any decision to apply a Civil Penalty will be fully considered at a case conference attended by a Principal Environmental Health Officer, The Service Manager and another manager in the Council's structure (or personnel of comparable seniority and expertise). A recommendation will then be made by the Service Manager to the Council's legal team.
- 6.10.7. If a Civil Penalty is deemed appropriate the Council will fully adhere to the process as set out in the Housing and Planning Act 2016, Part 2, Rogue Landlords and Property agents in England.
- 6.10.8. In all cases the decision to impose a Civil Penalty and the quantum of that penalty will be made in consultation with the Council's legal team and with reference to Statutory Guidance.
- 6.10.9. As an absolute minimum in determining the level of Civil Penalty, the Council will ensure that the Penalty removes any financial benefit the offender may have obtained as a result of committing the offence. The guiding principle will be to ensure that the offender does not benefit as a result of committing an offence, i.e. it should not be cheaper to offend than to ensure a property is well maintained and properly managed.

- 6.10.10. Statutory Guidance on Civil Penalties may be viewed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/697644/Civil_penalty_guidance.pdf

6.11. Simple Cautions

- 6.11.1. Where someone has committed an offence or offences and fully accepts responsibility for the offence(s), Officers may offer a Simple Caution where the circumstances suit a Simple Caution rather than a Prosecution.

- 6.11.2. Simple Cautions will be considered where:

The defendant has admitted their guilt; and
The defendant is aged 18 or over; and
The defendant agrees to be given a Simple Caution; and
Civil Penalties are not appropriate or cannot be applied; and
The Public Interest is best served in this way.

- 6.11.3. If the defendant agrees to receive a Simple Caution, the Council will always seek to recover the costs of the investigation as part of the Simple Caution process.

- 6.11.4. If the defendant does not agree to receive a Simple Caution, they will be prosecuted.

- 6.11.5 In all cases where a Simple Caution is considered in disposal, a prosecution file will be prepared and consultation will take place with the Council's legal team. All decisions to offer a Simple Caution will be authorised by the legal team.

6.12. Prosecution

- 6.12.1. When deciding to prosecute, the Council must be satisfied that there is sufficient, admissible and reliable evidence that an offence has been committed by an identifiable individual, or individuals, or company and that there is a realistic prospect of conviction. The burden of proof is 'beyond reasonable doubt', the criminal standard.

- 6.12.2. A decision must also be made as to whether a prosecution would be in the public interest. Where there is evidence, Officers will consider prosecution and as part of their investigation, they will take into account, amongst other things, the following:

1. Any reasonable explanation provided by the individual or company
2. Evidence that the individual or company intends to prevent any

recurrence of the problem

3. An individual's state of health

4. The offender's attitude to the offence

6.12.3. Any decision to prosecute will be considered initially by the Principal Environmental Health Officer or the Service Manager. If a prosecution is deemed appropriate the case will be referred to the Council's Legal Officers for review and processing.

6.12.4. Prosecutions will be brought without unavoidable delay. To ensure fair and consistent decisions in relation to prosecutions, any decision to prosecute will take into account the Code for Crown Prosecutors.

6.13. Rent Repayment Orders

6.13.1. A rent repayment order is an order made by the First-tier Tribunal requiring a landlord to repay a specified amount of rent.

6.13.2. The Housing Act 2004 introduced Rent Repayment Orders to cover situations where the landlord of a property had failed to obtain a licence for a property that was required to be licensed.

6.13.3. Rent repayment orders have now been extended through the Housing and Planning Act 2016 to cover a wider range of offences, described below.

- Failure to comply with an Improvement Notice (Housing Act 2004, s.30)
- Failure to comply with a Prohibition Order (Housing Act 2004, s.32)
- Breach of a Banning Order made under the Housing and Planning Act 2016, s.21
- Using violence to secure entry to a property (Criminal Law Act 1977, s.6)
- Illegal eviction or harassment of the occupiers of a property (Protection from Eviction Act 1977, s.1)

6.13.4. Rent repayment orders are an additional penalty over and above any other sanction and can be granted to either the tenant or the local housing authority. If the tenant paid the rent themselves then the rent must be repaid to the tenant.

6.13.5. If rent was paid through Housing Benefit or through the housing element of Universal Credit, then the rent must be repaid to the local housing authority. If the rent was paid partially by the tenant with the remainder paid through Housing Benefit/Universal Credit, then the rent should be repaid on an equivalent pro-rata basis

- 6.13.6. A rent repayment order can be made against a landlord who has received a civil penalty in respect of an offence, but only at a time when there is no prospect of the landlord appealing against that penalty.
- 6.13.7. Income received from Rent Repayment Orders awarded to the Council is ring-fenced to be used to support further enforcement action, and the Council must consider applying for a rent repayment order after a person is the subject of a successful civil penalty or prosecution.
- 6.13.8. For every relevant offence the Council will consider applying for a Rent Repayment Order against the offender. Where the amount of rent received while offending was ongoing is high and/or the level of harm risked was significant the Council will in most cases apply for a Rent Repayment Order.
- 6.13.9. The Council may also offer advice, guidance and support to assist tenants to apply for a rent repayment order if the tenant has paid the rent themselves.
- 6.13.10. Statutory Guidance on Rent Repayment Orders may be viewed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/606654/Rent_Repayment_Orders_guidance.pdf

6.14. Banning Orders and the Rogue Landlords Database

- 6.14.1. A number of housing offences and a greater number of other offences, trigger potential liability to a Banning Order.
- 6.14.2. In every case where a housing Banning Order Offence has been committed the Council will consider applying for a Banning Order and will publicise that decision. The Council will more often decide to apply for a Banning Order the more serious the offence is.
- 6.14.3. Where the Council becomes aware of a landlord or agent being convicted of a non-housing Banning Order Offence it will always consider applying for a Banning Order.
- 6.14.4. The complete list of offences that may trigger liability to a Banning Order may be viewed in the Statutory Guidance on the topic, here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/697643/Banning_order_guidance.pdf
- 6.14.5. In all cases where the statutory conditions are met the Council will apply to enter the landlord or agent's details on the Rogue Landlords Database.

- 6.14.6. At present the statutory conditions allowing such an application to be made are:

The person has been convicted of a banning order offence and the offence was committed at a time when the person was a residential landlord or a property agent; or

The person has, within a period of 12 months, received two or more financial penalties in respect of a banning order offence.

- 6.14.7. Statutory Guidance on the Rogue Landlords Database may be viewed here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/697637/Database_of_rogue_landlords_statutory_guidance.pdf

7. Houses in Multiple Occupation (HMOs).

- 7.1.** In Swindon there are several hundred Houses in Multiple Occupation: properties that are occupied by 3 or more persons who form more than one household and that share facilities.
- 7.2.** HMOs present greater risks to occupiers than single family homes and the conditions, facilities, amenities and management are regulated. Some HMOs are also subject to HMO licensing under the national mandatory scheme.
- 7.3.** Swindon has formally adopted minimum space and amenity standards for Houses in Multiple Occupation in its area. These standards represent what is considered minimum acceptable provision of space and amenities in each type of HMO. For Licensed HMOs these standards are mandatory and will always be enforced. These standards will inform how many occupiers a HMO is licensed to house.
- 7.4.** For HMOs which are not subject to Licensing these standards function as strong guidance on what is expected to be provided as a minimum. A modicum of discretion will only be exercised where equivalent amenity provision exists which may not match the standards precisely.
- 7.5.** The Council's HMO Space and Amenity Standards will be reviewed periodically to ensure that they reflect best practice and take account of the Council's aspirations for the provision of housing in its area.
- 7.6.** Additional Enforcement Options for Houses in Multiple Occupation (HMOs)
- 7.6.1.** In all cases and at all times the Council expects full voluntary compliance with all regulatory provisions applying to Houses in Multiple Occupancy and their management.

- 7.6.2. In addition to the enforcement options described elsewhere in this document the Council has further powers to ensure that adequate standards are met and maintained in HMOs.
- 7.6.3. The additional enforcement powers available in relation to HMOs are:
- HMO Management Regulations
 - Interim Management Orders
 - Final Management Orders

7.7. HMO Management Regulations

- 7.7.1. All Houses in Multiple Occupation, whether licensable or not, are subject to the 'Management Regulations'.
- 7.7.2. The Management of Houses in Multiple Occupation (England) Regulations 2006 function as a code of practice for good management of HMOs and the Council expects full compliance with them at all times.
- 7.7.3. Breach of a Management Regulation is a strict liability offence and each individual breach of a Management Regulation is a separate and specific offence. It is not uncommon to find large numbers of individual breaches in a poorly managed HMO.
- 7.7.4. The Council will treat each proven breach of a Management Regulation as it would any other offence covered by this Policy.

7.8. HMO Licensing.

- 7.8.1. The HMO licensing regime includes arrangements for assessing the suitability of the premises for the number of occupants, including the adequacy of the amenities. Swindon's HMO Standards dictate what is considered necessary for the proposed number of occupants at all times. The provided level of space and amenities dictate the maximum occupation permitted under the HMO Licence.
- 7.8.2. HMO Licensing also provides for the assessment of the fitness of a person to be the licence holder and the potential management arrangements of the premises. Where the Council considers the proposed HMO Manager not to be a Fit and Proper person the Council will not issue a Licence to that person. Where existing Licensees become unfit or improper through their conduct their Licence will be revoked.
- 7.8.3. The Council will always issue the Licence to the most appropriate person. In the great majority of situations this will be the freeholder or leaseholder of the building as the person having most control over it and its occupants.

- 7.8.4. The Licence holder may nominate others to manage the HMO on their behalf day to day but, as the Licence Holder, will bear the greatest regulatory risk in ensuring that all requirements are met.
- 7.8.5. It is a criminal offence if a person controlling or managing any HMO does not have the required licence. Failure to comply with any condition attached to a licence is also an offence. The Council will consider all available enforcement options when dealing with unlicensed HMOs and breaches of the licence conditions.
- 7.8.6. The Council will vigorously pursue anyone who is controlling or managing a licensable HMO without a licence and where appropriate will prosecute them accordingly.
- 7.8.7. Where a non-licensable HMO is being badly managed and/or is in a poor state of repair, the Council will deal with non-compliance using the full range of available enforcement options as appropriate to the level of risk and the seriousness of the non-compliance.
- 7.8.8. At present there are no declared Additional or Selective Licensing schemes in Swindon. Where a need for such arises in the future the Council will review whether to declare such a scheme.

7.9. Interim Management Orders

- 7.9.1. If the Council is satisfied that there is no reasonable prospect of a licensable HMO being licensed (with appropriate conditions) in the near future, or if it is necessary to protect the health, safety or welfare of the occupiers of the property or properties in the vicinity, it must make an Interim Management Order in respect of the HMO.
- 7.9.2. The Council may delegate the management of the HMO to another agency or partner.
- 7.9.3. There are provisions to vary, revoke and appeal against an Interim Management Order. An Interim Management Order will be in force for 12 months or until an HMO licence is granted if this happens within 12 months.
- 7.9.4. An Interim Management Order allows the Council to manage the property with many of the rights of a landlord, including the right to collect rent and to use that rent to pay for work to the property.
- 7.9.5. The Council will follow all available Statutory Guidance in making an Interim Management Order.

7.10. Final Management Orders

- 7.10.1. If the Council is satisfied (on the expiry of the Interim Management Order) that the HMO still requires a licence but it is still not able to grant the HMO a licence, it must make a Final Management Order.
- 7.10.2. A Final Management Order is similar to an Interim Management Order in that there are provisions to vary, revoke and appeal against a Final Management Order, the Council may delegate the Management of the HMO to another agency or partner, and the Council continues to manage the property with many of the rights of the landlord. However, it must review the arrangements from time to time.

8. Options to Regulate and Ensure Compliance

The following table contains some examples of situations where different types of action may be taken. Decisions are always made, however, on a case-by-case basis.

Table 1: Some Regulation and Enforcement Options

Type of Action	Example Circumstances
Powers of Entry (including Warrants for Forced Entry)	<ul style="list-style-type: none"> Where it is necessary to carry out a statutory duty or power Where necessary for the investigation of an offence Where it is necessary to protect the health and safety of any person, or the environment, without undue delay Where necessary to prevent the obstruction of Officers in their work
Powers to Require Information and/or Documents	<ul style="list-style-type: none"> Where it is necessary to carry out a statutory duty or power Where necessary for the investigation of an offence Where necessary to prevent the obstruction of Officers in their work Where required or empowered under any relevant provision
No Action	<ul style="list-style-type: none"> Where formal action is not appropriate <p>Customers may be directed to other sources of advice and support</p>
Informal Action & Advice (Includes verbal or written advice, and undertakings)	<ul style="list-style-type: none"> Where appropriate to attempt informal remedy Where non-compliance is minor, or hazards less serious, or the responsible person is expected to comply Officers may seek an undertaking (pre-formal process) to complete works, within a short timescale, if appropriate
Service Of Notice(s) or Order(s) (Requiring repairs, or actions, to gain or regain compliance)	<ul style="list-style-type: none"> Where a person refuses or fails to carry out works through the pre-formal process Where there is a lack of confidence or there is positive intelligence that the responsible individual or

	<p>company will not respond to a pre-formal approach</p> <ul style="list-style-type: none"> • Where there is significant risk to the health, safety and wellbeing of a household or a member of the public (for example; dangerous gas or electrical services, no heating in the winter, no hot water for personal hygiene or to wash and prepare food safely, or similar risks) • Where standards are poor and the responsible individual or company shows little or no awareness of the management regulations or other statutory requirements • Where the person has a history of non-compliance with the Council and/or other relevant regulators, where this is known • Where the person has a record of criminal convictions for failure to comply with the housing requirements (which may include housing management) • Where it is necessary to safeguard and protect the occupiers' or member of the public's future health and safety.
Emergency Remedial Action or Emergency Prohibition Order	<ul style="list-style-type: none"> • Where there is an imminent risk of serious harm to the health and/or safety of any occupier, their visitors, or members of the public. • Where immediate or urgent action is required to mitigate that risk, either by the carrying out of emergency works, or by immediately prohibiting the use or occupation.
Works in Default	<ul style="list-style-type: none"> • Where works to address a serious hazard have not been started or completed as required by a Notice or Order. • Where it is practicable for the Council to do so and there is a realistic chance of securing or recovering full costs.
Revocation Of HMO Licence	<ul style="list-style-type: none"> • Where the manager is not a 'fit & proper person' • Where there are serious breaches of

	the Licence Conditions and/or Management Regulations
Civil Penalties	<ul style="list-style-type: none"> • Where an individual or company has endangered the health, safety or wellbeing of occupiers, visitors or members of the general public • Where an individual or company has deliberately, negligently or persistently breached their legal obligations, especially where the economic advantages of breaking the law are substantial and/or those businesses that do comply with the law are disadvantaged as a result. • Where an individual or company has deliberately or persistently ignored written warnings or formal notices / orders or no reasonable progress has been made in relation to the carrying out of the requirements • Where the alternative means of achieving compliance (works in default, for example) are considered inappropriate or not practicable • Where the defendant has assaulted or obstructed an Officer in the course of their duties, or provided false or misleading information.
Simple Caution	<ul style="list-style-type: none"> • Where the offence is less serious and the person who has committed the offence has admitted their guilt • A simple caution may be offered instead of a Civil Penalty or Prosecution in appropriate cases. • Providing that the offender agrees to reimburse the Council all of its costs in investigating the matter before, or at the time, that the caution is given.
Prosecution	<ul style="list-style-type: none"> • Where the offence in question cannot be disposed of through a Civil Penalty • Where an individual or company has endangered the health, safety or wellbeing of occupiers, visitors or members of the general public • Where the property or person is also subject to prosecution by another

	<p>partner agency for connected issues, such as Trading Standards or Wiltshire Fire & Rescue, Police etc.</p> <ul style="list-style-type: none"> • Where an individual or company has deliberately, negligently or persistently breached their legal obligations, especially where the economic advantages of breaking the law are substantial and, compared to them, those businesses that comply with the law are disadvantaged • Where an individual or company has deliberately or persistently ignored written warnings or formal notices/orders or no reasonable progress has been made in relation to the carrying out of the requirements; • Where the alternative means of achieving compliance (works in default, for example) are considered inappropriate • Where a simple caution is considered inappropriate or the defendant has refused to accept a simple caution; and/or • Where the defendant has assaulted or obstructed an Officer in the course of their duties or provided false information.
Rent Repayment Order	<ul style="list-style-type: none"> • Where Housing Benefit or Universal Credit has been paid to a landlord across the time when the offences have been committed • Where the sums paid to the landlord may be significant • We may also assist tenants to obtain Rent Repayment Orders if successful in obtaining an Order themselves

Private Sector Housing Enforcement Policy

APPENDIX A

Smoke and Carbon Monoxide Regulations Policy

Smoke and Carbon Monoxide Alarm (England) Regulations 2015

The scope of this document

Regulation 13 of the regulations requires the Council to prepare and publish a Statement of Principles to follow in determining the amount of a penalty charge.

The Council may revise its statement of principles and, where it does so, must publish the revised statement.

Where a penalty charge is to be imposed, the Council must have regard to the statement of principles published and in place at the time when the breach in question occurred, when determining the amount of the penalty charge.

This document sets out the legal framework, and the principles which the Council will take into account and apply when exercising its powers under regulation 8 of the regulations.

This document contains the Statement of Principles required under the Regulations, for the assessment of the Financial Penalty which will be imposed in various circumstances.

The legal framework

The Regulations require landlords of certain premises to:

1. Install smoke alarms on each floor of their rented property, and
2. Install a Carbon Monoxide alarm in each room where there is a solid fuel burning appliance, and
3. Carry out checks to ensure that all alarms are present and in working order at the start of each new tenancy.

Where non-compliance with the duties is identified; the Local Housing Authority must, within 21 days, serve a Remedial Notice (*the Notice*) (Regulation 5), on the landlord; requiring that all non-compliance is remedied within 28 days.

In the event that the landlord fails to fully comply with the Remedial Notice within the time for compliance, the Local Authority has a duty to carry out the required remedial works, within a further 28 days.

The Regulations, exempts the landlord or the Local Authority from being in breach of their duties where an occupying tenant refuses to allow access for remedial works to be carried out.

Regulation 8 of The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 provides that the Council may require the landlord to pay a penalty charge if the Council is satisfied, on the balance of probabilities, that the landlord on whom it has served a Remedial Notice (*the Notice*) has failed to take the remedial action specified in the notice within the period specified, and has not taken all reasonable steps to do so.

Procedural matters

The Regulations require that six weeks from the time at which the council is satisfied that there has been a failure to comply with a Remedial Notice the council must serve a Penalty Charge Notice setting out:

1. the reasons for imposing the penalty charge;
2. the premises to which the penalty charge relates;
3. the number and type of prescribed alarms (if any) installed at the premises in default of the landlord;
4. the amount of the penalty charge;
5. the obligation to pay that penalty charge or to give written notice of a request to review the penalty charge;
6. how payment of the charge must be made; and
7. the name and address of the person to whom notice requesting a review may be sent.

Where the landlord makes a written request within the specified time for the Penalty Charge to be reviewed, the Local Authority must review that decision and serve a further Decision Notice informing the landlord of its final decision.

A landlord may then appeal to the First-Tier Tribunal against the Council's review decision.

The purpose of imposing a financial penalty

The primary aims of financial penalties are to:

- Change the behaviour of the landlord.
- Eliminate any financial gain or benefit arising out of non-compliance with the regulations.
- Be proportionate to the nature of the breach of the regulations and the potential harm outcomes.
- Aim to deter future non-compliance.
- Reimburse the costs incurred by the Council in undertaking works in default.

Statement of Principles

This statement sets out the principles that the Swindon Borough Council (*the Council*) will apply in exercising its powers to require a relevant landlord (*the landlord*) to pay a Penalty Charge.

If, on the balance of probabilities, the landlord has failed to take the remedial action specified in the notice within the period specified, and/or has not taken all reasonable steps to comply with the duty, a penalty charge will be considered appropriate in all circumstances.

Criteria for determining the quantum of a financial penalty

Regulation 8(2) states the amount of the penalty charge must not exceed £5,000.

The penalty charge comprises two parts, a punitive element for failure to comply with the absolute requirement to comply with a remedial notice (subject to any representation made by a landlord to the council) and a cost element relating to the works carried out by the Council.

The period within which the penalty charge is payable is 30 days beginning with the day on which the penalty charge notice is served. The Council has discretion to specify that, if a landlord pays the penalty charge within 14 days; a reduction in the penalty charge may be applied (an 'early payment').

The Council may also exercise a similar discretion where the landlord gives written notice, within 14 days, to the Council that the landlord wishes the authority to review the penalty charge notice.

Swindon Borough Council will, as a matter of course, exercise the discretion to reduce the penalty charge in relation to an 'early payment' if paid in full within the specified 14 day period.

The Penalty Charge

For a first offence the penalty charge will be half of the maximum permissible charge (£2500 at 01/03/2018), and an early payment will attract a discount of 50%, reducing the charge for charges paid in full within 14 days.

For a second offence, committed by the same landlord or property manager, the penalty charge will be 75% of the maximum (£3750 at 01/03/2018), and no early payment discount will apply.

For third and subsequent offences committed by the same landlord or property manager, the penalty charge will be the maximum permissible (£5,000 at 01/03/2018), and no early payment discount will apply.