



SWINDON BOROUGH COUNCIL
Municipal Year 2019/20

Thursday, 20 February 2020

**COUNCIL CHAMBER
CIVIC OFFICES
SWINDON**

20 February 2020

Dear Councillor,

Summons to attend Council Meeting

A MEETING of the **Council**, which you are requested to attend, is to be held at the CIVIC OFFICES, SWINDON, on **Thursday, 20 February 2020** at **7.00 p.m.**

The business to be transacted will be as follows:-

AGENDA

- 1. Apologies for Absence**
- 2. Communications**
To receive any communications or letters which the Mayor or Chief Executive may have to bring before the Council.
- 3. Minutes** (Pages 5 - 14)
To receive the minutes of the previous meeting.
- 4. Declarations of Interest**
Members are reminded that at the start of the meeting they should declare any known interests in any matter to be considered, and also during the meeting if it becomes apparent that they have an interest in the matters being discussed.

5. Public Question Time

See explanatory note below.

6. Council Budget 2020/21 (Pages 15 - 122)

To approve, following a recorded vote, the Council's Budget for the Financial Year, 2020/21.

The Cabinet met on 5th February 2020 to consider the following reports relating to the Council Budget 2020/21.

- (i) Budget 2020/21 and Beyond.
- (ii) Capital Programme 2024/25.
- (iii) Treasury Strategy Statement 2020/21.

Cabinet Minutes 63, 64 and 65 relating to these reports are attached (Pages 15 to 18).

7. Council Tax Setting 2020/21 (Pages 123 - 138)

To enable Members, following a recorded vote, to formally resolve the Borough Council's Council Tax for 2020/21.

8. Housing Revenue Account - Rents and Charges 2020/21 (Pages 139 - 172)

To approve the Council's Housing Revenue Account Budget for the Municipal Year 2020/21.

The Cabinet met on 5th February 2020 to consider the attached report on the Housing Revenue Account – Rents and Charges 2020/21.

Cabinet Minute 66 relating to this report is attached (Pages 139 to 140).

9. Swindon Pay Policy Statement 2020/21 (Pages 173 - 196)

To approve the Council's Pay Policy Statement 2020/21.

The attached report on the Council's Pay Policy Statement 2020/21 was considered by the Cabinet on 5th February 2020.

Cabinet Minute 68 relating to this report is attached. (Page 173)

10. Update to the Council's Constitution Scheme of Delegations (Pages 197 - 200)

To approve an update to the Council's Constitution Scheme of Delegations.

11. Motions

**(a) Motion - Fuel Poverty
Councillor Paul Dixon will move:**

"This Council resolves:

- (1) To instruct the chief executive bring a report to Cabinet setting out a detailed strategy to alleviate fuel poverty in Swindon by 2030. This will be achieved by:
 - a. improving energy efficiency of Council / housing association

- housing stock
- b. better enforcement of existing regulations on energy efficiency and property standards
- c. publishing a statement of intent to access Energy Company Obligation funding via LA Flex
- d. improving tenants' rights
- e. providing information advice and guidance to those most in need

(2) To become a Member of the End Fuel Poverty Coalition.”

(b) **Motion - Damaged Verges and Kerbs**

Councillor Bob Wright will move:

“There is no area in Swindon which does not have damaged Kerbs or Verges caused by either vehicles mounting the kerb or parking on a verge. Persistent parking on grass verges not only reduces the verges to an unsightly state it can also obstruct the highway, prevent pedestrians and wheelchair users from accessing roads/footways (if there is no other pathway). Drivers parking on a grass verge can prevent grass cutting from taking place both underneath the vehicle and around it. Verge parking can also be a hazard to other motorists especially if the vehicle is parked on a bend, narrow road or junction.

In 2010 the Leader of the Council responded to a resident's question on damaged verges by stating he would apply recommended solutions across all affected areas. Good intentions however the reality is things have got worse. In 2010 it was not envisaged how the impact of e-commerce and home deliveries would affect our infrastructure and amenity. No doubt home deliveries have some benefits however it is based on an infrastructure not designed for this type of commercial activity.

In common law, drivers have the right to pass and re-pass along the road. There is no legal right to park on a road, verge or footway.

Where no parking controls (such as yellow line waiting restrictions) are present on the road next to the verge, parking on a grass verge is not illegal. However, a driver may be open to prosecution if their vehicle is persistently damaging a verge, parked dangerously or causing an obstruction.

Waiting restrictions apply to the entire width of the public highway from the centre of the road to the boundary on the same side of the road. Therefore, parking on a verge adjacent to a carriageway where a waiting restriction applies could result in a driver being issued parking ticket even though their vehicle is not encroaching onto any waiting restriction road markings.

Goods vehicles weighing 7.5 tonnes or over are prohibited from parking on grass verges, and Civil Enforcement Officers can issue Penalty Charge Notices (PCNs) to offending vehicles.

We could let a worsening situation continue by using our resident taxes to

pay for the repairs or we can recover the repair costs to improve our kerbs and verges.

This motion requests:

That this council investigates what powers are available to recover the costs for the damage done to kerbs and verges

That a report is produced for Council to consider:

- How to apply considered enforcement to prevent kerb mounting and verge parking.
- Ways of recovering costs of repair.
- Prevent vehicles and items being placed on grass verges.
- Substituting grass for alternative hard-standing or re-seed.
- Increase signage to alert potential offending drivers.
- Use verges for environmental improvement once protected.”

12. Councillors Question Time

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

Yours faithfully

Lisa Hall

Director of Law and Democratic Services

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

Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Council (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

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.

COUNCIL

THURSDAY, 23 JANUARY 2020

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

58. Minutes Silence

The Council held a minutes silence in memory of Councillor Des Moffatt who had recently passed away after serving as a Councillor for 28 years on Swindon Borough Council and its predecessor.

59. Apologies for Absence

Apologies for absence were received from Councillors Steph Exell, Kevin Parry, Andy Spry and Vera Tomlinson.

60. Communications

The Chief Executive reported that no communications had been received.

61. Minutes

Resolved – That the minutes of the meetings held on 7th and 21st November 2019, be confirmed and signed.

62. Declarations of Interest

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

63. Public Question Time

Mr Bill Janson asked a public question regarding the Council's response to Climate Change through the Local Plan. The Cabinet Member for Strategic Planning responded at the meeting.

Mr Janson asked a supplemental question reading the Local Plan consultation. The Cabinet Member for Strategic Planning responded at the meeting.

Mr Julian Ross submitted written questions relating to (i) the work of the Council's Climate Change Working Group, (ii) the use of eco-friendly mass transport systems, and (c) the future use of the current Honda site. The Cabinet Member for Corporate Services responded at the meeting.

Mr Julian Ross asked a supplemental questions relating to joining the Council's Climate Change Working Group. The Cabinet Member for Corporate Services responded at the meeting and indicated he would be willing to meet Mr Ross outside of the Council meeting.

Mr John Ranford tabled written questions regarding climate change. The Cabinet Member for Corporate Services indicated that a written response would be provided.

Mrs Joy Corridon asked a public question relating to the local use of electricity produced by solar farms built by Public Power Solutions and the provision of electric vehicle charging points by the Council. The Cabinet Members for Economy and Place and Cabinet Member for Corporate Services responded at the meeting.

Mr Mitchell asked a public question regarding carbon emissions produced within the Borough. The Cabinet Member for Corporate Services responded at the meeting.

Mr Mitchell asked a supplemental question asking for a new carbon emissions survey for the Borough. The Cabinet Member for Corporate Services responded at the meeting.

The Council received a public questions asking if the Council and Councillors accepted the climate change science as being accurate and real. The Cabinet Member for Corporate Services responded at the meeting.

64. Minute for Confirmation

Councillor Russell Holland moved and Councillor David Renard seconded that Minute 55 of the Cabinet (Adult Community Learning) be confirmed.

The resolution was put to the vote and declared carried.

65. Motion - Anti-Semitism

Councillor Roger Smith moved and Councillor Vinay Manro seconded:

"This Council notes:

- Swindon Borough Council is proud of its efforts to tackle discrimination in all its forms, we celebrate our diverse community and we condemn racism and antisemitism wherever it is found.
- That the annual figures for 2018 showed the highest number of anti-Semitic incidents on record, and reflected the Home Office official statistics from October 2019 which show that 18% of religiously motivated hatred is targeted at Jewish people – up from 12% in 2018 – and that, per capita, Jewish people were most likely to report experiencing hatred;

- That eradicating antisemitism is not a task for the Government alone, and all Local Authorities have been written to by the Secretary of State, asking them to adopt the International Holocaust Remembrance Alliance's working definition of antisemitism.
- That Semite people include Arabs, Akkadians, Canaanites, Hebrews, some Ethiopians and Aramaean tribes.

Further notes:

- As part of the Council's ongoing equalities work we are committed to joining with the Government in signing up to the internationally recognised International Holocaust Remembrance Alliance (IHRA) guidelines on antisemitism which defines antisemitism as:-

'Antisemitism is a certain perception of Jews, which may be expressed as hatred towards Jews. Rhetorical and physical manifestations of antisemitism are directed towards Jewish or non-Jewish individuals and/or their property, towards Jewish Community institutions and religious facilities.'

Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectivity. However, criticism of Israel similar to that leveled against any other country cannot be regarded as anti-Semitic. Antisemitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for "why things go wrong." It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.
- Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.
- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.
- Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).
- Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.
- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.
- Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavor.

- Applying double standards by requiring of it a behavior not expected or demanded of any other democratic nation.
- Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.
- Drawing comparisons of contemporary Israeli policy to that of the Nazis.
- Holding Jews collectively responsible for actions of the state of Israel.

Resolves that this Council:

- Underlines its condemnation of all forms of racism in all its manifestations and adopts the IHRA definition of antisemitism as the working model for challenging and confronting incidents of this form of racism.
- Continues to work with partner organisations to ensure hate crime – including antisemitism – is being correctly reported, recorded and tackled, building resilience and integration locally to challenge the factors that cause hate crime.”

The Motion was put to the vote and declared carried.

66. Motion - Carbon Neutrality

Councillor Jane Milner-Barry moved and Councillor Stan Pajak seconded:

“This Council congratulates the leader of the council on his recent comments in which he commits the council to a carbon neutral Swindon by 2030.

In light of these comments we call upon this council to formally adopt the policy of a carbon neutral Swindon by 2030 and further requests that the leader commissions a report to determine how this aspiration can be achieved.”

The Motion was put to the vote and declared lost.

67. Motion - Carbon Neutrality by 2030

Councillor Gary Sumner moved and Councillor Nick Burns-Howell seconded:

“Council Notes that:

- A cross-party Motion was passed in January 2019
- Climate change is an urgent issue and we are already taking a leading role by challenging ourselves and others to take steps towards becoming carbon neutral through the Councils Climate Change Working Group and its five Steering Groups:
 - Policy and Lobbying
 - Transport

- Environment, Air Quality and Farming
 - Education, Engagement and Communication
 - Buildings, Economy Industry and Planning
- By taking a lead in the climate movement the Council can create something of a domino effect of climate action among local businesses, residents and policymakers alike.

Requests that the Leader of the Council:

- Commits the Council to an 80 per cent reduction in the council's corporate carbon emissions no later than 2030, striving towards 100 per cent with carbon offsetting by the same date, with the aim of making the council's estate and activities net-zero carbon by 2030.
- Ensures that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon by that date.
- Ensures that the council supports and works with other agencies towards making Swindon zero carbon within the same timescale.
- Ensures that political and chief officer leadership teams embed this work in all service areas.
- Asks the Council's Scrutiny Committees to consider the impact of climate change and the environment when reviewing policies and strategies."

Councillor Jane Milner-Barry moved and Councillor Mark Dempsey seconded that the Motion be amended to read:

"This Council notes that:

- Climate change is the biggest threat to our planet. Swindon Borough Council endorses the Local Government Association's declaration of Climate Emergency made on 2 July 2019.
- Achieving a zero carbon Swindon will be a huge undertaking. It will require Swindon Borough Council to engage with every organisation and individual in the borough, and to co-operate with and learn from other Local Authorities. It will not be achievable unless additional powers and resources are made available to local authorities by Central Government.

This Council requests that the Leader of the Council:

- Formally adopts the Cross Party Working Group's aim of a zero carbon Swindon by 2030, and commissions an initial report to determine how this can be achieved, to be presented to Cabinet within six months.
- As a matter of urgency, defines the mandate, governance, terms of reference and reporting timetable of the Cross Party Climate Change Group and its five subgroups (Policy and Lobbying; Transport; Environment, Air Quality and Farming; Education, Engagement and Communication; Buildings, Economy, Industry and Planning) to enable them to make an effective contribution to the achievement of SBC's aim of a zero carbon Borough.

- Commits the Council to making its own estate and activities net zero carbon by 2025. By taking a lead, the Council will create a domino effect of climate action among local organisations.
- Tasks a Corporate Director with managing the transition to a zero carbon Swindon by 2030 and ensures that political and chief officer leadership teams embed the goal of a zero carbon Swindon by 2030 in all service areas.
- Ensures that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to a zero carbon borough by 2030.
- Ensures that the council supports and works with other agencies towards making Swindon zero carbon by 2030.
- Make full and ongoing use of the Council's Communications function to disseminate information about climate change and explain what individuals can do about it.

Attach an environmental impact assessment to all key reports to Cabinet."

The Amendment was put to the vote and declared lost.

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

68. Motion - Tree Cover

With the agreement of the Council the published Motion was withdrawn and Councillor Jim Grant moved and Councillor Gary Sumner seconded:

"This Council notes:

- The benefits that trees can have on a local area in air quality, and their role in helping mitigate climate change;
- That the Great Western Community Forest (GWCF) was founded in 1994 with a target of 30% tree cover across the GWCF area which includes the whole Swindon borough area, when Swindon's average baseline tree cover was 3%
- That, since the start of GWCF, tree cover has tripled to the national average of 10% for England.
- That Policy DM29 of the draft Local Plan states that "Development shall contribute towards the aims and objectives of the Great Western Community Forest."

This Council requests that:

- The Chief Executive formalises as a Pledge, the GWCF headline aspiration to achieve 30% tree cover by 2030
- The Climate Change Working Group to report on how the Council could work with the Borough's Parish Councils, schools, businesses and residents, and to

continue working with organisations such as the Woodland Trust and Wiltshire Wildlife Trust to realise the commitment to achieve the 30% target.”

The Motion was put to the vote and declared carried.

69. Motion - Commitment to the Armed Forces Covenant

Councillor Matthew Courtliff moved and Councillor Russell Holland seconded:

“This Council notes that:

- The Armed Forces Covenant is a promise by the nation ensuring that those who serve or who have served in the armed forces and their families are treated with fairness and respect in the communities, economy and society they serve with their lives. The Covenant does not intend to replace current work by public service providers, charities and individuals, but rather formalise a commitment and build on existing sources of support.
- The Armed Forces Covenant has mitigated disadvantage arising from Service for our armed forces and their families since its introduction.
- There is a national commitment from Government to further incorporate the Armed Forces Covenant in law.

This Council recognises:

- The selflessness and bravery that members of the Armed Forces display in service of our country and thanks them for their sacrifice
- That a career in the armed forces is unique and that our Service personnel and their families can face disadvantages due to the unique nature of their service and that they deserve the highest levels of care and support.
- That the Head of Housing and his team has renewed the existing Armed Forces Covenant, which has duly passed scrutiny at the Communities and Place Overview and Scrutiny committee.

This Council Resolves to:

- Thank the Head of Housing and his team for their commitment and work in updating the Swindon Borough Council Armed Forces Covenant.
- Ask the Leader of the Council to commit once again to upholding the principles of the covenant and to work with the Armed Forces Champion and continue to mitigate disadvantage wherever it is found within the Armed Forces community.
- Ask the Leader of the Council to work closely with leaders within the Armed Forces to build on the success of the Swindon Borough Council Armed Forces Covenant and strengthen the bond between our town and the armed forces community.”

The Motion was put to the vote and declared carried.

70. Appointments to Committees and Other Bodies

Councillor Jim Grant moved and Councillor Steve Allsopp seconded that the following changes be made to the Labour Group's representation on Committees and Other Bodies for the remainder of the Municipal Year 2019/20:

Councillor Bob Wright replaces Councillor Des Moffatt on the Appointments Committee.

Councillor Steve Allsopp replaces Councillor Des Moffatt on the Audit Committee.

Councillor Jim Grant replaces Councillor Des Moffatt on the Resources and Corporate Overview and Scrutiny Committee.

Councillor Jim Robbins replace Councillor Des Moffatt on the Scrutiny Committee.

Councillor Bob Wright replaces Councillor Des Moffatt on the Welfare Advisory Group.

Councillor Mark Dempsey replaces Councillor Des Moffatt on the Averages Task Group of the Scrutiny Committee.

Councillor Abdul Amin replaces Councillor Bazil Solomon on the Children's Health, Social Care and Education Overview and Scrutiny Committee.

Councillor Steve Allsopp replaces Councillor Bazil Solomon on the Communities and Place Overview and Scrutiny Committee.

Councillor Carol Shelley replaces Councillor Bazil Solomon on the Standing Advisory Council on Religious Education."

The resolution was put to the vote and declared carried.

71. Indicative Calendars of Meetings 2020-21

Councillor David Renard moved and Councillor Russell Holland seconded:

"(1) That that the Indicative Timetable of Meetings for 2020/21 as set out in Appendix 1 be approved for formal adoption by Annual Council, with the provisions that:

(2) In accordance with current practice, Annual Council will be asked to authorise the Interim Director of Law, in consultation with the Leader of the Council, to vary the dates for meetings of the Council, the Cabinet, Committees and Other Swindon Borough Council bodies should this prove necessary for the efficient discharge of Council business."

The resolution was put to the vote and declared carried.

72. Minutes of Cabinet and Decisions Delegated to Cabinet Members

The Council considered (a) the minutes of the meeting of the Cabinet held on 4th December 2019, (b) questions to the Cabinet Members regarding their portfolio responsibilities and answers received, and (c) a Cabinet Member Decision Notice.

73. Minutes of other Council Bodies

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

74. Councillors Question Time

The Chief Legal Officer reported that a Standing Order 15 Questions had been received from Councillors Nick Burns-Howell, Jim Grant, Steve Heyes, Vinay Manro and Bob Wright.

Councillor Nick Burns-Howell asked a supplemental question regarding the future options for the development of the Corn Exchange and potential enforcement actions if required. The Cabinet for the Town Centre responded at the meeting.

Councillor Jim Grant asked a supplemental question seeking clarification as to reasons for the increase in the number of child protection investigations between 2010/11 and the current Municipal Year. The Cabinet Member for Children’s Services responded at the meeting.

Councillor Jim Grant asked a supplemental question seeking clarification as to the number of houses built by the Swindon Housing Company to date. The Cabinet Member for Finance indicated that a written response would be provided.

Councillor Steve Heyes asked a supplemental question regarding Council enforcement of animal health regulations at Greyhound races. The Cabinet Member for Housing and Public Safety responded at the meeting.

Councillor Vinay Manro asked a supplemental question regarding consultees on any new policy in respect of flying drones within the Borough. The Cabinet Member for Economy and Place responded at the meeting.

Councillor Bob Wright asked a supplemental question seeking clarification as to why the Council could not find additional space for additional taxi ranks and disabled parking in the town centre. The Leader of the Council responded at the meeting.

Councillor Bob Wright asked a supplemental question regarding the use of planning powers to regenerate deprived areas of the town. The Leader of the Council responded at the meeting.

Councillor Bob Wright asked a supplemental question why the Council could not find additional space for additional taxi ranks and disabled parking in the town centre. The Leader of the Council responded at the meeting.

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COUNCIL

THURSDAY 20TH FEBRUARY 2020

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 5TH FEBRUARY 2020

63. Budget 2020/2021 and Beyond (Minute for Confirmation)

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

Councillor Holland introduced his report setting out the implications of the delay in having government grants confirmed owing to the General Election, the continuing demographic pressures, and the desire to provide long-term support for arts groups that would be addressed in a proposed amendment to Appendix 3. He explained that the Council had received a grant of £60k, which had allowed officers to make new proposals to assist the arts groups that had previously expected an £80k cut. Councillor Holland also informed Cabinet of statutory changes imminent regarding the Dedicated Schools Budget. He reminded Members that the budget itself would not be determined until Council on 20th February 2020.

Councillors Dale Heenan, Jim Grant, Jane Milner-Barry, and Bob Wright asked a range of questions about the budget covering:

- Whether austerity is continuing for local government and the role of central government in funding the projected increased demand for adult social care,
- How the proposed budget changes might affect services for the vulnerable,
- Why Cabinet Members had not brought forward earlier the savings identified in this budget.
- How Cabinet might work with non-executive members to identify ways to support cultural groups and activities.
- The use of borrowing to support council and public sector schemes.
- The proposed support for the literature festival.
- What alternative proposals had been submitted during the three months since Cabinet approved the consultation budget.

Councillor Holland responded at the meeting.

Resolved –

- 1) That the medium term financial context and impact on Swindon of the draft Local Government Finance settlement be noted;
- 2) That the projected out-turn for 2019/20 be noted;
- 3) That Members note the consultation feedback summarised in Appendix 2,
- 4) That the detailed Dedicated Schools budget for 2020/21, based on a provisional funding envelope of £198.28m be noted;
- 5) That, in line with the requirements of the Local Government Act 2003, the Corporate Director of Finance and Assets' confirmation of the robustness of the estimates underlying the recommended Budget and adequacy of reserves in the context of the earmarked reserves and proposed budget risk contingency be noted.
- 6) That the medium term financial strategy, set out in Appendix 5 be endorsed;
- 7) That the specific reserves held in support of the 2020/21 Revenue Budget set out in Appendix 4 be agreed;
- 8) That it be agreed that the proposed Dedicated Schools Budget (DSG) budget deficit should be recovered from within DSG income;
- 9) That the Corporate Director of Finance and Assets be authorised to balance any changes between the provisional and final local government finance settlements by adjusting the Budget Risk Contingency;
- 10) That an updated Appendix 3 with adjusted funding for cultural groups be submitted to Full Council.
- 11) That Council be recommended, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2020/21,
 - a. To set the 2020/21 Budget at £149.074m;
 - b. To increase the Council Tax by 3.99%, comprising 1.99% for the basic amount of Council Tax and a specific adult social care precept of 2%, and;
 - c. To determine that the proposed increase in the basic amount of Council Tax for 2020/21 is not excessive in accordance with Schedule 5 of the Localism Act 2011 and therefore does not trigger the requirement for a referendum.

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

64. Capital Programme 2020/2021 (Minute for Confirmation)

Councillor Russell Holland, the Cabinet Member for Finance, Education, and Skills along with the Corporate Director of Finance and Assets, submitted joint report to provide an update to the Capital Strategy and report new capital investment requirements through to 2024/25.

Councillor Holland introduced the joint report and proposed the following additional recommendations and amendments:

- Add: 2.1.4 To approve a £4.8m virement from the budget allocated to the proposed Swindon Museum and Art Gallery to Junction 15 M4 from the 2019/20 capital programme.
 - Add: 2.5 Subject to 2.1.4 above being approved at Full Council, to authorise the CEO in consultation with the Cabinet Member for Strategic Planning to agree terms with SWLEP and Highways England and then for the Chief Legal Officer to enter into appropriate agreements.
 - In recommendation 2.3, replace Thamesdown Avenue with Thames Avenue”
- Councillor Gary Sumner, Cabinet Member for Strategic Planning, spoke in support of the additional recommendations regarding the money for work at Junction 15, which was necessary to address traffic flow issues now. Councillor Maureen Penny, Cabinet Member for Transport and the Environment, asked that it be noted that she would be bringing a proposal to install automatic number plate recognition in car parks, which would cost approximately £500K, to Cabinet in March 2020 for consideration.

Councillors Jim Grant and Jane Milner-Barry asked a series of questions about the plans for a new museum and art gallery along with how £400k allocated for improvements to the current building would be ring-fenced and what those works might be. Councillor Dale Heenan, Cabinet Member of the Town Centre, responded at the meeting.

Resolved – (1) That Council be recommend to:

- (a) approve the additions to the Capital Programme and funding sources for the schemes set out at Appendix 1 to the main report;
 - (b) approve that further updates to the Capital Programme can be approved by Cabinet within the approved capital financing revenue budget and prudential indicators; and
 - (c) approve the Capital Strategy attached at Appendix 2 to the main report; and
 - (d) approve a £4.8m virement from the budget allocated to the proposed Swindon Museum and Art Gallery to Junction 15, M4.
- (2) That Cabinet noted the impact on long-term borrowing of the approvals sought in this paper as set out at paragraph 3.9 of the main report;
- (3) That a budget for £24,922 in 2019/20 funded from S106 contributions for speed reduction measures on Thames Avenue as set out at paragraph 3.6 of the main report be approved;
- (4) That it be approved that the schools capital funding is distributed as detailed in paragraph 3.17 of the main report.
- (5) That, subject to 2.1.4 above being approved at Full Council, the Chief Executive be authorised in consultation with the Cabinet Member for Strategic Planning to agree terms with Swindon and Wiltshire Local Enterprise Partnership and Highways England and then for the Chief Legal Officer to enter into appropriate agreements.

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

65. Treasury Strategy Statement 2020/21 (Minute for Confirmation)

The Cabinet Member for Finance, Education, and Skills along with the Corporate Director of Finance and Assets submitted a joint report Treasury Management Strategy for 2020/21, including Prudential Indicators up to 2024/25, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.

Councillor Holland introduced the joint report, setting out its importance in underpinning valid revenue and capital budgets. Councillor Jim Grant asked about the level of reserves and their adequacy, to which the Councillor Holland and the Corporate Director of Finance and Assets responded at the meeting.

Resolved – That Cabinet recommends Full Council approves the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1 to the joint report.

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

Budget 2020/21 and Beyond

Cabinet

Date: 5th February 2020

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

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report proposes a Budget for 2020/21 and sets out the financial context for 2021/22 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:

- 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 2019/20;
- 2.3 The consultation feedback summarised in Appendix 2,
- 2.4 The detailed Dedicated Schools budget for 2020/21, based on a provisional funding envelope of £198.28m;
- 2.5 That, in line with the requirements of the Local Government Act 2003, the Corporate Director of Finance and Assets, confirms the robustness of the estimates underlying the recommended Budget and adequacy of reserves in the context of the earmarked reserves and proposed budget risk contingency.

Cabinet is requested to:

- 2.6 Endorse the medium term financial strategy, set out in Appendix 5;
- 2.7 Agree the specific reserves held in support of the 2020/21 Revenue Budget set out in Appendix 4;
- 2.8 Agree that the proposed DSG budget deficit should be recovered from within DSG income;

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

Minute for Confirmation

- 2.10 Recommend to Council, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2020/21, that:-

2.10.1 The 2020/21 Budget be set at £149.074m;

2.10.2 The council tax be increased by 3.99%, comprising 1.99% for the basic amount of council tax and a specific adult social care precept of 2%, and;

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

3. Detail

The Forecast Out-turn for 2019/20

- 3.1 The starting position for the 2020/21 budget is the current year's budget for 2019/20. Table 1 below and Appendix 1 set out the forecast position to 31st March 2020, which shows that the forecast overspend is £1.5m. This position has improved by £1m since the last report to Cabinet.
- 3.2 The significant changes since the last report to Cabinet are:
- 3.2.1 An improvement in the forecast overspend within Children's Social Care. This is due to staff costs and expenditure on No Recourse to Public Funds being lower than previously forecast (£0.6m). This is mitigating pressures relating to placements costs (£0.3m);
- 3.2.2 An increase in the cost of Special Educational Needs transport (£0.1m);
- 3.2.3 Increased waste disposal costs due to the temporary closure of overseas solid recovery fuel plant facilities (£0.4m);
- 3.2.4 Increase in the rental income from investments in commercial property (£0.2m);
- 3.2.5 Release of budget risk contingency to mitigate the pressure arising on waste disposal (£0.4m) and a further release reflecting the progress made against savings delivery (£0.5m).

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- 3.3 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 2019/20 will be delivered within budget.

Table 1 – Forecast Out-turn 2019/20

Department	Budget 2019/20 £'000	Full-Year Projected Outturn £'000	Projected Variance £'000	Movement since last report £'000
Adult Services	61,105	61,482	377	(7)
Children Services	42,759	43,844	1,085	(290)
Communities and Housing	25,580	27,019	1,439	579
Economy	1,240	1,167	(73)	7
Resources	11,811	10,454	(1,357)	(1,279)
Total General Fund	142,495	143,966	1,471	(990)

Dedicated Schools Grant (DSG)

- 3.4 The position at the end of December is that the DSG is forecast to be overspent by £1.79m. This forecast is an adverse movement of £80k since the last report.
- 3.5 The main changes are:-
- 3.5.1 Increased pressure for rising demand and complexity of need in pupils requiring High Needs funding top ups (£61k);
 - 3.5.2 Increased demand for bespoke packages as the primary Pupil Referral Unit is full (£45k);
- 3.6 These pressures are partially mitigated by reduced business rates costs for a primary school following its academy conversion earlier this year (£28k).

Housing Revenue Account (HRA)

- 3.7 The position at the end of December is that the HRA is forecast to be underspent by £268k, an improvement of £173k since the last report.
- 3.8 The key changes resulting in this improvement are:-
- 3.8.1 Further staff savings due to vacancies, primarily in the Supervision and Management area which have risen by £68k;
 - 3.8.2 Expenditure on Responsive Repairs has risen to reflect additional staff and material costs but is anticipated to be offset by increased recharges to

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capital projects and a reduction in spend on external contractors resulting in a small underspend of £23k.

The 2020/21 Provisional Finance Settlement

- 3.9 The Government published the provisional 2020/21 local government finance settlement on 20th December 2019.
- 3.10 The key issues arising from the provisional settlement are:
- 3.10.1 Social Care Grant - following the announcement of additional funding across adults' and children's social care of £1bn in the September Spending Round, the government has now indicated how this will be allocated. Based on the proposed distribution methodology the Council will receive £2.7m in 2020/21, in addition to the £1.3m announced the previous year.
- 3.10.2 New Homes Bonus - the provisional settlement confirmed that no change would be made to the current system for 2020/21 and therefore, in line with the increase in properties in the borough, the level of grant will be £5.2m.
- 3.10.3 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 2020/21 (without a referendum) is 3.99%.
- 3.11 The overall net impact of the announcements in the provisional settlement is to improve the funding for 2020/21 by £3.1m. The long-term implications remain uncertain, given the changes to funding of local government for 2021/22 as outlined in Appendix 5.

Council Tax 2020/21

- 3.12 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 1.99% and raises an adult social care precept of 2%.
- 3.13 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 2% of the increase is specifically to respond to the rising demand for adult social care.
- 3.14 A 3.99% increase would increase the average Council Tax bill by £4.54 per month, excluding precepts from other bodies.

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Feedback from Scrutiny Committee

- 3.15 On 13th January 2020, the Scrutiny Committee considered a report on the 2020/21 budget setting process. The Committee resolved that the current budget position be noted.

Consultation Feedback

- 3.16 The Council undertook consultation with the business community via a meeting with business representatives from Swindon, on behalf of non-domestic rate payers on 7th January 2020.
- 3.17 The feedback from consultation is set out in Appendix 2.

The Proposed Budget for 2020/21

- 3.18 Table 3 summarises the changes to the current financial year in arriving at the proposed budget for 2020/21. The detailed proposals are set out in Appendix 3.

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Table 3 – Summary of Budget Changes

	2020/21 £m
Base Budget	142.5
Funding Changes	(1.7)
Inflation	5.4
Cost Pressures	14.7
Identified Savings	(11.3)
Reduction in Budget Risk Contingency	(0.5)
Proposed Budget for 2020/21	149.1
Funded By:	
Revenue Support Grant	4.3
Business Rates	36.0
Council Tax	107.8
Surplus on Council Tax Collection Fund	1.0
Total Funding	149.1

Relationship between Revenue and Capital Budgets

- 3.19 The 2020/21 revenue budget includes allowance for the estimated increase in debt charges to finance the capital programme being delivered during 2019/20 and any interest incurred on schemes starting in 2020/21.
- 3.20 The 2020/21 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 between £40k-80k per £1m, subject to the nature of the capital investment.

Approach to Funding Transitional Costs

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

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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- 3.21.2 Reorganisation and restructuring costs that deliver financial savings
 - 3.21.3 Transitional investment that delivers long-term financial benefits by reducing future service costs.
 - 3.22 The 2019/20 budget reflected the use of the remaining £2.5m from the £7.5m reserve previously established 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.
 - 3.23 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. The forecast level of reserves available to meet specific existing commitments, and support the management of the overall budget, is set out in Appendix 4.
 - 3.24 Each of the savings proposals put forward as part of the budget setting cycle has been risk assessed. The level of contingency built into the proposed budget for 2020/21, alongside the level of general and earmarked reserves, reflects the overall potential risk associated with delivering the budget proposals.
 - 3.25 The following significant risks have been identified in relation to the council's budget:
 - 3.25.1 The total value of savings contained within the budget for 2020/21 is lower than that identified for 2019/20. However it still represents over 7% of the Council's net revenue budget and this, in itself, provides a source of risk to the Council's financial position;
 - 3.25.2 There are a number of savings proposals which are still subject to ongoing activity and therefore the precise level of saving is uncertain;
 - 3.25.3 The Council also faces risks in managing the costs associated with the major demand led services, particularly in adult and children's social care, parking income and waste disposal. The investment of funding and resource to manage pressures provides some mitigation against these risks. However, it is recognised that these services will continue to be a potential challenge to the Council's financial position and will therefore be the subject of close scrutiny in the budget management process for 2020/21.
 - 3.26 Based on this assessment, and risks within the existing base budget, it is proposed that the budget risk contingency is set at £3.0m.
 - 3.27 In light of this, and the specific reserves held to support the budget (set out in Appendix 4), the Director of Finance and Assets, as part of his Section 151 responsibilities, is content that the 2020/21 budget as proposed is deliverable, taking into account the level of specific and general reserves held by the Council.
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General Reserves

- 3.28 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 £7.5m 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, as a minimum, at the current level of £6.6m and should gradually increase over the medium term to increase the Council's financial resilience.

Schools' Budgets 2020/21

- 3.29 The provisional Dedicated Schools Grant (DSG) for 2020/21 is £198.28m, the majority of which is passported directly to schools. The Council prepared its budgets based on existing spend, inflation and known increases in demand. Due to the significant increases in demand for specialist places and High Needs top ups it has not been possible to produce a balanced budget, within the available funding and a budget gap of £1.47m is forecast. The Schools Forum considered the proposed budget at its meeting on 15th January 2020 and agreed the allocation of the budget as set out in Table 5 below.
- 3.30 The Government stated, in October 2019, that "The Government's intention is that DSG deficits should not be covered from general funds but that over time they should be recovered from DSG income". Consistent with this approach, and given the Council's overall financial position, it is recommended to Cabinet that the DSG cumulative deficit be addressed through a DSG Deficit Recovery Plan. The Council is working with the High Needs Sub Group of Schools Forum to find effective and efficient solutions to the budget position, which will include the need for all schools and academies to be more inclusive, reduce demand on services and ensure DSG Schools Block funding, including Notional SEN, is used effectively to meet pupils' needs.
- 3.31 The DSG 2019/20 balance to be carried forward is forecast to be a deficit of £1.48m, and less than 1% of the overall 2019/20 DSG allocation (£184m) by 31st March 2020, therefore a formal Deficit Recovery Plan is not now expected to be required by the Department for Education in June 2020. An internal DSG Deficit Recovery Plan will be used as a tool to monitor and track the DSG as it is brought back into balance over the next three years and a draft Deficit Recovery plan will be submitted to Schools Forum in July 2020.
- 3.32 The DSG 2020/21 budget gap is £1.47m plus the forecast 2019/20 deficit of £1.48m to be carried forward into 2020/21. After taking account of the DSG reserve of £0.3m, the cumulative deficit for 2020/21 would be £2.95m. This deficit represents 1.49% of the DSG 2020/21 allocation. Based on current legislation, a

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formal Deficit Recovery Plan to the Department for Education would be required for 30th June 2021.

Table 5 - Overall DSG Funding and Expenditure 2020/21

	£m	£m
DSG Funding 2020/21		(198.28)
Early Years Expenditure	14.90	
Mainstream School Expenditure	148.34	
High Needs Expenditure	35.48	
Central Schools Services Expenditure	1.03	
Total Expenditure		199.75
DSG Budget Gap		1.47
Estimated overspend on DSG for 2019/20		1.79
Use of DSG reserve brought forward from 2018/19		(0.3)
Cumulative DSG balance at 31/03/2021		2.96
Cumulative DSG balance as a percentage of 2020/21 DSG funding		1.49%

4. Alternative Options

- 4.1 The Cabinet could amend the package of budget proposals at the assumed council tax increase of 3.99% for 2020/21, 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 £1.1m.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The projected overspend in the current financial year is £1.5m 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.
- 5.2 Where there are financial implications these have been reflected in the body of the report and in the appendices.

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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. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.4 The recommendations would bring about a reduction in the Council's carbon footprint through: the commitment of £0.2m for climate change initiatives, including the Air Quality Action plan and the implementation of energy reduction through the installation of LED lighting

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

- 5.5 The proposals included in this budget will result in approximately 50 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.

Diversity Impact Assessment

- 5.6 In line with the Public Sector Equality Duty (Equality Act 2010) Swindon Borough Council is required to pay due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different protected groups when making decision. Where known, the equality impact of change must be disclosed. This year SBC's cabinet introduced Children in Care and Care Leavers as an additional characteristic to consider when we make key decisions to strengthen our role as a Corporate Parent.
- 5.7 All saving proposals 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.
- 5.8 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.
- 5.9 However, officers' current assessments conclude that the impact of adopting these proposals on front-line services or vulnerable groups would be minor. This is not to imply that there would not be any adverse impact on service users, if the

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proposals are approved. As part of our dynamic assessment process, should this position change, we would review each DIA, update and publish this. These are routinely reviewed by our Equality Task Group members which includes members from the wider Swindon community and voluntary agencies.

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

6. Consultees

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

6.1.1 The Corporate Director of Finance and Assets (s151 Officer) cleared this report for publication on 24th January 2020.

6.1.2 The Chief Legal Officer (Monitoring Officer) cleared this report for publication on: 28th January 2020.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1: Forecast Out-turn by Directorate 2019/20.
- 8.2 Appendix 2: Consultation Feedback.
- 8.3 Appendix 3: Detailed Budget Proposals 2020/21.
- 8.4 Appendix 4: Reserves Policy and Specific Reserves held to support the 2020/21 Budget.
- 8.5 Appendix 5: Medium Term Financial Strategy Update.

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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 20th February 2020. 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 2020.

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2019/20 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report	Commentary on Reasons for Variance	
General Fund	Resources	Finance, Property & Audit	(1,995)	(3,540)	(1,545)	(1,185)	Release of budget risk contingency of £425k to mitigate the pressure on Streetsmart linked to adverse market conditions for the disposal of SRF and a further £500k reflecting progress made against savings delivery to date. Increase in the rental income forecast as a result of investments in commercial property and increases in existing rental income (£227k).	
		Human Resources and Digital Services and Corporate Programmes Performance,	2,273	2,154	(119)	0	Vacancy savings and an improvement in the Registrars service income forecast.	
			7,213	7,484	271	(86)		
			4,320	4,356	36	(8)		
		11,811	10,454	(1,357)	(1,279)			
	Economy	Strategic Growth	615	582	(33)	0	Additional feasibility expenditure.	
		Town Centre	625	585	(40)	7		
	Children Services		1,240	1,167	(73)	7	Savings from operational budgets across Routes to Employment (£10k) and Libraries (£30k).	
		Routes to Employment & Libraries	2,025	1,945	(80)	(40)		
		Skills & Attainment	2,118	2,679	561	32	Increased pressure for statutory SEND team £27k and slippage in filling Ed Psych vacancies has led to Agency support to meet statutory duties in relation to Education, Health and Care plans (EHCP) £14k, partially offset by savings offered up across Skills and Attainment £10k	
		Children, Families and Community Health Services	38,616	39,220	604	(282)	Pressures relating to placements and placement related costs have increased by £326k, this pressure has been mitigated by a reduction in spend on No Recourse to Public funds of £152k and staff savings of £456k, which is due to a number of factors including issues with availability of suitable agency social workers and the number of vacant posts.	
	Adult Services		42,759	43,844	1,085	(290)	The service continues to actively manage demand through close working with our Health partners and strength based conversations. This ongoing work is mitigating emerging pressures linked to unprecedented demand being experienced by GWH which is impacting on ASC. We have responded by supporting a 20% increase in the discharge of patients from hospital to over 1,000 between April and Nov 19. There are also challenges in the ability to recruit qualified social workers and agency staff are having to be used at a higher cost to ensure service demands are met.	
		Adults	60,780	61,502	722	(7)		
		Public Health	325	(20)	(345)	0	Reductions in the amount of vehicles hired from external providers £82k; Additional waste disposal costs of £425k due to temporary closure of overseas facilities by third parties and subsequent price increases. This cost pressure will continue into 2020/21. Trade waste projections £136k worse reflecting both reduced income forecasts and increased expenditure forecasts. Other income budgets had improved forecasts.	
	Communities and Housing		61,105	61,482	377	(7)		
		Streetsmart and Supported Employment	15,318	16,268	950	425		
		Housing Services	(321)	(326)	(5)	(4)		Updated forecasts across the service area.
		Highways & Transport	6,919	7,850	931	169		Additional increase in Special Educational Needs transport costs of £85k due to additional taxis requirements (inappropriate student behaviour and out of borough placements). Updated forecasts for concessionary transport of £24k based on Quarter 2 data; highway maintenance forecasts updated £25k higher
		Planning, Regulatory and Heritage Services	1,331	909	(422)	(2)		Updated forecasts across the service area.
		Facilities Management	2,333	2,318	(15)	(9)		Updated forecasts across the service area.
			25,580	27,019	1,439	579		
General Fund Total			142,495	143,966	1,471	(990)		

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2019/20 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report	Commentary on Reasons for Variance
Health	Health Adults	Health Adults	5,847	5,867	20	11	Health share of demand pressures for equipment needed to support hospital discharge from GWH
		Health Adults - CCG funding	(5,847)	(5,867)	(20)	(11)	Health funding to meet health share of demand pressure.
	Health Children's	Children's Health Delivery	1,341	1,265	(76)	(72)	
		Children's Health Delivery	(1,341)	(1,265)	76	76	
		Children's Health	2,466	2,390	(76)	(80)	
		Children's Health	(2,466)	(2,390)	76	76	
Health Total			0	0	0	0	
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	79,858	78,224	(1,634)	(397)	Reduction in overall pressure due to Primary school budget will be paid directly Education and Skills Funding Agency (ESFA) following academy conversion , DSG funding will be retained for this purpose as below (£478k) plus reduced business rates costs for a primary school following academy conversion earlier this year (£28k) and minor variances net (£25k) saving. Savings partially offset by increased pressure for High Needs top ups +£61k, and increased demand for bespoke packages for permanently excluded Primary age pupils as the Primary Pupil Referral Unit is full +£45k
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	(79,858)	(76,433)	3,424	477	Funding retained by Education and Skills Funding Agency to pay directly to a primary following conversion to academy status £478k
Dedicated Schools Grant Total			0	1,790	1,790	80	
Housing Revenue Account	Housing Revenue Account	Supervision & Management	(36,234)	(36,391)	(157)	(68)	A combination of forecast underspends due to staff vacancies, reduced training costs and savings on other operational costs.
		Special Services	668	580	(88)	(6)	
		Repairs	10,780	10,757	(23)	(99)	It is anticipated that capitalisation of further repairs work will mitigate the small overspend previously forecast.
		HRA Capital Financing	24,786	24,786	0	0	
Housing Revenue Account Total			0	(268)	(268)	(173)	

BUDGET CONSULTATION - NATIONAL NON-DOMESTIC RATEPAYERS

TUESDAY, 7 JANUARY 2020

PRESENT: Councillors David Renard (Leader of the Council) and Russell Holland (Deputy Leader of the Council and Cabinet Member for Commercialisation, Education and Skills).

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

Representatives of Swindon Non-Domestic Rate Payers: Vince Ayris (Vince Ayris Ltd), Roger Shakles (Sewcraft Swindon Ltd), Ian Durston (Swindon and Wiltshire Local Enterprise Partnership), Olly Spence (First City Nursing), Di Powell and Rachael Youd (In Swindon Bid Co Ltd).

1. Welcome and Introduction

Councillor David Renard, Leader of the Council, welcomed the invited representatives of local businesses to the meeting and explained that the meeting was designed to give local businesses an opportunity to voice their views on issues impacted by Council spending and that may have direct or indirect implications for the local Business Community and the economy of Swindon. He referred to the impact of the general election on Central Government's announcement of the Local Government Finance Settlement for 2020/21, resulting in a delay to the Council finalising the local budget.

2. Budget Management 2019/20

Councillor Russell Holland, Deputy Leader of the Council and Cabinet Member for Finance, opened discussion by 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 confirmed that the budget proposals were being finalised and would be presented to Cabinet on the 5th February 2020 and Council on the 20th February 2020 and advised that legally the Council had to produce a balanced budget. He referred to the Chair's comments regarding the delay in finalising the budget and drew attention to the pressures on the current budget. Councillor Holland referred to pressures not only being experienced against the budgets of Children's Services and Adult Social Care Services, but also across the Council generally.

Mr Mick Bowden, Corporate Director of Finance and Assets, referred to the budget report, previously circulated, which Cabinet had considered on 4th December 2019. He explained that the Council was coming towards the end of its current two-year savings programme and, as indicated in the report, officers were focusing on the development of a strategy to March 2024.

Mr Bowden expanded on the faced by Adult Social Care and Children's Services where the issue of demographic pressures, particularly the ageing population and the impact on the demand for adult social care provision, had to be addressed. He also referred to the pressures within Children's Services, particularly due to the

increase in demand for the support of children with Special Educational Needs. He confirmed that even though cost savings had been undertaken, the Council was focussing on its approach to the community in order to build in long term sustainability. He explained that these initiatives were being incorporated in budgets over the next four years.

The business representatives:

- Confirmed that Swindon businesses were aware of the pressure on the budget and enquired whether the Council was aware of any negative impact on town centre businesses following the publication of the 2020/21 budget.
- Enquired on:
 - The funding received from Central Government.
 - The actions being taken by the Council to reduce the current budget deficit.
 - How the Council was to be affected by the increase of the minimum living wage.
- Expressed their concerns regarding:
 - a) Future town centre funding.
 - b) The competition for town centre businesses from satellite business parks
- Made the following suggestions:
 - a) The need to review weekday/ weekend car parking charges to address the adverse financial impact on businesses and the Council's income revenue due to the decrease in footfall to the town centre in order stimulate business growth.
 - b) Recommend the introduction of a chargeable fast track lane at the recycling centre to enable customers to complete their site visit quickly.
- Confirmed that the reduction of footfall into town centres was a national issue and how In Swindon Bid Co Ltd was engaging with businesses to promote Swindon nationally.

The Chair, Councillor Holland and Mr Bowden responded to questions and comments put by the representatives at the meeting and advised that:

- The budget proposals were still being finalised but at this stage Council was not aware of any significant direct impact on Swindon businesses
- The Council's decision to introduce free parking on a Sunday in the town centre to help increase footfall in the area had an adverse effect on the Council's income generation.
- Data available did not evidence the success of the Sunday free car parking scheme.
- The Council welcomed suggestions by local businesses to increase footfall in the town centre and that it would be beneficial for proposals to be cost neutral for the Council, as the current free parking scheme had made a detrimental financial impact on the current budget.
- The Council would ensure the legality of any recommendations received.
- Whilst a grant for Adult Social Care had been received from Central Government, a long-term solution to address the increase in demand for Adult Social Care Services and Children Services was still a priority.
- Work was being undertaken to promote the town centre that included discussions with Historic England to develop a Heritage Action Zone to improve the linkage between the town centre and the Outlet village.

- The North Star development would include leisure related businesses.
- The Council was not expecting to see any significant changes to the revenue budget for the Town Centre team and that it was working with other organisations and partners to facilitate major projects in Swindon.
- Proposals on how to reduce the deficit gap were to be tabled at the next Cabinet meeting on the 5th February 2020 and that whilst the Council had a general reserve of £6.6m to cover potential issues that may arise during the year, it was not financially prudent to plan to use it.
- Consideration was given to wage inflation when setting the budget.
- 70% of the budget was apportioned to Adult Social Care Services and when pressures were made on one sector of the budget, additional actions in other areas would have to be taken to ensure a balanced budget.
- The vacancy savings as indicated in Appendix 1 of the Cabinet report related to a vacant position that had not been filled this year.

3. Conclusion of the meeting

The Chair thanked the representatives of the business community and non-domestic ratepayers for attending and hoped they found the meeting useful. He confirmed that the budget proposals would be submitted to Cabinet for consideration on the 5th February 2020 and that recommendations would then be made to the Council meeting on the 20th February 2020.

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2020-21 Budget - Detailed Proposals
Service Area - Resources and Economy

	Changes Proposed for 20/21
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Pay Inflation @ 2%	1,669
Contract Inflation - variable rates	4,352
Income inflation - aligned to market conditions	(559)
Reduction in Education Function recharge due to schools converting to Academies during 2019/20	24
Increase in capital financing costs	1,515
Customer Services - additional capacity required to meet demand on service	187
Non-delivery of anticipated saving on furnace maintenance contract following procurement of new contract	30
Reduction in income from Crematorium due to new commercial facility in North Swindon.	450
Additional administration resource in the Cabinet Office	17
Strategic Growth	50
Climate Change initiatives	100
<u>Savings (negative numbers)</u>	
Deletion of vacant posts across the Finance and Property function	(231)
Increase in income from commercial properties net of financing costs	(100)
PFI Insurance Saving	(80)
Wichelstowe JV - additional equity fee	(800)
Human Resources and Organisation Development - deletion of vacant post and operational efficiencies	(125)
HR Contract Procurement Savings	(45)
Delete vacant post in Cemetery grounds maintenance team	(30)
Productivity saving in Registrars Service	(13)
Capita Private Cloud Migration - invest in on premise infrastructure to host IT systems locally.	(152)

2020-21 Budget - Detailed Proposals
Service Area - Resources and Economy

	Changes Proposed for 20/21
Proposal	£'000
Reconfiguration of vacant posts within IT Operations Team	(30)
Reduction in IT operational budgets	(40)
IT project resource to be funded by project budgets	(95)
Children's Business Support - productivity and co-location (year 2 savings)	(125)
Print and Postage savings due to the continued reduction in print volumes	(66)
Education appeals income reflecting current income levels	(10)
Deletion of vacant post in the Communications Team	(30)
Barnfield solar energy - increase in income from electricity generated - reflecting current income forecasts	(60)
Reduction in Budget Risk Contingency	(500)
Net increase in Homes and Communities Agency income	(17)
Economy grant income	(15)
<u>Funding Changes</u>	
Removal of one off Levy surplus grant	487
Net changes to S31 grants and levy on Business Rates	(654)
Increase in New Homes Bonus	(307)
Increase in Social Care grant	(2,725)
Repay final FSL pension instalment from reserve	(370)
Reserve contribution to fund investment in Strategic Growth and Climate Change initiatives	(150)
Government grants towards central administration costs	(60)
Total	1,492
Total Savings	(2,532)

2020-21 Budget - Detailed Proposals**Service Area - Adults**

	Changes Proposed for 20/21
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Demand Pressure - Older People care packages, increasing numbers of service users and increasingly complex social care needs.	1,011
Demand Pressures - Learning Disabilities care packages through Children transitioning into Adult Social Care services.	3,000
Demand Pressure - Learning Disability, increased number of older adults requiring social care services.	800
Demand pressures - mental health services. Increasing numbers of clients and increasingly complex social care needs.	100
Deprivation of Liberty assessments - increased demand due to updated legislation.	200
Additional staffing in Social Care and Safeguarding to effectively manage increased demand and deliver savings plans	577
OK4U - partial saving from £510k target not achieved in 19/20	191
Extra Care and Day Care - partial saving from £741k target not achieved in 19/20	413
Air Quality Action Plan Kingshill - one off expenditure. To provide additional signage to support driver behaviour change. Engagement with bus companies, local residents, schools and businesses to raise awareness and provide more detailed action plans.	85
<u>Savings (negative numbers)</u>	
Additional procurement savings achieved in 19/20	(158)
Managing Learning Disability Transitions & long term demand cost of social care packages by supporting service users to be as independent as possible.	(1,523)
Learning Disability Commissioning - review of contracts with providers to ensure they are meeting the needs of clients in the most effective ways possible.	(600)
Managing OPPD demand through strength based conversations to support service users to be as independent as possible.	(1,200)
Older People Commissioning - review the use of the homeline services to assist in meeting the needs of clients	(73)

2020-21 Budget - Detailed Proposals**Service Area - Adults**

	Changes Proposed for 20/21
Proposal	£'000
Funding Community and Health services from Public Health grant as effective preventative services.	(237)
Transfer funding of post and post holder from ASC Commissioning to Public Health as main aim of role is to commission preventative public health services.	(44)
General Fund contribution towards Public Health Drug and Alcohol service is no longer required due to efficiencies in the delivery of the service.	(88)
<u>Funding Changes</u>	
Air Quality Action Plan - DEFRA grant to cover one off costs	(85)
Total	2,369

2020-21 Budget - Detailed Proposals**Service Area - Children**

	Changes Proposed for 20/21
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Investment in the SEND team to deliver service improvements, statutory compliance and also to meet the needs of our residents including the significantly increased demand for statutory assessments and requests for additional funding from mainstream schools and special provisions.	544
Pressure relating to increased demand for External Placements	290
Pressures relating to the increase in costs of supporting Disabled Children to remain at home.	600
Agency staffing pressure due to on-going issues with the recruitment of Permanent staff.	1,200
Pressure relating to the Adopt Thames Valley contract due to increases in our number of adoptions.	300
<u>Savings (negative numbers)</u>	
Children In Need review work of cases which have been open for over 3 years.	(100)
Savings from reducing the number of agency workers through permanent recruitment by 10%	(250)
Savings relating to the review of High cost Residential Placements	(458)
Impact of the Family intervention and Support service on the number of children requiring statutory intervention. The impact will be a reduction in temporary staff needed in line with reducing demand.	(169)
Savings from the Pilot scheme relating to Independent Living units.	(45)
Re-unification of children relating to legacy cases by the end of March 2021 will see a reduction in Social worker capacity.	(20)
Introduction of traded services model for Family Contact and Early Years Training	(64)
Removal of the Foster panel post in the Fostering service from April 2020.	(63)
Reduced cost requirement relating to the set up of the Parenting hub.	(50)

2020-21 Budget - Detailed Proposals**Service Area - Children**

	Changes Proposed for 20/21
Proposal	£'000
Placement cost reduction relating to the reduction of Children Looked After numbers by 15 in 20/21.	(295)
Increased contribution from Plas Pencelli.	(20)
Productivity savings in Children Services	(56)
Education Standards and Quality – review of service area structure	(42)
Review of contributions for Virtual School and Exclusions & Re-integrations	(23)
Skills & Employment – reduction in contract payment.	(25)
Changes in the provision of Semi-independent placements and review of expected provision levels.	(800)
Additional income relating to staffing in the Skills & Employment budget	(12)
Funding Changes	
Removal of planned use of reserves in 19-20	2,500
Total	3,007

2020-21 Budget - Detailed Proposals**Service Area - Communities and Housing**

	Changes Proposed for 20/21
Proposal	£'000
<u>Cost Pressures (positive numbers)</u>	
Public Power Solutions Ltd - shortfall in delivery of proposed £800k of savings in 2019/20 across waste, power and financing proposals	293
Waste disposal and collection - additional rounds for each of waste, recycling and plastics along with increased tonnages for disposal due to growth in the number of houses in the town	835
One off cost to continue the food waste trial for the existing 11k homes to 31st August 2020 (net of savings on disposal costs)	60
Grounds and street cleaning - Additional staff member to deliver enhanced service on the gateways into Swindon.	25
Enterprise works - shortfall in delivering cost neutral operating model in 2019/20.	15
Community meals - shortfall in delivering cost neutral operating model with third party in 2019/20	10
Waterside Depot utility costs - proposed reductions from using LED lighting which were not delivered in 2019/20 deferred to 2021/22	20
Stores team restructure - was not delivered in 2019/20	32
Transport - non delivery of savings from application of SEN policy	150
Transport - increase in demand to provide transport for additional 54 pupils from September 2019 school year	170
Highway Maintenance - Additional resource to reduce backlog of potholes	100
Highway Maintenance - Additional resource for gully cleaning and drainage to mitigate flooding risk	100
Car parking - proposed restructure did not take place and saving from contactless machines not achieved	77
Shopmobility - reduced cost to SBC will occur in future years	14
Car parking - proposed additional income did not take place in 2019/20	86
Car parking - shortfall in P&D income due to reduced demand and changes to tariff structures in 2019/20	209
Car parking - shortfall in season ticket income due to reduced demand in 2019/20	155
Swindon Lottery - implemented but did not deliver anticipated savings	24

2020-21 Budget - Detailed Proposals
Service Area - Communities and Housing

	Changes Proposed for 20/21
Proposal	£'000
Planning - costs to deliver Local Plan and related studies previously funded by a reserve that has now been depleted.	111
Building control - shortfall in delivery of restructure	12
Security - additional staff costs net of external income	80
Shortfall on income budgets in Highways and Transport, Streetsmart, Museums & Heritage and Planning	319
Taxi licencing - Joint operational request for taxi marshals in Old Town by Wiltshire Police and the Council. Wiltshire Police expected to contribute £12,500.	13
<u>Savings (negative numbers)</u>	
Deletion of vacant posts across the Communities & Housing directorate	(121)
Waste & Recycling - review of waste and recycling operation	(222)
Waste & Recycling - increase in tonnages diverted to recycling as a result of changes introduced to service in 2019/20.	(130)
Waste & recycling - additional sales of green waste subscriptions	(50)
Trade Waste - decommission service operated by SBC to concentrate on core services. There are sufficient alternative local providers in the market.	(12)
Grounds Maintenance and Management - move to cost neutral service delivery	(120)
Fleet - reduced repairs aligned to approval of capital bid for new vehicles which will be under warranty for 3 years	(34)
Fleet - reduced use of vehicles on long term hire	(95)
Street Lighting - Electricity savings from LED replacement programme over 2 year installation programme	(140)
Highway operations - efficiencies derived from new mobile working technology	(104)
Highways - saving from refurbishing traffic signals with LED components	(31)
Highways - achieve a consistent approach to recovery of costs from capital schemes based on benchmarking of fees	(40)
Car parking - additional on street income received due to increased demand	(40)

2020-21 Budget - Detailed Proposals**Service Area - Communities and Housing**

	Changes Proposed for 20/21
Proposal	£'000
Car parking - identified reductions in operating expenditure	(15)
Car parking - saving on electricity costs following the LED replacement programme.	(160)
Car parking - increased income due to additional parking contraventions by drivers. Assumes same level of contraventions as 2019/20.	(140)
Culture - Overachievement of contract renegotiation saving	(16)
Culture - Implementation of a commissioning model with organisations linked to quality of life improvements for our most vulnerable residents	(20)
Heritage - reduced property costs to store museum artefacts	(15)
Heritage - additional operational benefits from one-off investment in support for Lydiard House & Park	(90)
Transport Planning - restructure in the team	(50)
Highways - application of developer income to match costs incurred	(350)
Street naming and numbering - review of fees & charges to cover direct service costs	(20)
Planning - External funding for Heritage Action Zone officer	(41)
Architecture & Construction - restructure to create efficiencies	(35)
Review of expenditure budgets - control spend on discretionary budgets across the directorate	(600)
Communities and Housing Service Improvement Plan savings	(450)
Funding Changes	
Reserve contribution to fund food waste trial	(60)
Total	(291)

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Reserves Policy and Specific Reserves held to support the 2020/21 Budget

Swindon is a very ambitious Council with plans to continue improving services and the local area at a time when the finances of local government are under pressure. 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 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 £3m to support its 2020/21 Budget.

Reserves

It is recommended that the minimum level of General Reserves the Council needs to hold to support the 2020/21 Budget is £6.6m, whilst aiming to gradually increase that figure over the medium term. The Corporate Director of Finance and Assets advises that this is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £3m.

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 2020/21, the Council expects to be holding around £43.8m of reserves, of which £27.6m is earmarked to support the General Fund. By holding these reserves, the Council is accruing investment interest of around £207k per annum (assuming investment returns of around 0.75%). If the Council decided to hold lower levels of reserves in future, every £1m brought back into the revenue budget could reduce council tax by 0.9%. 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 three budgets to support both the overall budget and provide targeted support for Children's Services. In the light of this the Corporate Director of Finance and Assets would not recommend any further significant allocation of reserves to support the overall budget.

The £43.8m reserves expected to be held in 2020/21 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 (£27.6m)

- **£2.4m** relates to the PFI equalisation reserve. This reserve fluctuates depending on the yearly cash flows of the PFI and will be fully depleted by the end of the project's life.
- **£1.0m** relates to infrastructure and regeneration funding. This is fully allocated for feasibility works and commitments in the budget including strategic growth initiatives (£100k), Honda Taskforce (£200k) and FSL pension costs (£370k).
- **£14.2m** of general 'cash flowing' reserves to fund programmes of work to deliver future years' budgets and manage budget risks.
- **£10m** of service specific reserves set out below:

Insurance Fund	£2.2m	This fund is set at an industry standard level of covering twice the aggregate excess liability in any financial year. The level of reserve is reviewed annually based on an assessment of claims, both past and future.
Other	£7.8m	A number of smaller service-specific reserves often financed from external funding or earmarked for committed projects

Other Funds (£16.2m)

- **£4.7m** of Schools balances representing the combined total of all individual schools' rolled-forward balances (£4.4m) and the non-schools retained DSG reserve (£0.3m).
- £11.5m** of HRA Balances comprising the HRA minimum working balance (£4m), the general reserve (£6.3m) and specific reserves (£1.2m).

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

- 1.1 The Council's Medium Term Financial Strategy agreed by Cabinet in February 2019 set out the financial context for the Council up to 2023/24. This document updates the strategy for the latest known funding position and the Council's approach for addressing the financial challenge over the next few years.
- 1.2 Alongside increasing demands for services, councils nationally have seen cumulative reductions in Government funding since 2010/11. As part of the multi-year settlement arrangements introduced from 2016/17 the Council is required to produce an efficiency statement demonstrating its high-level funding position and responding strategies to ensure medium-term financial sustainability. The efficiency statement is incorporated within this document.

2 Forecast Resources

- 2.1 The final year of the multi-year settlement was 2019/20. It was anticipated that a national spending review would take place during 2019, providing a new multi-year funding settlement for local government and that this would provide the basis for a refresh of the Council's financial plans. In September 2019 a Spending Round was announced for 2020/21 only, meaning that 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 2020 – this is expected to establish the total funding for local government nationally for 2021/22 and 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 as 2020/21. This incorporates the current funding streams of Revenue Support Grant, Better Care Fund, Social Care Grant and the baseline level of retained business rates. The exception to this being New Homes Bonus as the Government has indicated that this will start to reduce as part of a wider review of how to incentivise and reward growth in future years.
- 2.3 For 2020/21 the limit of core council tax increases, without requiring a referendum, is 1.99%. There is also the opportunity to raise an Adult Social Care precept of up to

2%. 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 2021/22 which will potentially be affected by a reset of the system)

3 Forecast Expenditure

- 3.1 Following the experience of recent years the key expenditure pressures are anticipated to be related to demand pressures in children and adults social care. More generally the council will face pressures relating to population growth - particularly waste collection and disposal costs - and pay and price inflation and estimates of these have been produced for future years.

4 The Council's Strategy

- 4.1 Building on the Swindon Programme, which runs to March 2020, the Council will continue to maintain a focus on developing the Council to be a modern, efficient and effective organisation. The commercialisation work will continue to be a priority, particularly the commercial investment strategy and Council's companies, both wholly owned and the joint venture. In order to address the demand pressures over the period to March 2024 the following cross-cutting themes have also been identified:

- Transitions – to ensure that young people make a successful transition to adulthood achieving as much independence, choice and control as is possible so they can lead independent and successful lives.
- Strength based working - to ensure local people and families receive support that is responsive, community based and focused on resilience and keeping them in control of their lives.
- Place based working - to help the most vulnerable children, young people and adults living in Swindon to achieve better outcomes and, by maximising our use of resources with partners, deliver services more efficiently and effectively at lower cost.
- Housing – this will be key to the successful delivery of the areas above and ensure that sufficient good quality homes that met people's needs are available to support Swindon's residents.

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

5 Financial Plan

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

Table - Financial Projections from 2021/22

	2021/22	2022/23	2023/24
	£m	£m	£m
<u>Pressures:-</u>			
Pay and Prices Inflation	6.0	6.0	6.0
Adult Social Care Demand	4.8	4.8	4.8
Children's Social Care Demand	3.3	3.2	3.0
Capital Financing	2.0	2.0	2.0
CPI Team		1.0	
Other Pressures	1.0	1.0	1.0
Reduction in Collection Fund Surplus	0.2	0.3	0.3
Total Cost Pressures	17.3	18.3	17.1
<u>Funding Changes:-</u>			
Council Tax Increase - Core Element	(2.1)	(2.2)	(2.3)
Council Tax Increase - ASC Precept	(2.1)	(2.2)	(2.3)
Increase in council tax base	(1.2)	(1.2)	(1.2)
New Homes Bonus	2.3	2.1	0.8
Retained business rate growth	0.0	(0.8)	(0.8)
Total Funding Change	(3.1)	(4.3)	(5.8)
Savings needed	14.2	14.0	11.3
<u>Indicative Savings:-</u>			
Children's Improvement Plan	(3.0)	(2.9)	0.0
Cross-cutting initiatives to address demand management	(5.5)	(5.5)	(5.5)
C&H Service Improvement Plans	(1.2)	(1.2)	(1.2)
Commercial Income	(0.5)	(0.5)	(0.5)
Major commissioning / price inflation	(1.5)	(1.5)	(1.5)
Efficiency / Productivity Targets	(2.5)	(2.4)	(2.6)
Total Indicative Savings	(14.2)	(14.0)	(11.3)

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

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

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To provide an update to the Capital Strategy and report new capital investment requirements through to 2024/25.
- 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 requested to:

- 2.1 Recommend to Council:
 - 2.1.1 the additions to the Capital Programme and funding sources for the schemes set out at Appendix 1;
 - 2.1.2 that further updates to the Capital Programme can be approved by Cabinet within the approved capital financing revenue budget and prudential indicators;
 - 2.1.3 approval of the Capital Strategy attached at Appendix 2
- 2.2 Note the impact on long term borrowing of the approvals sought in this paper as set out at paragraph 3.9;
- 2.3 Approve a budget for £24,922 in 2019/20 funded from S106 contributions for speed reduction measures on Thamesdown Avenue as set out at paragraph 3.6;
- 2.4 Approve that schools capital funding is distributed as detailed in paragraph 3.17.

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884 176 or Email psmith2@swindon.gov.uk

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

3. Detail

Capital Programme to 2024/25

- 3.1 The Council has historically approved a Capital Programme for the following financial year with indicative costs for future years which reflects the Government's approach to approve grants on a yearly basis.
- 3.2 The CIPFA *Prudential Code for Capital Finance in Local Authorities* Code ("the Code") introduced the requirement for authorities to produce a capital strategy and this was approved at Cabinet in February 2019 (minute 57(7) refers). 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.
- 3.3 This report therefore sets out the investment requirements that are subject to approval of this report and the impact of the additional borrowing requirement on the revenue budget to provide better budgetary links between capital investment plans and the Medium Term Financial Plan.
- 3.4 An annual capital programme report will still be submitted annually, but this will provide updates to the 5 year programme rather than focusing purely on the following financial year as has previously been the case. Schools capital funding will still be set out annually and is set out in detail elsewhere in this report.
- 3.5 The capital strategy, attached at Appendix 2, has been updated to reflect the approvals sought in this report.
- 3.6 In addition to approvals up to 2024/25, Cabinet is asked to approve a budget of £24,922 in 2019/20 for speed reduction measures on Thames Avenue funded from S106 contributions. It is reported that the current traffic speeds on Thames Avenue are greater than the current restricted road status of 30mph and residents have expressed concern. Much of this traffic using Thames Avenue is generated from developments in the Haydon area and the impact of this traffic has been the cause of concern to the local community.

Capital Programme to 2024/25

- 3.7 Appendix 1 sets out the approvals sought for the period through to 2024/25 and the proposed source of funding.
- 3.8 Where no borrowing is required, there is no impact on the revenue budget as these proposals are either of a "spend to save" nature (ie they either generate savings or reduce costs in excess of the related borrowing costs) or they are fully funded from either grant or capital receipts.

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884 176 or Email psmith2@swindon.gov.uk

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

- 3.9 The new approvals set out in this report require additional borrowing of £34.981m over the 5 years to 2024/25. The resulting estimated debt charges will be built into the Medium Term Financial Plan.

Education Services Schemes

- 3.10 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.
- 3.11 **No Basic Need grant** has been awarded for 2020/21, and currently no funding has been notified for 2021/22. The DfE expects that any schools required as a result of development are to be funded from S106 contributions, 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.
- 3.12 Currently there are no specific schemes that require funding in 2020/21 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 2021/22. A capital bid will be brought forward to a future meeting once the full requirements are known.
- 3.13 **Capital Maintenance grant** for 2020/21 has not been notified at the date of writing this report but is estimated at c£0.9m (2019/20 £1.0m). 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 2020. Currently only £0.7m of this grant has been allocated to schemes, leaving £0.2m as a contingency to deal with any emerging condition issues at schools.
- 3.14 There is a demand for new schools to be opened over the next 3 years that were expected to be provided by the free school programme, however there is currently no information on when the next bidding round will open and what types of school may be eligible for funding from this source. In the event that these are not approved an update will be provided to Cabinet outlining alternative options to meet the need for these schools.

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884 176 or Email psmith2@swindon.gov.uk

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

- 3.15 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.
- 3.16 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, 2020/21 will be the 3rd year of this funding.
- 3.17 This report seeks approval for the following Education Services schemes:-
- 3.17.1 £700,000 required for condition works, funded from Maintenance grant, This relates to high priority condition issues outside of the schools ability to fund from their own delegated funding, such as replacement heating systems.
- 3.17.2 The Council will also receive from the DFE Devolved Formula Capital Grant during 2020/21 estimated at £248k. This grant is ring fenced for maintained schools and the Council passport to each of the maintained schools via a methodology prescribed by the DfE. The funding is to support schools in undertaking minor capital schemes as part of their management of the school premises and for IT. Permission is sought for this grant to be distributed to the maintained schools when it is received from Government.

4. Alternative Options

- 4.1 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 an additional borrowing requirement of £34.9m and estimated debt charges over 5 years totalling £3.1m. These are reflected in the revenue budget report elsewhere on this agenda and will be built into the Medium Term Financial Plan. Actual charges will be dependent on both the timing of new borrowing and interest rates.
- 5.2 The proposals include a sum of £9.5m funded through borrowing for Kimmerfields enabling works and up to £2.5m of this is required in 19/20. Debt charges relating to this element being incurred within 19/20 can be accommodated within the existing capital financing budget.

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884 176 or Email psmith2@swindon.gov.uk

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

Legal and Human Rights Implications

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

Climate Change Impact

- 5.4 The recommendations will seek to reduce the Council's carbon footprint through the improvement of thermal efficiency in the property stock.
- 5.5 In addition, ongoing work to move towards the use of more electric vehicles as the current fleet is replaced will reduce carbon emissions.

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

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Detailed Proposals
- 8.2 Appendix 2 – Capital Strategy 2020/21 to 2024/25
- 8.3 Annex 1 – Investment Strategy
- 8.4 Annex 2 - Property Investment and Disposal Strategy

Further information on the subject of this report can be obtained from Paul Smith on Direct Dial No. 07500 884 176 or Email psmith2@swindon.gov.uk

Capital Programme to 2024/25

Cabinet

Date: 5th February 2020

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 2020.

Appendix 1 – Capital programme Report 2020/21 to 2024/25

Scheme	19/20	Anticipated Spend profile					
		20/21	21/22	22/23	23/24	24/25	Totals
Adult Social Care Community Equipment - provision of hoists, stair lifts and other equipment to contribute to allowing the elderly and disabled live independent lives.		300,000	300,000	300,000	300,000	300,000	1,500,000
Disabled Facilities Grants - grants for the adaptation of the homes		1,151,400	1,151,400	1,151,400	1,151,400	1,151,400	5,757,000
John St car park demolition (Parade) - demolition to allow the site to be used for the Fleming Way bus boulevard project		700,000					700,000
LTP integrated transport schemes - road safety, traffic management, parking, cycling, walking and public transport schemes		835,000	835,000	835,000	835,000	835,000	4,175,000
LTP maintenance - Major planned maintenance of the public highway network (Carriageways, footways, structures, lighting, drainage, traffic signals etc)		3,269,000	3,269,000	3,269,000	3,269,000	3,269,000	16,345,000
Rodbourne Road highways improvements - Infrastructure works to address the		525,000					525,000
School safe environment zones - programme of "School Safe Environment Zones" to tackle road safety, congestion, parking and traffic management issues at five priority school locations		100,000	100,000	100,000	100,000	100,000	500,000
Traffic Signal LED conversion - conversion of traffic, pedestrian and toucan signals to LED lighting		193,130					193,130
Vehicle & Plant replacement programme (excl HRA) - replacement programme for ageing and costly vehicles used in delivering front line services		2,080,000	875,000	2,338,000	4,475,000	105,000	9,873,000
Waste collection vehicles - 5 additional vehicles to collect waste, recycling and plastics with spare vehicles to cover planned maintenance periods		888,000					888,000
Bus Boulevard - High Streets fund match funding (Cabinet March 19)					5,000,000		5,000,000
Kimmerfields enabling works - site works	2,500,000	1,500,000	5,500,000				9,500,000

Appendix 1 – Capital programme Report 2020/21 to 2024/25

Scheme	19/20	Anticipated Spend profile					
		20/21	21/22	22/23	23/24	24/25	Totals
Capitalised Repairs & Maintenance - address backlog maintenance and emergency spend on the Council property portfolio (incl DMJ, Fessey House & non highways structures)		1,595,000	1,400,000	1,400,000	1,400,000	1,400,000	7,195,000
Data Centre - investment to extend the life of the data centre and replace end of life components		220,000	146,000	384,000			750,000
IT security - investment to ensure on-going compliance with Data Act 2018 and other compliance standards		50,000	50,000	50,000	50,000	50,000	250,000
M4 J15 capacity enhancement - scheme to facilitate sustainable economic growth (budget virement from SMAG)			4,800,000				4,800,000
TOTALS	2,500,000	13,406,530	18,426,400	9,827,400	16,580,400	7,210,400	67,951,130
						Funded through:	
						Borrowing	34,981,000
						Capital Receipts	1,000,000
						Grant	26,277,000
						Spend to Save (Borrowing)	893,130
						Budget virement	4,800,000
						Total	67,951,130

**SWINDON BOROUGH COUNCIL
CAPITAL STRATEGY
2020/21 – 2024/25**

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Capital Strategy 2020/21 – 2024/25

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 1 sets out in detail the Council's Investment Strategy around Commercial Investments

5 Due Diligence

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

5.2 Due diligence process and procedures will include:

- effective scrutiny of proposed investments by the relevant 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 Council's 4 priorities?
- Does the proposal attract significant external funding support or other sustainable income streams such as business rates or income tax?
- Does the proposal generate revenue savings, to what extent and timescales and are these acceptable?
- Does the proposal avoid future costs, to what extent and timescales and are these acceptable?

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

7.2 The following processes are designed to ensure this happens.

8 Governance

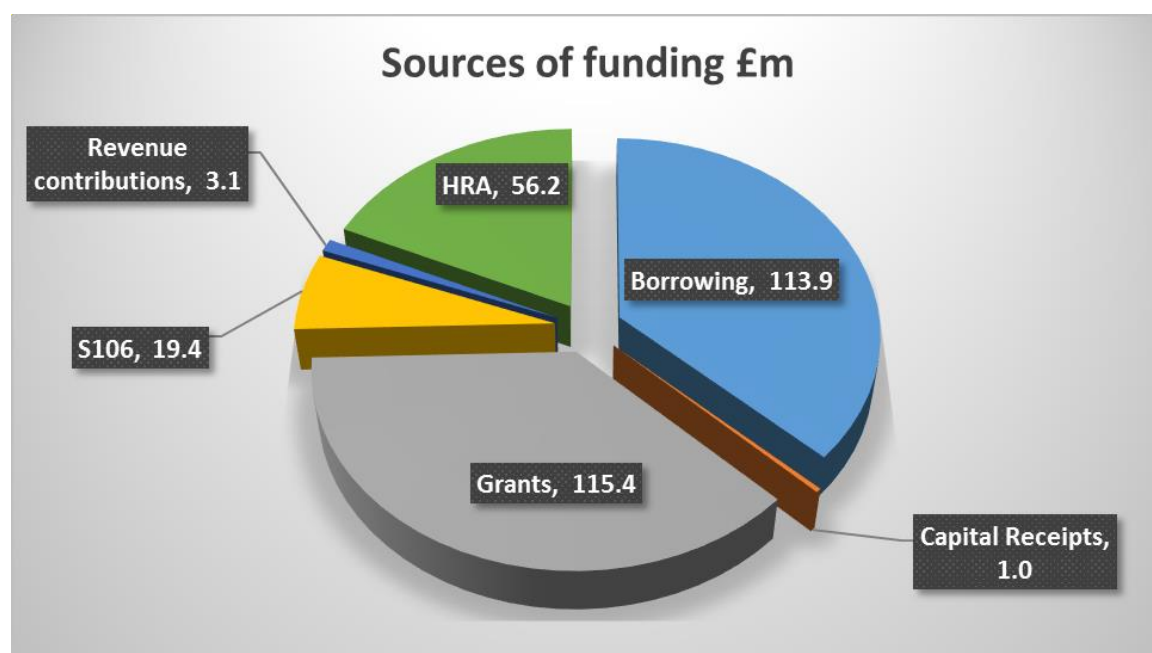
- 8.1 In order for capital schemes to enter the capital programme, they must ultimately be approved at Cabinet. Prior to this there are various layers of scrutiny to ensure all proposals are deliverable, affordable, and provide value for money.
- 8.2 The Commercial Investment Strategy Board ("CISB") specifically reviews proposals that are made for purely a commercial purpose. The Investment Strategy attached at Annexe 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 2020/21 – 2024/25

9.1 Table 1 below sets out the existing approved capital programme over the next 5 years and how it is funded. This information was set out in the Capital Monitoring report to Cabinet on 4th December 2019.

Table 1 – Existing Approved Capital Programme and sources of funding December 2019

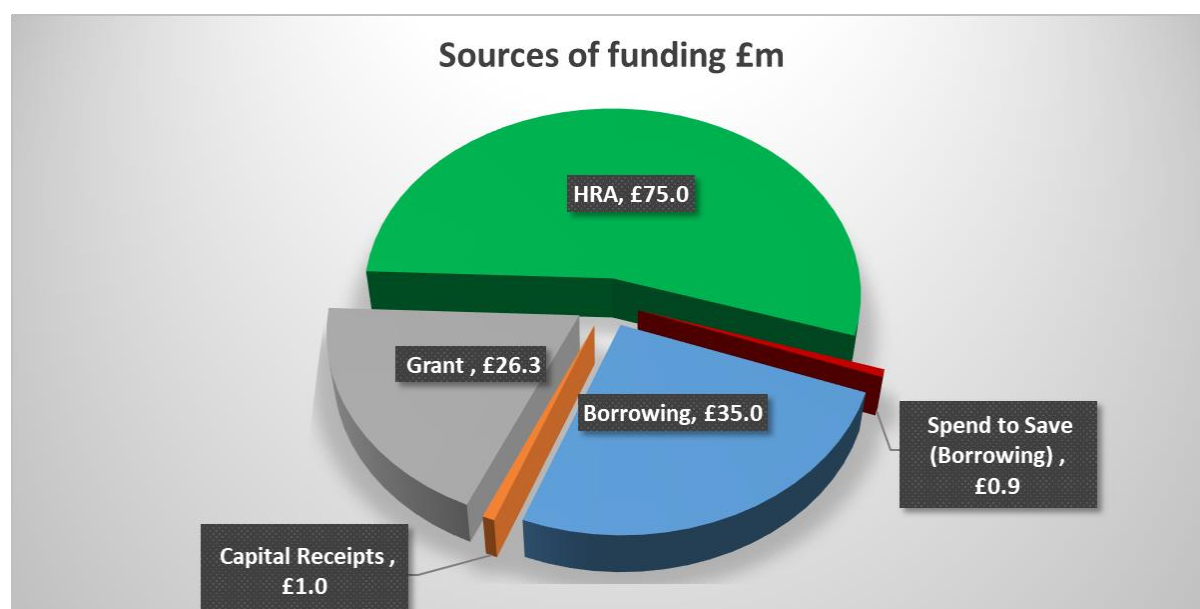
	19/20	20/21	21/22	22/23	Totals
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Resources	23.7	6.7	1.1	36.2	67.7
Economy	24.8	41.8	20.9	0.0	87.5
Childrens Services	11.4	2.2	1.9	0.0	15.5
Adults	2.5	2.6	2.4	0.0	7.5
Communities & Housing	40.3	27.8	0.1	4.4	72.6
GF Total	102.7	81.1	26.4	40.6	250.8
HRA	18.8	21.1	11.1	6.1	57.1
Total incl HRA	121.5	102.2	37.5	46.7	307.9
Completed schemes	1.1				1.1
Grand Total	122.6	102.2	37.5	46.7	309.0



9.2 Table 2 sets out a summary of the new investment requirements for 20/21 through to 24/25 (subject to approval) and the proposed funding sources.

Table 2 – new approvals and sources of funding

	20/21	21/22	22/23	23/24	24/25	Totals
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Adults	0.3	0.3	0.3	0.3	0.3	1.5
Communities & Housing	9.7	6.2	7.7	9.8	5.5	39.0
Economy	4.0	5.5	-	5.0	-	14.5
Resources	1.9	1.6	1.8	1.5	1.5	8.2
GF Total	15.9	13.6	9.8	16.6	7.2	63.2
HRA	15.0	15.0	15.0	15.0	15.0	75.0
Total incl HRA	30.9	28.6	24.8	31.6	22.2	138.2



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

10 Funding Strategy and Capital Policies

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

External Funding

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

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

10.4 If additional funding is required or match funding is required as part of the bid conditions then the source of the match funding must be identified and approved via the relevant Corporate Director prior to the external funding bid being

submitted. If this is not possible then the appropriate service must raise this for consideration with the members of the Corporate Management Team and the relevant Portfolio Holder prior to submitting any bid for funding.

Capital Receipts

- 10.5 A capital receipt is an amount of money exceeding £10,000 which is received from the sale of an asset. This funding cannot be spent on revenue items other than where a statutory override exists such as through Flexible Use of Receipts detailed below.
- 10.6 The 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 2021/22. 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 Corporate Director of Finance & Assets 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.

Spend to Save Schemes

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

Leasing

- 10.20 The 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.
- 10.21 Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

11 Asset Management Planning

- 11.1 Disposals of the existing commercial portfolio are considered on the basis set out in the investment and disposal strategy which has been agreed through the Commercial Investment Strategy Board. There are no planned disposals, opportunities are considered as they arise and in the context of the disposals strategy, recognising the fact that commercial properties are revenue producing and that the Council is looking to retain and maximise the return from revenue making assets, and acquire further assets in line with the investment strategy.
- 11.2 There are also sites that are available for disposal that are non-income producing that are dealt with as part of business as usual. These mainly consist

of undeveloped plots where planning is either available or specific planning briefs are obtained to maximise the value as part of the marketing and disposal process, or assets that are no longer required for operational use. Opportunities are considered taking into account:

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

11.3 On-going costs of existing assets are reflected in budgets and these are taken into account when considering 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 There are 2 key components of debt, the actual debt at a point in time, and the Capital Financing Requirement or "CFR" which takes the actual debt and adds on further capital expenditure incurred for which the borrowing is still to be taken.

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

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

CFR and BORROWING POSITION	31-Mar-18 Actual £m	31-Mar-19 Actual £m	Change £m
Long term debt	£307.8	£326.2	£18.4
Of which HRA	(£114.0)	(£109.0)	(£5.0)
Of which General Fund	£193.8	£217.2	£13.4
Capital Financing Requirement			
General Fund (£m)	£348.2	£368.8	£20.6
HRA (£m)	£114.0	£109.0	(£5.0)
Total CFR incl PFI liabilities	£462.2	£477.8	£15.6

Less PFI Liability	(£51.3)	(£49.6)	£1.7
Total CFR excl PFI liabilities	£410.9	£428.2	£17.3
Internal Borrowing (total CFR less total debt)	£103.1	£102.0	(£1.1)

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

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

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

Future borrowing levels

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

12.10 The following table sets out the estimated debt position taking into account further borrowing assumptions to fund and re-finance the existing approved capital programme (£113.9m) over the next 5 years, plus new borrowing to fund the new approvals detailed at paragraph 9.2, again assumed over 5 years. Actual timing of borrowing will be dependent on treasury management policy including interest rate forecasts, as well as the spend profile of the capital programme.

12.11 This shows debt increasing annually from £336m at the end of March 2020 through to £465m by the end of March 2025.

Table 3

	19/20	20/21	21/22	22/23	24/25
	£m	£m	£m	£m	£m
Debt b/fwd	326.2	336.8	363.3	379.3	449.5
New approvals		7.0	7.0	7.0	7.0
Existing approvals	10.6	19.5	9.0	47.6	8.6
Debt c/fwd	336.8	363.3	379.3	433.9	465.1

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

Borrowing Limits

12.13 The Council is required by the Cipfa Prudential Code to set Prudential Indicators around limits on external debt which include both an **Authorised Limit**

and an **Operational boundary**. These are set at Council as part of the Annual Treasury Strategy but is set out below.

- 12.14 **The Operational Boundary** is the limit beyond which external borrowing is not normally expected to exceed i.e. a best estimate of the maximum level if all borrowing requirements were undertaken plus a contingency. This limit reflects the Councils current estimated debt position, with the assumption that internal borrowing (using existing working capital cash balances temporarily to fund capital expenditure in advance of undertaking new external borrowing) will be reduced as new external borrowing is undertaken. Other long term liabilities represent PFI and finance leases. The operational boundary for 2020/21 is **£539.0m** (subject to approval of the 20/21 treasury strategy)
- 12.15 **The Authorised Limit** for external borrowing is a further key prudential indicator, this represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited. This has been set to reflect the Council's estimate of the Capital Financing Requirement for borrowing, and for other long term liabilities (PFI and other leases) at £5m above the Operational Boundary (i.e. the expected level). The limit for 20/21 is therefore **£544.0m** (subject to approval of the 20/21 treasury strategy)
- 12.16 The prime policy objectives of local authority investment activities are the security and liquidity of funds, and authorities should avoid exposing public funds to unnecessary or unquantified risk. However, all treasury management activity is subject to risk, including the 'do nothing' option and treasury management is all about the management of risk.
- 12.17 The key risks inherent in treasury management activity are set out below but the Treasury Management Policy and Treasury Management Practices (Annexe to the Policy) sets out more detail:
- 12.17.1 Borrowing – it is important the any new borrowing is taken out at the lowest possible cost to the Council. As loans also have to be replaced upon maturity, it is important that the Council has a balanced portfolio in terms of varying loan period so that the risk of having to replace maturing loans in any one period when interest rates may be high is mitigated.
- 12.17.2 Lending – the priorities for lending are security and liquidity, followed by yield. The primary risks are therefore that the Council will receive its money back (Security), and that the funds lent can be returned as quickly as required.(Liquidity) The Policy strategy sets out in full the framework around who the Council can invest with and the restrictions in place.
- 12.18 The Council sets out its Treasury management Strategy to Full Council annually in the Treasury Strategy Statement and regularly updated its Treasury Management Practices document which sets out how officers will apply the strategy and mitigate the risks. The Councils 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 currently uses external advisors, Link Asset Services, to provide Treasury Management advice and support its internal team. This includes both technical advice as well as advice around the market outlook given this is a key area for successful management of loans and investments. The Councils internal treasury team have significant experience in this area gained with a number of local authorities over many years. The treasury management service contract will be re-tendered during 20/21.

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 Council's Investment Strategy is attached at Annexe 1.

14 Other long-term liabilities

14.1 Other long term liabilities relate to off balance sheet items such as finance lease and PFI. The largest long term financial liability that the Council is committed to is its 7 schools PFI contract signed in 2005 and in operation until 2032. This contract with Education and Support Swindon Limited, a company operated by John Laing and provides Design, Build, Finance and Operates services to the Council at a cost of c£11m per annum.

14.2 Other than the PFI contract which is managed and monitored through an in-house client team, the Council does not have any other long-term liabilities. Any future leasing arrangements should be advised to the Treasury team within the finance function so that consideration of the value for money and accounting issues can be ascertained.

15 Procurement and Value for Money

15.1 The Council is under a general Duty of Best Value to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

15.2 Procurement is the purchase of goods, services, consultancy and works with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

15.3 The Council has a Procurement team that ensures that effective procedures and scrutiny are in place to deliver value for money and identify opportunities for efficiency savings to be maximised.

15.4 It is essential that all procurement activities comply with both the Council's own Contract Standing Orders (that incorporates national legislation) and financial regulations in addition to the EU procurement directives to ensure compliance with all of the relevant procedures and regulations.

15.5 The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

16 Management Framework

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

17 Performance and Project Management

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

18 Risk Management

- 18.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.
- 18.2 Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 18.3 The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.
- 18.4 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

18.5 It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and return must be applied.

18.6 The Corporate Director of Finance and Assets 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 Annexe 2 and is unchanged from that approved for 2019/20.

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.

Annexe 1 - Investment strategy

Annexe 2 - Property Investment and Disposal Strategy

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Annexe 1

Investment Strategy (Non-Financial Investments)

Investment Types

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

Other investments may include:

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

1.2 Where authorities invest in other financial assets and property primarily for profit, 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 Council's total risk exposure as a result of its **commercial investment decisions** and will form part of the treasury management out-turn report.
- Total Investment in commercial undertakings by Property/Other
 - Total Investment funded through borrowing
 - Average investment return before financing costs
 - Total investment income as a proportion of the Council's Net General Fund budget
 - Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl lease liabilities and HRA)
 - Fair value of property investments as a proportion of all Council property assets
- 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 19/20 and relate to all purchases for a pure commercial purpose since April 2017.

Commercial Property Investments	actual 31.3.19 £m
No of Properties	1
Property	£7.9
Amount Funded through borrowing	£0.0
Average investment return before financing costs	7.5%
Total investment income as a proportion of the Councils Net General Fund budget	0.4%
Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)	0.0%
Fair value of property investments as a proportion of all Council property assets (excl. HRA)	1.6%

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 - £51m
- Local Enterprises and charities - £1m

Annexe 2 - 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 2020-21

Cabinet

Date: 5th February 2020

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

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report Treasury Management Strategy for 2020/21, including Prudential Indicators up to 2024/25, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to (Minute for Confirmation):

- 2.1 Recommend the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, for approval by Full Council on 20th February 2020.

3. Detail

Treasury Strategy

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

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281 641 or Email iburbidge@swindon.gov.uk

Treasury Strategy Statement 2020-21

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

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

- 3.5 CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Reporting requirements

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

Capital Strategy

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

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

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

3.8.2 An overview of how the associated risk is managed, and

3.8.3 The implications for future financial sustainability.

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

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

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investments usually driven by expenditure on an asset. The capital strategy will show:

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

Treasury Management reporting

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

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3.16.3 The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and

3.16.4 An investment strategy, (the parameters on how investments are to be managed).

3.17 **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

3.18 **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

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

Treasury Management Strategy for 2020/21

3.20 The strategy for 2020/21 covers two main areas:

3.21 **Capital issues**

3.21.1 The capital expenditure plans and the associated prudential indicators;

3.21.2 The minimum revenue provision (MRP) policy.

3.22 **Treasury management issues**

3.22.1 The current treasury position;

3.22.2 Treasury indicators which limit the treasury risk and activities of the Council;

3.22.3 Prospects for interest rates;

3.22.4 The borrowing strategy;

3.22.5 Policy on borrowing in advance of need;

3.22.6 Debt rescheduling;

3.22.7 The investment strategy;

3.22.8 Creditworthiness policy; and

3.22.9 The policy on use of external service providers.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281 641 or Email iburbidge@swindon.gov.uk

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

Training

- 3.24 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. A members training session was held on the 17th September 2019 and further training will be arranged as required.
- 3.25 The training needs of treasury management officers are kept under review, and officers attend training events and seminars held by CIPFA and the Council's treasury advisers.
- 3.26 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council seeks independent expert advice in relation to this activity.

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

Climate Change Impact

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

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

- 5.5 There are no such direct implications.

Diversity Impact Assessment

- 5.6 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

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

6. Consultees

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

7. Background Papers

- 7.1 None

8. Appendices

(The appendix and annexes are available online at the Council's website or on request from Committee and Member Services committeeservices@swindon.gov.uk)

- 8.1 Appendix 1 - Treasury Management Strategy 2020/21

8.1.1 Annex 1 - The Capital Prudential Indicators

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

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TREASURY MANAGEMENT STRATEGY 2020/21

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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
 6. Policy on the use of external service providers
-
- Annex 1 – Prudential Indicators
 - Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments

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1 Current Portfolio Position

- 1.1 The capital expenditure plans set out in Annex 1 to Appendix 1 summarises the Council's current and future plans. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 1.2 The Council's actual treasury portfolio position at 31 March 2019, with December 2019 actuals are summarised below.

TREASURY PORTFOLIO				
Treasury investments	actual 31.3.19 £m	actual 31.3.19 %	current 31.12.19 £m	current 31.12.19 %
UK Banks	15.0	33%	0.0	0%
Local authorities	15.5	34%	17.0	40%
Call Accounts	0.0	0%	10.0	24%
Total managed in house	30.5	67%	27.0	64%
Property funds	15.2	33%	15.0	36%
Total managed externally	15.2	33%	15.0	36%
Total treasury investments	45.7	100%	42.0	100%
Treasury long term external borrowing				
Local authorities	0.0	0%	0.0	0%
Other Financial Institutions	30.0	9%	30.0	9%
PWLB	296.3	91%	309.8	91%
Total external borrowing	326.3	100%	339.8	100%
Net treasury investments / (borrowing)	(280.6)		(297.8)	

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

Non Specified Treasury Investments	Sum Invested (£m)
Local Authority Property Fund	15.000
Local Charity	0.033

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Cabinet Approved Loans & Investments to wholly owned companies and joint ventures	Loan Limit (£m)	Loan Value 31.03.19 (£m)	Loan Value 31.12.19 (£m)	Share Capital (£)
Public Power Solutions Ltd.	15.0	8.9	9.7	100
Swindon Chapel Farm Solar Plc.	3.0	2.9	2.9	50,000
Swindon Common Farm Solar CIC Plc.	3.0	2.9	2.8	50,000
Swindon Housing (Rent) Co. Ltd.				100
Swindon Housing Development Co. Ltd.	15.0	0.6	5.1	1,000
Wichelstowe Joint Venture	15.0	0.3	2.4	1
Total Cabinet Approved Loans & Investments	51.0	15.6	22.9	101,201

- 1.4 The Council's actual Non-Treasury Investment portfolio position at 31 March 2019, with December 2019 actuals are summarised below.

Non-Treasury investments	actual 31.3.19 £m	current 31.12.19 £m
No of Properties	1	1
Property Acquisition Price	7.9	7.9
Amount Funded through borrowing	0.0	0.0
Average investment return before financing costs	7.5%	7.5%
Total investment income as a proportion of the Councils Net General Fund budget	0.4%	0.4%
Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)	0.0%	0.0%
Fair value of property investments as a proportion of all Council property assets (excl. HRA)	1.6%	1.6%

- 1.5 A number of investments detailed in the 2018/19 strategy have been reclassified as economic regeneration, in accordance with accounting policies and therefore have been removed from the above table.
- 1.6 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						
	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
CFR excl. PFI b/fwd. 1 April	428.2	451.3	473.4	497.4	532.1	532.8
PFI liabilities	49.6	47.6	45.5	43.1	40.5	37.6
CFR incl. PFI	477.8	498.9	518.9	540.5	572.6	570.4
Add Capital Expenditure funded through borrowing	29.9	29.5	32.3	44.8	11.3	1.9
Less MRP (debt repayment)	(6.8)	(7.4)	(8.3)	(10.1)	(10.6)	(10.8)
Underlying Borrowing Requirement	451.3	473.4	497.4	532.1	532.8	523.9
PFI Liabilities	47.6	45.5	43.1	40.5	37.6	34.3
CFR c/fwd. 31 March	498.9	518.9	540.5	572.6	570.4	558.2
External Borrowing b/fwd. 1 April	(326.2)	(336.8)	(363.3)	(379.3)	(433.9)	(449.5)
Loan Maturities	1.5	11.9	11.8	13.2	14.9	15.6
New Loans	(12.1)	(38.4)	(27.8)	(67.8)	(30.5)	(31.2)
External Borrowing c/fwd. 31 March	(336.8)	(363.3)	(379.3)	(433.9)	(449.5)	(465.1)
Under / (Over) Borrowing	114.5	110.1	118.1	98.2	83.3	58.8
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	25%	23%	24%	18%	16%	11%
Net Investments c/fwd.	(45.0)	(40.0)	(40.0)	(40.0)	(40.0)	(40.0)

- 1.7 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 2020/21 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.
- 1.8 The Corporate Director of Finance and Assets reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

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

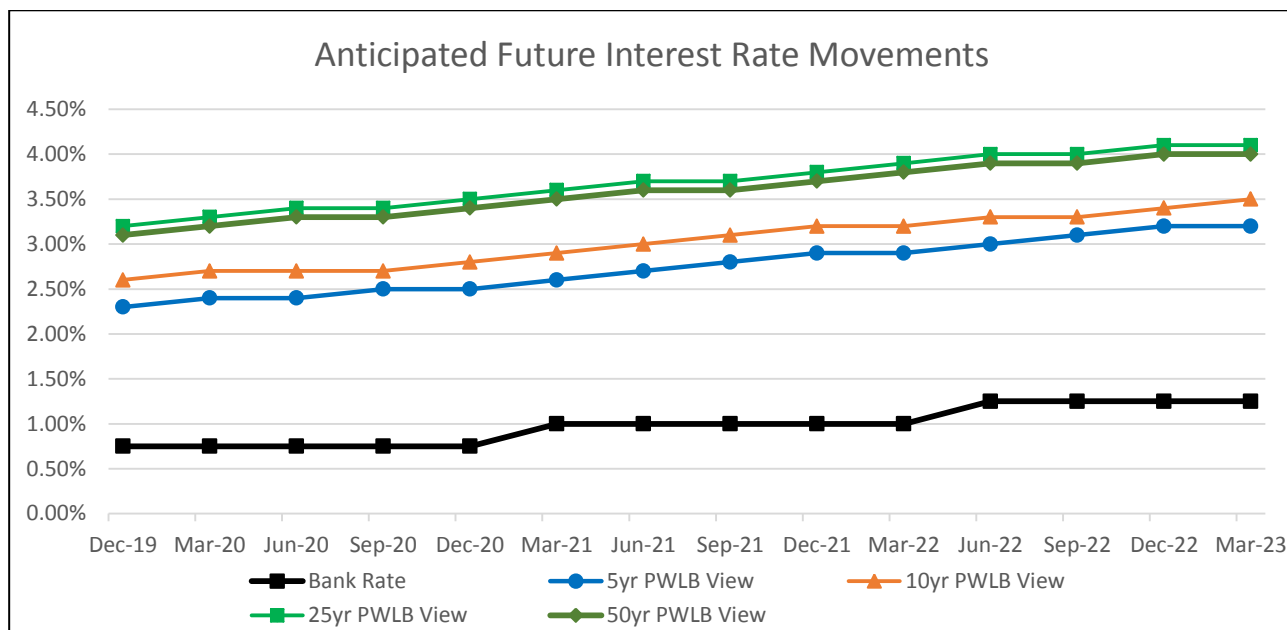
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2 Prospects for Interest Rates

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



- 2.2 The Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% during 2019. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020. Until that uncertainty is removed, it is unlikely that the MPC would raise Bank Rate.
- 2.3 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geopolitical, 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 In addition, PWLB rates are subject to decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.
- 2.5 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

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2.6 In summary:

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed future relationship with the EU, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.
- While this authority will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will remain a cost of carry 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 pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 3.2 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
- *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 31 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*

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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 2020 it is not anticipated that any VRP overpayments will be 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 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 the amount of long-term loans required exceeds the actual level of long term loans taken out. Long term loans are required to fund capital expenditure which Council has approved as “funded through borrowing”, but there is a timing difference between when the expenditure is made and when the long term loan is taken out. The timing of the taking of long term loans is part of the wider cash management strategy.
- 4.2 The difference between long term borrowing required and what has actually been taken out is known as “Internal Borrowing” and represents the temporary use of cash reserves and working capital to bridge the timing difference. As cash from reserves and working capital is currently invested at historically low rates, then the policy of delaying long-term borrowing and using existing cash balances as an interim measure is currently a cheaper option for the Council.

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- 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 2020/21 treasury operations. The Corporate Director of Finance and Assets 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 acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- 4.5 Any borrowing decisions will be reported to the Audit Committee as part of the annual cycle of reports.

Borrowing in Advance of Need

- 4.6 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.

Loan Re-scheduling

- 4.7 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).
- 4.8 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).

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- 4.9 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.
- 4.10 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.

New financial institutions as a source of borrowing and / or types of borrowing

- 4.11 Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:
 - Local authorities (primarily shorter dated maturities)
 - Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
 - Municipal Bonds Agency
- 4.12 The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing and will be kept under review.

5 Investment Policy, Creditworthiness Policy and Investment Strategy

Investment Policy

- 5.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (this forms part of the Capital Report elsewhere on this agenda).
- 5.2 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
- 5.3 The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return).
- 5.4 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: -

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- 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.
 - **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.
 - **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.
- 5.5 This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Annex 2 under the categories of ‘specified’ and ‘non-specified’ investments.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.
- 5.6 This authority has engaged **external consultants**, (see section 7), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- 5.7 All investments will be denominated in **sterling**.
- 5.8 As a result of the change in accounting standards for 2019/20 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18).
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- 5.9 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.
- 5.10 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy

- 5.11 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.
- 5.12 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.
- 5.13 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.
- 5.14 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.
- 5.15 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 European Financials 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.

5.16 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

5.17 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.

5.18 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.

5.19 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

5.20 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

5.21 **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

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are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations

- 5.22 On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

Q1 2021	0.75%
Q1 2022	1.00%
Q1 2023	1.00%

- 5.23 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:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

Investment Periods

- 5.24 **Specified Investment** periods are currently restricted to no longer than 24 months. Lending to counterparties is in line with the creditworthiness policy detailed above and recommended by Link and these are limited to a total of £20m. Any investments to banks and building societies for a period in excess of 365 days would be classed as a “non-specified investment” as detailed in Annex 2 to this strategy.
- 5.25 **Non Specified Investments** are limited to a maximum of £10m for any one counterparty, however investments in the Local Authority Property Fund or any similar multi asset fund may exceed this limit. These investments will be subject to a specific Cabinet approval before they are undertaken.
- 5.26 The Council balances held in our current account and outside the list of treasury investments are simply for transactional purposes and not active investments. These will be kept as close to a minimum as Council cash flow allows.” These balances will fluctuate on a daily basis and this fluctuation is

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managed by the use of short term deposit / instant access accounts. These balances will be will not exceed £20m.

- 5.27 There may be occasions where the Council has investments with Lloyds which, in addition to the operational bank account, will exceed the £20m threshold per counterparty. The overall deposits with Lloyds will therefore be limited to a maximum of £40m.
- 5.28 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	2024/25
£20m	£20m	£20m	£20m	£20m	£20m

Investment risk benchmarking

- 5.29 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.

6 Policy on the use of external service providers

- 6.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.
- 6.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
- 6.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Annexes

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

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Annex 1 – The Capital Prudential Indicators 2020/21 – 2024/25

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	Spend to 2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total Programme
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
General Fund Approved	112.4	102.8	81.0	26.5	40.6			363.3
General Fund New			15.9	13.6	9.9	16.6	7.2	63.2
HRA Approved	35.6	19.7	21.1	11.1	6.1			93.6
HRA Estimated New			15.0	15.0	15.0	15.0	15.0	75.0
Total	148.0	122.5	133.0	66.2	71.6	31.6	22.2	595.1

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 £363.3m, HRA approved £93.6m, Total £456.9m) represent the level of current scheme approvals as reported to Cabinet in December 2019 as part of the quarterly capital monitoring process (Including new schemes agreed at that meeting). Figures in the "general fund new (£63.2m)" row represent proposed approvals for Council in February 2020. These represent total approvals, irrespective of funding source. Figures in the "HRA estimated new (£75m)" represent the annual capital expenditure in the HRA maintenance and new build 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 it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

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- 3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £49.6m (as at 1 April 2019) 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.

CAPITAL FINANCING REQUIREMENT						
General Fund Projections	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
CFR excl. PFI b/fwd. 1 April	319.2	347.3	374.4	403.4	440.1	445.8
PFI liabilities	49.6	47.6	45.5	43.1	40.5	37.6
CFR incl. PFI	368.8	394.9	419.9	446.5	480.6	483.4
Add Capital Expenditure funded through borrowing	29.9	29.5	32.3	41.8	11.3	1.9
Less MRP (debt repayment)	(1.8)	(2.4)	(3.3)	(5.1)	(5.6)	(5.8)
Underlying Borrowing Requirement	347.3	374.4	403.4	440.1	445.8	441.9
PFI Liabilities	47.6	45.5	43.1	40.5	37.6	34.3
CFR c/fwd. 31 March	394.9	419.9	446.5	480.6	483.4	476.2
External Borrowing b/fwd. 1 April	(217.2)	(232.8)	(264.3)	(285.3)	(341.9)	(362.5)
Loan Maturities	1.5	11.9	11.8	13.2	14.9	15.6
HRA Debt repayment transfer to GF	(5.0)	(5.0)	(5.0)	(2.0)	(5.0)	(5.0)
New Loans	(12.1)	(38.4)	(27.8)	(64.8)	(30.5)	(31.2)
External Borrowing c/fwd. 31 March	(232.8)	(264.3)	(285.3)	(341.9)	(362.5)	(383.1)
Under / (Over) Borrowing	114.5	110.1	118.1	98.2	83.3	58.8
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	33%	29%	29%	22%	19%	13%

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HRA Fund Projections	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
CFR excl. PFI b/fwd. 1 April	109.0	104.0	99.0	94.0	92.0	87.0
Add Capital Expenditure funded through borrowing	-	-	-	3.0	-	-
Less MRP (debt repayment)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Underlying Borrowing Requirement	104.0	99.0	94.0	92.0	87.0	82.0
CFR c/fwd. 31 March	104.0	99.0	94.0	92.0	87.0	82.0
External Borrowing b/fwd. 1 April	(109.0)	(104.0)	(99.0)	(94.0)	(92.0)	(87.0)
HRA Debt repayment transfer to GF	5.0	5.0	5.0	2.0	5.0	5.0
External Borrowing c/fwd. 31 March	(104.0)	(99.0)	(94.0)	(92.0)	(87.0)	(82.0)
Under / (Over) Borrowing	-	-	-	-	-	-

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

Core funds and expected investment balances

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

4 Affordability Indicators

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

Ratio of financing costs to net revenue stream

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

Estimate of the ratio of financing costs to net revenue stream						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General Fund	8.6%	9.3%	10.3%	12.5%	12.8%	13.1%
HRA	38.8%	38.8%	52.9%	41.0%	34.4%	30.3%

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

HRA Portfolio	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
HRA CFR 31st March	104.0	99.0	94.0	92.0	87.0	82.0
HRA Average investment balance	20.0	15.0	5.0	5.0	5.0	5.0
Number of HRA dwellings	10,279	9,858	9,838	9,794	9,823	9,763
Debt per dwelling	£10,119	£10,044	£9,556	£9,395	£8,858	£8,401

Treasury Indicators: limits to borrowing activity

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

Operational Boundary	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR (borrowing requirement)	451.3	473.5	497.4	532.1	532.8	523.9
PFI liabilities	47.6	45.5	43.1	40.5	37.6	34.3
Uplift	20.0	20.0	20.0	20.0	20.0	20.0
Total	518.9	539.0	560.5	592.6	590.4	578.2

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

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

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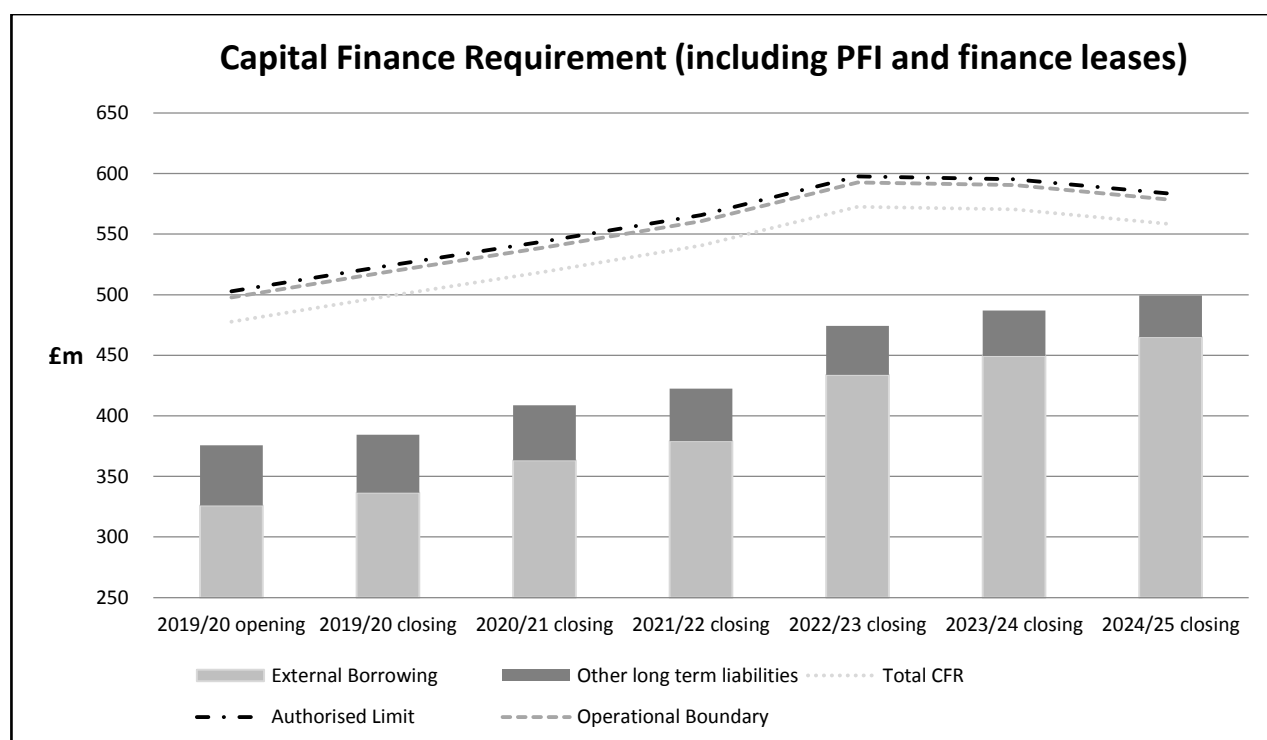
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Authorised Limit	2019/20 (£m)	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)
Operational Limit	518.9	539.0	560.5	592.6	590.4	578.3
Uplift	5.0	5.0	5.0	5.0	5.0	5.0
Total	523.9	544.0	565.5	597.6	595.4	583.2

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



5 Activity Limit Indicators

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

- **Upper limits on variable interest rate exposure.**
This identifies a maximum limit for variable interest rate loans (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;

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- **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 & variable interest rate borrowing 2020/21		
	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%

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

1 Treasury Management Practices – Treasury Investments

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

2 Treasury Management Practices – Non-Treasury Investments

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

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Risk management

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

Performance, measurement and management

- 2.8 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.
- 2.9 Regular monitoring of the portfolio will identify any changes in Security, Liquidity and Yield and will also identify any lifecycle costs required to maintain the income potential of any property based assets. Values will also be regularly assessed to identify any significant changes in the value of the investments and market conditions that might impact upon this.

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- 2.10 Any material change in the investment risk or threat to ongoing yield will be reported immediately to the next Board meeting (or immediately to the Chair if urgent action is required) so that mitigating action can be established. In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.

Decision making, governance and organisation

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

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Training and qualifications

- 2.17 Hartnell Taylor Cook, a firm of specialist commercial property consultants, have been procured to offer external expert advice on proposed purchases as well as an overview of the overall Council portfolio to ensure the portfolio is balanced, and risks are actively identified and managed.
- 2.18 The Council has also engaged specialist accounting and financial advisors to support this process.
- 2.19 The training needs of property management officers are kept under review, and officers attend training events and seminars held by CIPFA and other Training Organisations relevant to their professional qualifications.

3 Specified/Non-Specified Investments

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

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- 3.4 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 5 types of non-specified investments:

- Cash deposits > 1 year (Category (e) below)
- Share Capital (Category (f) below)
- Loan Capital (Category (g) below)
- The Local Authority Property Fund (Category (i) below).
- Loan to local Charity (Category (j) below).

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

	Non Specified Investment Category
a	Supranational Bonds greater than 1 year to maturity Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail) 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.
b	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.
c	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
d	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.
e	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).
f	Share capital in a body corporate – The use of these instruments will be

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	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.
g	Loan capital in a body corporate. See note 1 below.
h	Bond funds. See note 1 below.
i	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.
j	Loan capital to local charity – The Council will provide loans to local charities that meets the Council's priorities and can demonstrate that they are sustainable in the medium term and able to meet their repayments as they fall due. Such loans will be for no more than 3 years, and will be closely monitored to ensure any risk of default is minimised.

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

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

4 TREASURY MANAGEMENT SCHEME OF DELEGATION

4.1 Full Council

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

4.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;

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- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

4.3 Audit Committee

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

5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

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

Treasury Management Strategy 2020/21 - Appendix 1 Annex 2

Cabinet

Date: 5th February 2020

- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management, including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation, including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information, including where and how often monitoring reports are taken;
 - Training and qualifications, including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

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

Wards: All Wards

Parishes Affected: All Parishes

1. Purpose and Reasons

- 1.1 To enable Members to formally resolve the Borough's Council Tax for 2020-21, recognising that Billing Authorities have a statutory requirement to set the annual Council Tax bills by 11th March.

2. Recommendations

Council is recommended to:

- 2.1 Approve that there will be a 3.99% increase in the Council Tax levels for the Borough Council element of the 2020-21 bills in accordance with the budget proposed by Cabinet on 5th February 2020.
- 2.2 Determine that the Basic Amount of Council Tax for the Financial Year 2020-21 is not excessive within the statutory definitions set out within part I of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) and that therefore no referendum is required;
- 2.3 Pass the Resolution set out as Annex 2 to this report covering all aspects of the bills.

3. Detail

Council Tax Calculations

- 3.1 The calculations include precept figures from the Police and Crime Commissioner for Wiltshire and Swindon, the Dorset and Wiltshire Fire and Rescue Authority and the Town and Parish Councils within the Borough as well as the Council's own budget requirement including the precept amount specifically to contribute towards the increasing cost of adult social care.
- 3.2 The provisional 2020-21 Council Tax calculations and the formal Council Tax Resolution are set out as Appendix 1 and Annex 2 respectively. These proposals are based on the budget proposals agreed by Cabinet on 5th February 2020 resulting in a net budget for 2020-21 of £149.1m, including the adult social care "precept" of £9.4m. Should the Council's net budget for 2020-21 be amended at the Council meeting or any proposed changes be made to the level of Council Tax for 2020-21 a revised Resolution and set of Council Tax calculations will be made available at the meeting.

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

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

- 3.3 These calculations are based on provisional precept figures from Dorset & Wiltshire Fire and Rescue Service and Nythe, Eldene & Liden Parish Council. If the final precept figures differ from the provisional figures, revised calculations will be made available at the meeting of Council on 20th February 2020.
- 3.4 The legal position is set out by the Chief Legal Officer in Annex 1.
- 3.5 Table One sets out the provisional precept and budget figures for each element of the Council Tax bill with a comparison with the previous year.

Table One – Changes in Budgets and Precepts 2020-21

Element of Council Tax Bill	2020-21 £'000	2019-20 £'000	% Change
Amount of SBC Budget met from Council Tax	107,798	101,822	5.87%
Police and Crime Commissioner Precept	16,410	15,374	6.74%
Dorset and Wiltshire Fire and Rescue Authority Precept	5,794	5,580	3.84%
Total Town and Parish Precepts	8,703	8,039	8.26%
Total	130,815	130,815	
Tax Base	75,878.9	74,532.0	1.81%
Band D Average Council Tax	£1,827.99	£1,755.15	4.15%

Referendum Test

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

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

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

3.10 For 2020-21, the Government has set the referendum threshold at 4%. This comprises 2% under the core principle and up to 2% for the Adult Social Care (ASC) precept.

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

Table Two – Comparison of Relevant Amount of Council Tax

	2020-21	2019-20
Balance of budget to be met from Council Tax	£107,798,118	£101,821,892
Taxbase	75,878.9	74,532.0
Relevant Basic Amount of Council Tax	£1,420.66	£1,366.15
Increase on 2019-20 (£-p)	£54.51	
Increase on 2019-20 (%)	3.99%	

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

Table Three – Headline Band D Council Tax Changes

	Band D Council Tax 2020-21	Band D Council Tax 2019-20	% Increase
#Swindon Borough Council	£1,420.66	£1,366.15	3.99%
Wiltshire Police and Crime Commissioner	£216.27	£206.27	4.85%
Dorset and Wiltshire Fire and Rescue Authority	£76.36	£74.87	1.99%
*Average headline charge for Parish / Town Councils	£114.70	£107.86	6.34%
Total Bill	£1,827.99	£1,755.15	4.15%

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

The figure of £1,420.66 represents the average Council Tax levied by Swindon Borough Council, representing a 3.99% increase compared to 2019-20. The Borough Council's element of the Council Tax bill will appear as two separate lines on the bill as set out in Table Four.

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

COUNCIL TAX RESOLUTION

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

	Band D Council Tax 2020-21	Band D Council Tax 2019-20	% Increase*
Swindon 'General Expenses'	£1,296.50	£1,269.31	1.99%
**Swindon Adult Social Care Precept	£124.16	£96.84	2.00%
Total SBC Increase	£1,420.66	£1,366.15	3.99%

** The increases are calculated on the Swindon charge of £1,366.15 for 2019-20.

4. Alternative Options

4.1 Not applicable.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 The starting position for the Council Tax calculations is the Council's budget for 2020-21. The Council Tax figures have been calculated based on the precepts agreed by the precepting bodies and the budget proposed by Cabinet on 5th February 2020. Should any change be made to the final budget agreed by Council on the night, the figures will be recalculated and an amended version of Appendices 1 and 2 and the formal Council Tax Resolution in Annex 2 will be circulated at the meeting.

Legal and Human Rights Implications

5.2 The implications of the Council's 2020-21 Budget are covered by the Revenue Budget report elsewhere on the agenda.

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

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

Diversity Impact Assessment

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

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

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

Risk Management

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

6. Consultees

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

7. Background Papers

7.1 Revenue Budget Report to Cabinet – 5th February 2020

8. Appendices

8.1 Annex 1 - Legal Position

8.2 Annex 2 - Council Tax Resolution 2020-21

8.3 Appendix 1 - Council Tax Levels 2020-21

8.4 Appendix 2 - Parish Precepts 2019-20 and 2020-21

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

Annex 1

COUNCIL TAX 2020-21 - LEGAL POSITION

1. Introduction

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

2 Statutory Position

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

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

COUNCIL TAX RESOLUTION

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Finance Act 1992 (as amended); or (ii) issues a precept under Chapter 4 of Part 1 of that Act,

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

- 2.3 The amounts of Council Tax must be set by billing authorities before 11 March in any financial year, but such amounts are not invalid merely because they are set on or after that date. No amount may be set before the earlier of the following:-
- (a) 1 March
 - (b) The date of issue to the Council of a precept for the relevant financial year from a "major precepting authority" (e.g. the Police and Crime Commissioner).
- 2.4 No amount may be set unless the Council has made the calculations required by the 1992 Act (as amended by Section 74 of the Localism Act 2011). Members will recall that one of the required steps was to determine the respective Council Tax Base for the Borough and for each parished and non-parished area. The Local Government Act 2003 (section 84) replaces section 67 Local Government Finance Act 1992 which required full Council to formally approve the Council Tax base for the whole of its area. Under the new regulations, it is now for each Local Authority to make its own arrangements for adopting the Council Tax base. The tax base for 2020-21 has been calculated in accordance with The Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended (the 1992 Regulations). The figures within Appendix 3 show the Tax Base for both 2019-20 and 2020-21 as a consequence of following these rules.
- 2.5 The 1992 Act provides that billing and precepting authorities may make substitute calculations of their budget requirements and amounts of Council Tax. Except in certain special cases (e.g. where the previous calculations have been quashed), the substitute budget requirement cannot be greater than the previous requirement. In the case of billing and major precepting authorities, any substitute amount of tax calculation as applicable to any dwelling cannot exceed the previously calculated amount.
- 2.6 If the amount of Council Tax set as a result of substitute calculations is less than the original amount set, persons who have overpaid may require repayment or may allow the billing authority to choose whether to repay or credit the overpayment.
- 2.7 Differential charging is provided for within a billing authority's area. These provisions require the Council to set differential amounts of Council Tax for different parts of the Borough in response to precepts issued for parts from parishes and for its own special expenses. For 2020-21 this element only relates to the precepts issued by Town and Parish Councils as there are no longer any special expenses.

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

COUNCIL TAX RESOLUTION

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- 2.8 A "major precepting authority" under the 1992 Act includes the Police and Crime Commissioner, and a Fire Authority whilst a "local precepting authority" includes a parish council and the chair of a parish meeting. In the case of a local precepting authority (e.g. a parish council) the billing authority has no power to set substitute amounts of Council Tax if the precept is issued late, but in this event regulations allow billing authorities to anticipate such precepts.
- 2.9 A billing authority, which has set amounts of Council Tax, is required to publish notice of the amounts within 21 days of setting them in at least one newspaper circulating in the area. Failure to do this does not make the amounts invalid.
- 2.10 In accordance with Schedule 5 of the Localism Act 2011, as a billing authority the Borough has a duty to determine whether its relevant basic amount of council tax for a financial year is excessive. If, according to the principles approved in Section 52ZB of the Local Government Act 1992 the Borough's council tax for the year is deemed to be excessive the Borough will be required to hold a referendum. The Secretary of State has proposed the Council Tax principles he is minded to set for 2020-21. It is understood that, in essence, these are that billing authorities like Swindon will be required to seek the approval of their local electorate if, compared with 2019-20, they set an increase in the basic amount of Council Tax of 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure), or more. He has also required billing authorities to show this split on the face of Council Tax bills.
- 3 General Advice**
- 3.1 In considering whether to approve any given level of expenditure, Members must be satisfied that there is evidence which establishes that such a level of expenditure is necessary to meet the needs of the Borough and to comply with the statutory duty to set amounts of Council Tax. Members should have particular regard to the effect on Council Tax payers of various expenditure levels.
- 3.2 Members should consider whether income can reasonably be increased commensurate with the responsibility to meet what Members perceive are the needs of the community.

Chief Legal Officer

11th February 2019

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

COUNCIL TAX RESOLUTION

Council

Date: 20th February 2020

Annex 2

COUNCIL TAX RESOLUTION 2020-21

1 Legal Advice

That it be recorded that the advice of the Chief Legal Officer has been taken into account in the setting of the level of Council Tax for 2020-21.

2 Revenue Budget

That it be noted that the Council's revenue budget is £149,074,277 as recommended by the Cabinet to this Council on 5th February 2020.

That it be recorded that the advice of the Corporate Director of Finance and Assets (Section 151 Officer) has been taken into account in the setting of the level of Council Tax for 2020-21.

3 Council Tax Base

That it be noted that in accordance with Section 31B of the Local Government Finance Act 1992 (as amended) the Council's Tax Base for 2020-21 is 75,878.9 in total with the breakdown by Parish set out in Appendix 3.

4 Borough / Parish Council Tax Rates

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

- (a) **Borough / Parish Gross Expenditure** £516,630,644 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the 1992 Act taking into account all precepts issued to it by Parish Councils.
- (b) **Borough Gross Income plus Collection Fund Balance** £400,129,059 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) **Borough/Parish Net Expenditure** £116,501,585 being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its COUNCIL TAX REQUIREMENT for the year.
- (d) **Basic Amount of Tax (including average parish precepts)** £1,659.52 being the amount at 4(c) above divided by the amount at 3 above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. In accordance with Schedule 5 of the Localism Act 2011, this sum is not considered to be excessive.
- (e) **Special Items** £8,703,467 being the aggregate of Parish Precepts and collectively known as special items and referred to in Section 34(1) of the Act.

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

COUNCIL TAX RESOLUTION

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- (f) **Basic Amount of Tax ##** £1,420.66 being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 3, calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- (g) **Basic Amount of Tax (Special and Parished Areas)** the amounts shown in Appendix 2, being the amounts given by adding to the amount at 4(f) above, the amounts of the special items relating to dwellings in the appropriate part of the Council's area - divided by the appropriate amount at 3 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which a special item relates.
- (h) **Borough/Parish Council Tax Rates** the amounts shown in Appendix 1, being the amounts given by multiplying the amounts at 4(g) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band, divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 5 Police and Crime Commissioner for Wiltshire and Swindon** That it be noted that for the year 2020-21 the Police and Crime Commissioner has stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£144.18	£168.21	£192.24	£216.27	£264.33	£312.39	£360.45	£432.54

- 6 Dorset and Wiltshire Fire and Rescue Authority** That it be noted that for the year 2020-21 the Swindon and Wiltshire Joint Fire Authority has stated the following amounts in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
£50.91	£59.39	£67.88	£76.36	£93.33	£110.30	£127.27	£152.72

Footnote

*The Basic Amount of Tax of £1,420.66 comprises £1,296.50 for services generally plus £124.16 specifically relating to a 2% increase in the previous year's bill to contribute towards the increased cost of adult social care.*

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

SUMMARY OF COUNCIL TAX BILLS BY VALUATION BAND

AREA OF THE BOROUGH	VALUATION BAND							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
Bishopstone	1,168.24	1,362.96	1,557.67	1,752.37	2,141.78	2,531.21	2,920.62	3,504.74
Blunsdon	1,195.45	1,394.70	1,593.95	1,793.18	2,191.67	2,590.16	2,988.65	3,586.37
Castle Eaton	1,236.20	1,442.24	1,648.28	1,854.31	2,266.38	2,678.46	3,090.52	3,708.62
Central Swindon North	1,228.16	1,432.86	1,637.56	1,842.25	2,251.63	2,661.03	3,070.42	3,684.49
Central Swindon South	1,226.12	1,430.47	1,634.83	1,839.18	2,247.89	2,656.60	3,065.31	3,678.36
Chiseldon	1,235.48	1,441.40	1,647.32	1,853.23	2,265.05	2,676.89	3,088.72	3,706.46
Covingham	1,190.30	1,388.68	1,587.07	1,785.45	2,182.21	2,578.99	2,975.76	3,570.90
Hannington	1,186.00	1,383.67	1,581.34	1,779.01	2,174.34	2,569.68	2,965.02	3,558.01
Haydon Wick	1,203.01	1,403.52	1,604.02	1,804.52	2,205.52	2,606.53	3,007.54	3,609.04
Highworth	1,248.36	1,456.42	1,664.48	1,872.54	2,288.66	2,704.79	3,120.90	3,745.08
Inglesham	1,142.19	1,332.56	1,522.93	1,713.29	2,094.02	2,474.76	2,855.49	3,426.58
Liddington	1,183.06	1,380.24	1,577.42	1,774.59	2,168.94	2,563.31	2,957.66	3,549.18
Nythe, Eldene & Liden	1,176.96	1,373.12	1,569.29	1,765.44	2,157.76	2,550.09	2,942.41	3,530.88
South Marston	1,215.77	1,418.41	1,621.04	1,823.66	2,228.92	2,634.19	3,039.44	3,647.33
St Andrews	1,177.98	1,374.31	1,570.65	1,766.97	2,159.63	2,552.30	2,944.96	3,533.95
Stanton Fitzwarren	1,198.99	1,398.83	1,598.66	1,798.49	2,198.15	2,597.82	2,997.49	3,596.98
Stratton St Margaret	1,267.51	1,478.77	1,690.02	1,901.27	2,323.77	2,746.28	3,168.79	3,802.54
Wanborough	1,201.58	1,401.84	1,602.11	1,802.37	2,202.89	2,603.43	3,003.96	3,604.74
West Swindon	1,207.42	1,408.66	1,609.90	1,811.13	2,213.60	2,616.08	3,018.55	3,622.26
Wroughton	1,242.63	1,449.74	1,656.85	1,863.95	2,278.16	2,692.38	3,106.59	3,727.90

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Bishopstone</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Bishopstone	26.05	30.40	34.74	39.08	47.76	56.45	65.13	78.16
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,168.24	1,362.96	1,557.67	1,752.37	2,141.78	2,531.21	2,920.62	3,504.74
<u>Blunsdon</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Blunsdon	53.26	62.14	71.02	79.89	97.65	115.40	133.16	159.79
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,195.45	1,394.70	1,593.95	1,793.18	2,191.67	2,590.16	2,988.65	3,586.37
<u>Castle Eaton</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Castle Eaton	94.01	109.68	125.35	141.02	172.36	203.70	235.03	282.04
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,236.20	1,442.24	1,648.28	1,854.31	2,266.38	2,678.46	3,090.52	3,708.62
<u>Central Swindon North</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Central Swindon North	85.97	100.30	114.63	128.96	157.61	186.27	214.93	257.91
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,228.16	1,432.86	1,637.56	1,842.25	2,251.63	2,661.03	3,070.42	3,684.49
<u>Central Swindon South</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Central Swindon South	83.93	97.91	111.90	125.89	153.87	181.84	209.82	251.78
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,226.12	1,430.47	1,634.83	1,839.18	2,247.89	2,656.60	3,065.31	3,678.36
<u>Chiseldon</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Chiseldon	93.29	108.84	124.39	139.94	171.03	202.13	233.23	279.88
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,235.48	1,441.40	1,647.32	1,853.23	2,265.05	2,676.89	3,088.72	3,706.46
<u>Covingham</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Covingham	48.11	56.12	64.14	72.16	88.19	104.23	120.27	144.32
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,190.30	1,388.68	1,587.07	1,785.45	2,182.21	2,578.99	2,975.76	3,570.90
<u>Hannington</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Hannington	43.81	51.11	58.41	65.72	80.32	94.92	109.53	131.43
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,186.00	1,383.67	1,581.34	1,779.01	2,174.34	2,569.68	2,965.02	3,558.01

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Haydon Wick</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Haydon Wick	60.82	70.96	81.09	91.23	111.50	131.77	152.05	182.46
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,203.01	1,403.52	1,604.02	1,804.52	2,205.52	2,606.53	3,007.54	3,609.04
<u>Highworth</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Highworth	106.17	123.86	141.55	159.25	194.64	230.03	265.41	318.50
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,248.36	1,456.42	1,664.48	1,872.54	2,288.66	2,704.79	3,120.90	3,745.08
<u>Inglesham</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Inglesham	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,142.19	1,332.56	1,522.93	1,713.29	2,094.02	2,474.76	2,855.49	3,426.58
<u>Liddington</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Liddington	40.87	47.68	54.49	61.30	74.92	88.55	102.17	122.60
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,183.06	1,380.24	1,577.42	1,774.59	2,168.94	2,563.31	2,957.66	3,549.18
<u>Nythe, Eldene & Liden</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Nythe, Eldene & Liden	34.77	40.56	46.36	52.15	63.74	75.33	86.92	104.30
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,176.96	1,373.12	1,569.29	1,765.44	2,157.76	2,550.09	2,942.41	3,530.88
<u>South Marston</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
South Marston	73.58	85.85	98.11	110.37	134.90	159.43	183.95	220.75
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,215.77	1,418.41	1,621.04	1,823.66	2,228.92	2,634.19	3,039.44	3,647.33
<u>St Andrews</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
St Andrews	35.79	41.75	47.72	53.68	65.61	77.54	89.47	107.37
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,177.98	1,374.31	1,570.65	1,766.97	2,159.63	2,552.30	2,944.96	3,533.95
<u>Stanton Fitzwarren</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Stanton Fitzwarren	56.80	66.27	75.73	85.20	104.13	123.06	142.00	170.40
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,198.99	1,398.83	1,598.66	1,798.49	2,198.15	2,597.82	2,997.49	3,596.98

BREAKDOWN OF COUNCIL TAX BILLS BY VALUATION BAND

	Valuation Band							
	A £ - p	B £ - p	C £ - p	D £ - p	E £ - p	F £ - p	G £ - p	H £ - p
<u>Stratton St Margaret</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Stratton St Margaret	125.32	146.21	167.09	187.98	229.75	271.52	313.30	375.96
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,267.51	1,478.77	1,690.02	1,901.27	2,323.77	2,746.28	3,168.79	3,802.54
<u>Wanborough</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Wanborough	59.39	69.28	79.18	89.08	108.87	128.67	148.47	178.16
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,201.58	1,401.84	1,602.11	1,802.37	2,202.89	2,603.43	3,003.96	3,604.74
<u>West Swindon</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
West Swindon	65.23	76.10	86.97	97.84	119.58	141.32	163.06	195.68
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,207.42	1,408.66	1,609.90	1,811.13	2,213.60	2,616.08	3,018.55	3,622.26
<u>Wroughton</u>								
Swindon 'General Expenses'	864.33	1,008.39	1,152.44	1,296.50	1,584.61	1,872.72	2,160.83	2,593.00
Swindon Adult Social Care precept element	82.77	96.57	110.37	124.16	151.75	179.35	206.94	248.32
Wroughton	100.44	117.18	133.92	150.66	184.14	217.62	251.10	301.32
Dorset and Wiltshire Fire and Rescue Authority	50.91	59.39	67.88	76.36	93.33	110.30	127.27	152.72
Wiltshire Police and Crime Commissioner	144.18	168.21	192.24	216.27	264.33	312.39	360.45	432.54
BILL AMOUNT	1,242.63	1,449.74	1,656.85	1,863.95	2,278.16	2,692.38	3,106.59	3,727.90

	Band D Charge 2020-21	Tax Base 2020-21	Precept 2020-21	Band D Charge 2019-20	Tax Base 2019-20	Precept 2019-20	Band D Charge Change 2019-20 to 2020-21	Precept Change 2019-20 to 2020-21		
Bishopstone	£39.08	325.9	£12,736	£39.08	324.8	£12,693	£0.00	0.0%	£43	0.3%
Blunsdon	£79.89	1,126.5	£90,000	£77.16	1,036.8	£80,000	£2.73	3.5%	£10,000	12.5%
Castle Eaton	£141.02	114.8	£16,189	£99.73	116.8	£11,649	£41.29	41.4%	£4,541	39.0%
Central Swindon North	£128.96	9,773.0	£1,260,292	£119.41	9,698.10	£1,158,050	£9.55	8.0%	£102,242	8.8%
Central Swindon South	£125.89	18,623.2	£2,344,468	£114.90	18,386.70	£2,112,554	£10.99	9.6%	£231,914	11.0%
Chiseldon	£139.94	993.3	£139,000	£141.09	985.2	£139,000	£-1.15	-0.8%	£0	0.0%
Covingham	£72.16	1,493.0	£107,734	£65.90	1,490.5	£98,230	£6.26	9.5%	£9,504	9.7%
Hannington	£65.72	126.1	£8,287	£64.43	120.2	£7,745	£1.28	2.0%	£542	7.0%
Haydon Wick	£91.23	9,014.5	£822,376	£83.67	9,017.2	£754,473	£7.56	9.0%	£67,903	9.0%
Highworth	£159.25	3,120.9	£497,000	£141.58	3,093.6	£438,000	£17.67	12.5%	£59,000	13.5%
Inglesham	£0.00	51.0	£0	£0.00	47.7	£0	£0.00	0.0%	£0	0.0%
Liddington	£61.30	220.5	£13,517	£58.85	173.5	£10,210	£2.46	4.2%	£3,307	32.4%
Nythe, Eldene & Liden	£52.15	3,500.3	£182,539	£49.77	3,493.1	£173,847	£2.38	4.8%	£8,692	5.0%
South Marston	£110.37	394.6	£43,553	£100.34	357.3	£35,851	£10.03	10.0%	£7,702	21.5%
St Andrews	£53.68	6,588.9	£353,714	£45.60	6,151.50	£280,500	£8.08	17.7%	£73,214	26.1%
Stanton Fitzwarren	£85.20	103.1	£8,784	£79.02	104.3	£8,242	£6.18	7.8%	£542	6.6%
Stratton St Margaret	£187.98	7,287.9	£1,369,964	£193.03	7,097.0	£1,369,964	£-5.06	-2.6%	£0	0.0%
Wanborough	£89.08	922.5	£82,175	£77.46	936.5	£72,543	£11.62	15.0%	£9,632	13.3%
West Swindon	£97.84	8,929.7	£873,662	£94.97	8,931.40	£848,215	£2.87	3.0%	£25,446	3.0%
Wroughton	£150.66	3,169.2	£477,477	£143.94	2,969.8	£427,479	£6.72	4.7%	£49,998	11.7%
Total	£114.70	75,878.9	£8,703,467	£107.86	74,532.0	8,039,245	£6.84	6.3%	£664,222	8.3%

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COUNCIL

THURSDAY 20TH FEBRUARY 2020

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 5TH FEBRUARY 2020

66. Housing Revenue Account - Rents and Charges 2020/21

The Cabinet Member for Housing and Public Safety along with the Corporate Director, Communities and Housing submitted a joint report setting out the proposed rents, service charges, support charges for 2020/21 and proposed Housing Revenue Account (HRA) budget for 2020/21.

Councillor Martyn introduced the joint report and summarised the different channels the Council had used to promote the consultation among tenants. However, she drew Cabinet's attention to the low response rate and the lack of a majority view for either option hence the report was recommending a rent increase. Councillor Martyn informed colleagues about the continued repayment of the HRA debt, the relocation of staff from Waterside to Hillmead, the ongoing consequences of the Government's decision to impose year-on-year reductions in the levels of rent and how this has affected the volume of repairs and acquisitions undertaken.

Resolved – (1) That Cabinet recommends that Full Council approves the proposed average social rent for Housing Revenue Account (HRA) dwellings for 2020/21 of £81.25 per week (52 week basis), which is an increase of 2.7%, be approved. This will be an average increase of £2.14 per week (on a 52 week basis). The range of increases are shown in paragraph 3.8 of the joint report.

(2) That the Director of Housing be authorised to seek authority from the Secretary of State to extend permission to provide a budget of £200k within the HRA for payments to Council's tenants under the Discretionary Housing Payments scheme in 2020/21 as detailed at paragraphs 3.23 of the joint report.

(3) That the housing related support charges for 2020/21 and service charges for 2020/21 as outlined in Appendix 2 be approved.

(4) That the leaseholder service charges are set for 2020/21 as shown in Appendix 3 be approved.

(5) That based on the proposals within this report, the Housing Revenue Account (HRA) proposed budget 2020/21, shown in Appendix 4, be approved and that the HRA Capital Budget and Funding as shown in Appendix 5 be approved.

(6) That the draft 3 year capital projects and planned maintenance programme be

approved at an indicative funding level of £15.5m (2019/20 prices) for 2020/21 Appendix 6.

(7) That the Director of Housing be authorised to undertake a new acquisition programme and approve the acquisition programme budget of £4m for 2020/21 in accordance with paragraph 3.19 of the joint report, to include the purchase of 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care.

(8) That it be approved that rents charged on General Fund properties be increased in line with the Government's Direction on the Rent Standard 2019 also applied to Housing Revenue Account rents. This allows for rent increases of up to the CPI for the September of the preceding financial year, plus 1%. Increases for 2020/21 will therefore be capped at 2.7%. Service charges for General Fund properties, as shown in Appendix 7.

(9) That the charges for Private Sector Leased (PSL) accommodation for those accepted as homeless once published by the Government and as set out in Appendix 7 be approved.

(10) That it be agreed that any underspend or overspend on the 2019/20 Housing Revenue Account be managed through the general revenue reserves.

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

Housing Revenue Account (HRA) - Rents and Charges 2020/21

Cabinet

Date: 5th February 2020

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 2020/21 and proposed Housing Revenue Account (HRA) budget for 2020/21.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities for the HRA.
- 1.3 The funding that is provided from rents is of direct benefit to all tenants as it contributes to the maintenance of the housing stock over both the short and long term.
- 1.4 This will promote the Council's Corporate priorities One and Four to *"Improve Infrastructure and housing to support a growing, low-carbon economy"* and *"Help people to help themselves while always protecting our most vulnerable children and adults."*

2. Recommendations

Cabinet is invited to recommend to the Council as follows:

- 2.1 The proposed average social rent for Housing Revenue Account (HRA) dwellings for 2020/21 of £81.25 per week (52 week basis), which is an increase of 2.7%, be approved. This will be an average increase of £2.14 per week (on a 52 week basis). The range of increases are shown in paragraph 3.8.
- 2.2 To authorise the Director of Housing to seek authority from the Secretary of State to extend permission to provide a budget of £200k within the HRA for payments to Council's tenants under the Discretionary Housing Payments scheme in 2020/21 as detailed at paragraphs 3.23.
- 2.3 Approve the housing related support charges for 2020/21 and service charges for 2020/21 as outlined in Appendix 2.
- 2.4 Approve the leaseholder service charges are set for 2020/21 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 2020/21

Cabinet

Date: 5th February 2020

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- 2.5 Based on the proposals within this report, the Housing Revenue Account (HRA) proposed budget 2020/21, shown in Appendix 4, be approved and that the HRA Capital Budget and Funding be approved as shown in Appendix 5.
 - 2.6 That the draft 3 year capital projects and planned maintenance programme be approved at an indicative funding level of £15.5m (2019/20 prices) for 2020/21 Appendix 6.
 - 2.7 That the Director of Housing be authorised to undertake a new acquisition programme and approve the acquisition programme budget of £4m for 2020/21 in accordance with paragraph 3.19, to include the purchase of 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care..
 - 2.8 Rents charged on General Fund properties are increased in line with the Governments Direction on the Rent Standard 2019 also applied to Housing Revenue Account rents. This allows for rent increases of up to the CPI for the September of the preceding financial year, plus 1%. Increases for 2020/21 will therefore be capped at 2.7%. Service charges for General Fund properties, as shown in Appendix 7, are approved.
 - 2.9 The charges for Private Sector Leased (PSL) accommodation for those accepted as homeless once published by the Government and as set out in Appendix 7 are approved.
 - 2.10 Any underspend or overspend on the 2019/20 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 £49.8m of Gross Income in 2020/21 (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 10,284 dwellings, including 4 supported housing schemes, 31 sheltered schemes, as well as 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:

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 2020/21

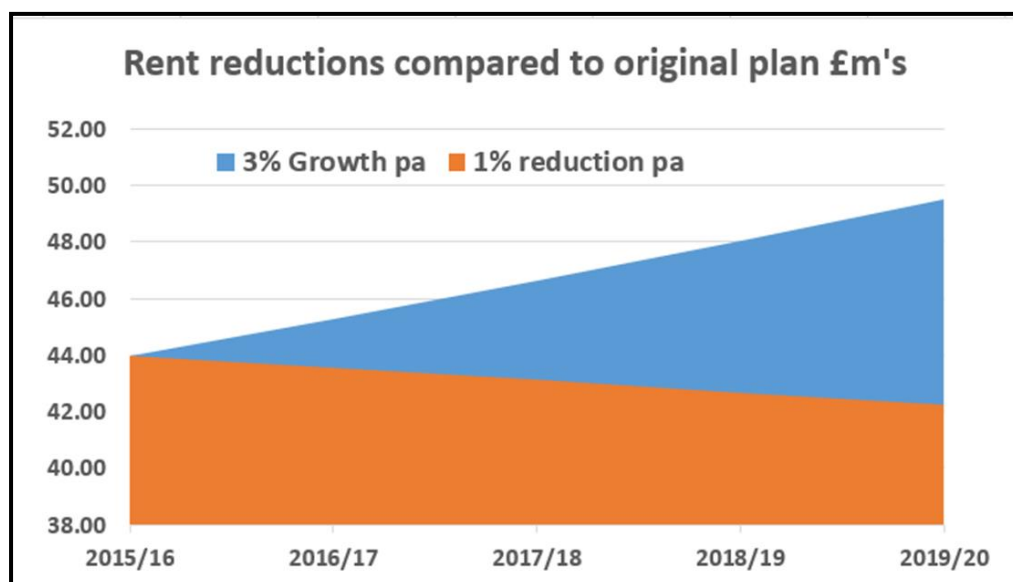
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- 3.3.1 **Rent** - a charge for the occupation of a dwelling. Rents pay for the management and maintenance of the properties.
- 3.3.2 **Service charge** - additional services which may not be provided to every tenant, or which may be connected with communal facilities e.g. a caretaker service.
- 3.3.3 **Support charge** - additional services to help tenants maintain their tenancies i.e. the Sheltered Housing Officer service in sheltered accommodation and the Homeline alarm system.

Government Rent Policy and Capital Investment

- 3.4 This year, 2019/20, represents the last year of 1% rent cuts, introduced under the Welfare Reform and Work Act 2016. Whilst the last four years resulted in reductions to rents paid by tenants, it also had a significant impact on the rent income generated and therefore, the funding available for capital investment.
- 3.5 The graph below shows the impact the 1% rent reductions have had on funding over the last 4 years compared to the planned 3% rises in the business plan. With rents now nearer to £44m than the planned £50m per annum. This is increasingly important because of the much needed investment required in the Council's non-traditionally built homes and upgrades required to the sheltered housing stock.



- 3.6 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%. Based on the September CPI, this would be a cap of £2.7%.

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Housing Revenue Account (HRA) - Rents and Charges 2020/21

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Housing Revenue Account Budget 2020/21

- 3.7 Tenants have been consulted on two possible options for rents in 2020/21. The first is the option of no increase to 2019/20 rent levels. The second option is in-line with the latest Government Direction on the Rent Standard 2019, providing for an increase of up to 2.7% based on the preceding September CPI rate plus 1%. During the 2019/20 financial year the HRA benefitted from a 53 week year. This enabled the Council to manage significant budget pressures resulting over a 4 year Government imposed rent reduction period. Therefore, this equates to a shortfall of £0.8m in 2020/21 which combined with inflation pressures of £0.4m, results in a budget pressure of £1.2m. This amount is by coincidence the same as the additional income generated by a 2.7% increase in the rents for 2020/21. Therefore, without the 2.7% increase, further savings of £1.2m would be required.
- 3.8 Table 1 shows the social rent increase by property size and the range of increases within that band. The historical rent calculation formula means that there is no “average” property within the stock as the rent for each property is based on a combination of the number of bedrooms and the 1999 property value. Government policy assumes that all properties will move to their target rent when they become void which is why rent for new tenants remain at a higher rate. As a result of a significant amount of the HRA stock not reaching their target rents there is still a wide range of actual rents being paid.

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

No. of properties at Dec 2019	No. of Bedrooms	Actual Rents at Dec 2019	2020/21 Rents assuming a 2.7% increase	Net Change in rent	Lowest rent per week	Highest rent per week
262	Bedsits	65.04	66.80	2.7%	59.32	71.22
3,174	1	72.27	74.22	2.7%	61.72	86.25
2,696	2	79.26	81.40	2.7%	69.86	95.01
3,538	3	85.18	87.48	2.7%	77.04	114.99
184	4	97.83	100.47	2.7%	83.76	132.00
4	5	103.28	106.07	2.7%	81.90	114.18
0	5>					
9,858	Overall	79.11	81.25	2.7%		

- 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 growing housing development programme. There are currently approximately 426

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affordable rented properties within the HRA stock. The table below shows the averages for the affordable rented properties.

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

As presented in February 2019 Cabinet Report						
No. of properties at Dec 2019	No. of Bedrooms	Actual Rents at Dec 2019	2020/21 Rents assuming a 2.7% increase	Net Change in rent	Lowest rent per week	Highest rent per week
0	Bedsits	0.00	0.00	0.0%	0.00	0.00
81	1	90.02	92.46	2.7%	79.28	110.33
162	2	102.93	105.71	2.7%	85.20	137.34
156	3	122.76	126.08	2.7%	55.23	161.12
24	4	131.38	134.93	2.7%	53.91	172.68
0	5	0.00	0.00	0.0%	0.00	0.00
3	5>	244.62	251.22	2.7%	242.84	262.94
426	Overall	110.34	113.32	2.7%		

- 3.10 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 2019/20 base budget to the proposed 2020/21 budget. This section will also bring to Members' attention the short and medium term financial implications and challenges facing Swindon's HRA.
- 3.11 The current HRA debt will stand at £104.0 million on 1 April 2020 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 2020/21 the interest payment will be £3.4m (item 26, Appendix 4).
- 3.12 The budgeted cost of revenue repairs (item 3 & 4, Appendix 4) has increased slightly from the £11.9m budget in 2019/20 to £12.1m. This reflects an increase in the responsive work being completed by the Repairs teams and their associated costs.
- 3.13 The proposed budget includes a bad debt provision of £600k for 2020/21. This reflects an improvement in collection rates against a back drop of ongoing challenges as a result of the phased introduction of Universal Credit for tenants. It is standard practice to make an allowance for bad debts, officers will continue to make inroads to keeping amounts owed as low as possible. Excellent work has been done to stabilise rent loss by ensuring a high collection rate (as at

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December 2019 this stood at 96.65% which is very slightly lower than the December 2018 performance of 96.79% although it is anticipated that this difference will be recovered before financial year end. The allowance is included in item 11, Appendix 4.

Capital Programme

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

- Capital projects e.g. kitchens & bathrooms, insulation improvements including a more comprehensive External Wall Insulation (EWI) programme on non-traditional properties which will bring these properties up to date.
- Planned maintenance programme e.g. fencing, paths, electrical maintenance, heating
- Regeneration, acquisition and new build programme.

Capital Projects and Planned Maintenance

3.15 The capital projects and planned maintenance programme has been set at £15.8m for 2020/21 (Item 6, Appendix 4). This includes an allowance for vehicle depreciation of £240k, reducing the amount available for planned maintenance to £15.6m, slightly higher than the 2019/20 funding level of £15.4m. 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.

3.16 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 £8.97m. This includes works on the Queens Drive development delivering 149 homes and three bungalow schemes delivering 16 new homes.

3.17 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.

Regeneration and Acquisition

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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- 3.18 Alongside the current Regeneration programme which includes Queens Drive and a number of smaller bungalow projects, the HRA have been acquiring primarily 1 and 2 bed properties as part of a £17m acquisition programme over the last 3 years. It is essential we use the fund to acquire all property types, including 1 to 4 bed general purpose properties, bungalows, adapted properties, wheelchair accessible properties, and properties that meet the needs of Adult Social Care clients. It should be noted that the use of right-to-buy receipts from its sale of council houses also enables, in part, the avoidance of repayment of these receipts to the Government, which it would otherwise have had to do within three years of the right-to-buy sale. During the last 3 years, we have purchased 108 which are included in the Additions column in the table below. Sales of council houses during the same period were 163.

Table 3 – Stock movements 2017/18 to 2019/20

	RTB Sales	Additions	Demolitions / Other Changes	TOTAL stock
2017/18	-59	53	28	10,299
2018/19	-66	119	-52	10,300
2019/20	-41	25		10,284

- 3.19 The current acquisition programme is likely to come to an end at the end 2019/20, but the need for the HRA to maintain levels of purchasing additional properties to address homelessness pressures remains. The required use of right-to-buy receipts over the next few years is steadily increasing as a result of RTB sales in the previous 3 years. During 2020/21, the HRA will have to spend £4.2m on development or acquisitions to avoid repaying RTB receipts to the Government. For this reason, it is proposed to approve a £4m acquisition programme in 2020/21 which combined with existing build programmes will ensure no RTB monies will need to be repaid to Government. This scope of this programme will be expanded to include the purchase of all property types including 1-4 bedroom properties to help meet priority housing needs arising from homelessness and clients supported by Adult Social Care.

General Fund Rents and Service Charges

- 3.20 Rent charges for the residential properties owned by the General Fund (including the David Murray John Tower - DMJ) have followed the same rent setting approach as used for HRA properties. A review of the service charges for these properties has resulted in no changes for 2020/21 as outlined in Appendix 7 and it is recommended that the charges for the General Fund properties be approved.

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Homelessness Contributions

- 3.21 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. Following funding changes for homelessness and the introduction of the Flexible Homeless Support Grant (FHSG) in 2017/18, the homelessness function is now funded by the rents and benefits received from rents as well as the FHSG. At present, the Government has confirmed that FHSG funding for 2020/21 will be equal to 2019/20 levels. However, Local Housing Allowance Rates are not announced until early in the new year and it is these rates that will be adopted by the Council once they are formerly announced as shown in Appendix 7.

Affordable Rents

- 3.22 Affordable Rents were based historically on 80% of the Local Housing Allowance. The current method is to base them on 80% of Market Rent as per the latest Homes England guidance. There are currently 426 affordable rent properties. However, affordable rents are subject to the same restrictions as social rents in terms of the Government imposed rent increases and therefore the budget has been prepared on the basis of a 2.7% rent increase on 2019/20 levels.

Discretionary Housing Payments Fund (DHP)

- 3.23 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 2020/21 it is proposed to set this at £200k subject to Secretary of State Consent. In 2019/20, it is anticipated that we may spend up to £40k of this budget, although demand for this may increase with rents increasing in 2020/21.

Support and Service Charges

- 3.24 Indications on the price of utility services have shown that there are likely to be some significant increases in these costs for 2020/21. As a result, many of the service charges that contain these costs have been increased in contrast to previous years where increases have been smaller. Where reserves exist due to over-recovery in previous years, some of these reserves have been used to mitigate any increased charges. Full details of all service charges can be found in Appendix 2.

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Housing Revenue Account (HRA) - Rents and Charges 2020/21

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Leaseholder Service Charges

- 3.25 Leaseholders are recharged the full cost of providing services. The charges proposed for leaseholders are shown in Appendix 3.
- 3.26 Administration charges to cover the costs involved in the resale of leases is proposed to increase by 2.7% in line with the Consumer Prices Index (CPI) +1% from £174.68 to £179.4 per transaction as shown in Appendix 3.

Garage Rents and Parking Charges

- 3.27 Garage rents are now held within the General Fund and all garage charges for 2020/21 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 2.7% in line with CPI + 1%.

Provisional Budget for 2020/21

- 3.28 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 2020/21 – 2023/24

- 3.29 Appendix 8 shows the estimated impact of proposals set out in this report on the funding available for investment through to 2023/24, compared with the previous business plan. The overall change in funding available for capital investment is a very slight increase of £100k from £68.5m to £68.6m. The key business plan assumptions are set out below.
- 3.30 CPI and RPI estimates are based on Treasury and ONS (Office of National Statistics) data available at September 2019. Void allowances, which represent lost rent when properties are vacant between tenancies, rose significantly during 2017/18 and following targeted improvement action over the last year have fallen during 2019/20. It is anticipated that actions taken will reduce the cost of voids to £400k in 2020/21 and the rate has therefore been reduced from 1.21% to 0.96% in 2020/21. Also included in the Business Plan assumptions is a bad debt allowance referred to in para 3.13 of £600k, or 1.44% of rents. All of these assumptions will be reviewed as and when the business plan is updated to reflect the latest information and therefore this is only indicative of the potential position in 2020/21. 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

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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- 3.31 A budget of £6.9 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.
 - 3.32 A budget of £550k has been set aside for contingency works which includes safety measures, structural and specialist repairs and fire safety works.
 - 3.33 The investment for extensive refurbishment works to the first of 2 high-rise blocks of flats has been deferred by a year, whilst options on whether to refurbish or redevelop are being finalised (Cabinet report dated 4 December 2019 refers).
 - 3.34 We continue to invest in the refurbishment, insulation and maintenance of the non-traditional stock with an allocation of a further £2.1 million.
 - 3.35 A budget of £2m has been allocated to deliver external planned maintenance to ensure that homes continue to be maintained to a good standard.
 - 3.36 A budget of £1.5m has been allocated to meet the increasing demand for major adaptations to allow residents with any special needs to live independently
 - 3.37 We plan to allocate £0.75m to replace the vehicles for our in-house workforce due to the existing vans no longer being economical to repair. This will also help to reduce the hire of vehicles and enable the Housing Service to increase the use of electric/hybrid vehicles within fleet.
 - 3.38 Budget provision has also been made of £0.5m for costs associated with the transfer of Housing Repairs staff to Unit 5 Hillmead Industrial Estate to provide fit-for-purpose accommodation and drive service improvement. These are summarised in Appendix 6.

Consultation

- 3.39 The rent setting presentations to tenants and leaseholders outlined the impact of the 1% rent reduction over the last 4 years on the funding available for investment in HRA stock. Tenants have been presented with two options on rent changes for 2020/21, these being no change on rents, or a 2.7% increase in line with Government guidance based on (CPI +1%). Following work with officers to deliver operational savings, increase rentals from new builds and acquisitions, and absorb the impact of there being one less weeks rent in 2020/21 compared to 2019/20, the budget for 2020/21 can only be balanced with the rent increase of 2.7%. Any rent increase below this level will require either a reduction in reserves or the funding available for capital investment.
- 3.40 A briefing paper on the Cabinet Report will be discussed at the Housing Management CMAG on the 27th January.

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 2020/21

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4. Alternative Options

- 4.1 The parameters for setting local authority rents are largely controlled by Central Government who have now confirmed that rents for the next 5 years can increase up to a cap based on the previous September's 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 2020/21 budget have impacted on the previous business plan through to 2023/24. The current capital programme does have an in year backlog, reducing the programme by £5m could allow sufficient time for the programme to catch up, however it would also mean depleting the capital reserve by £5m for future years expenditure in line with the needs of the stock condition survey.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

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

Climate Change Impact

- 5.3 The recommendations would bring about a reduction in the Council's carbon footprint through the improvement of thermal efficiency in the housing stock through insulation and improvement to components such as boilers etc.
- 5.4 In addition, ongoing work to move towards the use of more electric vehicles as the current fleet is replaced will reduce carbon emissions.

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

- 5.5 There are no such direct implications.

Diversity Impact Assessment

- 5.6 A thorough Diversity Impact Assessment was carried out in support of the HRA Business Plan and this has been thoroughly reviewed and updated.

- 5.7 Based on the information contained in this report the following considerations have been made

5.7.1 Setting of local authority rents is subject to Government guidance, which following 4 years of rent reductions, now allows local authorities to increase rents by up to 2.7% based on CPI +1%.

5.7.2 A careful balance needs to be struck between affordability and tenants being able to benefit from warmer and healthier homes. For those on the lowest incomes there will be no impact as their rents are covered by Housing Benefit or the Housing element in their Universal Credit claim, 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 this increase could cause them hardship in some cases. Similarly, 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.

5.7.3 The Discretionary Housing Payment scheme funded by both the General Fund and the Housing Revenue Account, subject to Ministerial consent and set criteria, will continue to be available to alleviate hardship by meeting gaps in benefit previously received.

5.7.4 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 2020/21. 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.

Risk Management

- 5.8 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

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Government's revised rents regime allowing for increases of up to CPI +1% is set out in Appendix 8.

6. Consultees

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

6.1.1 The Corporate Director of Finance and Assets (s151 Officer) cleared this report for publication on: 28th January 2020.

6.1.2 The Chief Legal Officer (Monitoring Officer) cleared this report for publication on: 28th January 2020.

7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 – Proposed HRA Budget Overview 2020/21.

8.2 Appendix 2 – Service charges for 2020/21.

8.3 Appendix 3 – Leaseholder charges for 2020/21.

8.4 Appendix 4 – Detailed HRA Budget 2020/21.

8.5 Appendix 5 – Proposed HRA Capital Budget 2020/21.

8.6 Appendix 6 – Proposed HRA 3 year Capital Programme.

8.7 Appendix 7 – Proposed HGF Rents & Service Charges 2020/21.

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 2020. This is not a key decision to be made by Cabinet because the final decisions are to be made by full Council on 20th February 2020.

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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Appendix 1 – Overview of HRA Revenue Budget

	2019/20 Budget	2020/21 Proposed Budget
	£	£
Expenditure		
Management (staff, overheads and service charge costs)	12,756,000	13,273,200
Repairs (incl. staff costs)	11,851,900	12,562,500
Discretionary Housing Payments	200,000	200,000
Rent, Rates & Taxes	68,500	110,000
Debt Management fees and Debt Rescheduling Premium	60,000	60,000
Gross Expenditure	24,936,400	26,205,700
Income		
Rents	(43,767,300)	(44,171,100)
Voids and Bad debts	1,120,300	1,000,300
Service Charges	(3,628,700)	(3,908,800)
Other Income (garages, commercial property, Homeline)	(2,566,600)	(2,679,000)
Gross Income	(48,842,300)	(49,758,600)
Net Cost of Services	(23,905,900)	(23,552,900)
Net Interest costs (after interest receivable has been deducted)	3,507,900	3,312,900
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	(15,398,000)	(15,240,000)
Use of operating Surplus with £5m Loan Repayment		
Funding available for Capital Investment	15,398,000	15,240,000
Use of Operating Surplus	15,398,000	15,240,000

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Appendix 2 – Service charges for 2020/21

	Current Charge 2019/20	Proposed Charge 2020/21
	£	£
<u>Flats (Communal entrance)</u>		
Service Charge - Staircase Lighting	0.75	0.75
Multi Storey service charge	10.52	10.50
Neighbourhood Wardens Low & medium rise blocks service charge	1.87	1.80
Neighbourhood Wardens General stock service charge	1.00	1.00
Townsend House	9.86	9.86
<u>Sheltered Housing</u>		
Sheltered service charge	26.68	27.40
Heating charge - private use	6.50	7.02
Heating charge - communal use	2.54	2.83
Water charge	4.39	4.55
Extra Care (Newburgh House)	3.25	4.83
Guest room charge	16.00	16.50
Guest flat charge	18.00	18.50
<u>Other</u>		
Cable TV charge	2.04	2.20
Communal TV aerials	1.17	1.20
Grass Cutting	4.00	5.00
Hedge	2.00	2.50
Furniture Charge - Full Flat	5.00	5.00
Emergency Room Service Charge	17.61	18.60
<u>Support Charges</u>		
Sheltered housing support charge	3.13	3.13
Sheltered transitional protection	-1.67	-1.67
Homeline Charge	4.77	4.90
Homeline transitional protection	-0.30	-0.30
Homeline Charge - private tenants	7.48	7.86
Homeline Plus level 1	13.79	14.16
Homeline Plus level 2	15.35	15.76
Homeline Plus level 3	17.41	17.88

Appendix 2 – Service charges for 2020/21 (continued)

	Current Charge 2019/20	Proposed Charge 2020/21
	£	£
<u>Garage / Parking Charges</u>		
Garage rent	8.69	9.12
Account Garage + VAT	9.62	10.10
Parking space	2.94	3.09
Cross over - existing tenants	2.59	2.66
Cross over - new tenants	5.07	5.21
Cross over - new build properties (2 spaces)	10.14	10.41
Account parking space + VAT	3.28	3.44
Premium Garage + VAT	11.53	12.11
Premium parking space + VAT	7.21	7.57
<u>Supported Housing</u>		
Service Charge	44.59	45.79
Heating charge - private use	5.87	6.03
Heating charge - communal use	2.06	2.51
Water charge	5.56	6.23
Electricity	6.18	6.35
<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	14.58	14.59
Service charge - Baileys Farm Gardens - General needs water	4.34	4.34
Service charge - Marlowe Avenue	24.36	24.36
Service charge - Twyford Close	9.21	9.47
Service charge - Evelyn House (SBC element)	25.42	15.87
Service charge - Tyndale Gardens (SBC element)	30.94	14.48
Service charge - Kimmerfield Court (SBC element)	6.20	6.32
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 2019/20	Proposed Charge 2020/21
	£	£
Ground Rent - Annual Charge	10.00	10.00
Leaseholder management charge - all properties	173.16	177.84
Leaseholder management charge - properties with communal areas	207.36	212.96
Service Charge - Staircase Lighting adjusted to actual charge during annual review	34.89	39.53
Multi Storey service charge	443.95	448.59
Administration charge dealing with the re-sale of leasehold interest	174.68	179.40

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Appendix 4 - Detailed HRA Budget 2020/21

Item		2019/20 Budget	2020/21 Proposed Budget
		£	£
	<u>EXPENDITURE</u>		
1	S&M General	6,792,800	7,244,700
2	S&M Special	5,963,200	6,028,500
3	Repairs Administration	1,175,200	1,051,000
4	Contribution to Repairs Account	10,676,700	11,511,500
5	Rent, Rates & Taxes	68,500	110,000
	<u>Capital Financing</u>		
6	Funding available for Capital Investment	15,398,000	15,240,000
7	Debt Management	60,000	60,000
8	Discretionary Housing Payments	200,000	200,000
9	<u>TOTAL EXPENDITURE</u>	40,334,400	41,445,700
	<u>INCOME</u>		
	<u>Rent income</u>		
10	Dwellings	(43,767,300)	(44,171,100)
11	Provision for Bad Debts	620,300	600,300
12	Less voids	500,000	400,000
13	Garages	(215,000)	(230,000)
14	Shops / Commercial	(76,000)	(76,000)
15	Support charges - Sheltered	(216,000)	(216,000)
16	Sheltered Housing Service Charges	(2,269,000)	(2,575,200)
17	Supported Housing Service Charge	(453,300)	(455,200)
		(45,876,300)	(46,723,200)
18	Miscellaneous Properties Rent	(95,000)	(95,000)
19	Service Charges - Flats	(92,800)	(92,800)
20	Sheltered Housing Heating Charges	(597,600)	(569,600)
21	Homeline	(1,019,400)	(1,068,600)
22	Other Service Charges / Other income	(1,161,200)	(1,209,400)
23	Contribution from General Reserves	0	0
		(2,966,000)	(3,035,400)
24	<u>TOTAL INCOME</u>	(48,842,300)	(49,758,600)
25	<u>NET COST OF SERVICES</u>	(8,507,900)	(8,312,900)
26	Loan Charges - Interest	3,619,300	3,453,300
27	Interest on balances (interest receivable)	(111,400)	(140,400)
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

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Appendix 5 - Proposed HRA Capital Budget 2020/21

Item		2019/20 Budget	2020/21 Proposed Budget
		£	£
	<i>HRA Capital Schemes</i>		
1	Capital Projects (including vehicle replacement) and Planned Maintenance Programme	8,000,000	15,240,000
2	Carried forward from previous year's Programme	0	2,000,000
3	Anticipated spend on Acquisition Programme (Budget £4m)	5,100,000	4,000,000
4	Anticipated spend on Housing Development Programme	6,780,000	8,968,500
5	Total Capital Programme	19,880,000	30,208,500
	HRA Capital Funding Applied		
6	Funding available for Capital Investment - transfer to MRR	15,398,000	15,240,000
7	In year Capital receipts	0	0
8	S106 Funding	2,000,000	2,000,000
9	In year resources available	17,398,000	17,240,000
	HRA Capital Reserves		
10	Usable Capital Receipts		
11	Prudential Borrowing		
12	HCA Funding	0	3,780,000
13	RTB Funding Used	1,530,000	1,200,000
14	HRA Capital Reserves	9,471,000	10,519,000
15	In year resources available	11,001,000	15,499,000
16	Total HRA Capital Funding	28,399,000	32,739,000
	<u>RTB retained funding</u>		
17	Brought forward	4,903,600	6,073,600
18	Used in year	(1,530,000)	(1,200,000)
19	Additional funding from in year sales	2,700,000	2,700,000
20	Resources carried forward	6,073,600	7,573,600

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

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Appendix 6 - Proposed 5 year Capital Programme

Element	2020/21 Proposed £000's	2021/22 Indicative £000's	2022/23 Indicative £000's	2023/24 Indicative £000's	2024/25 Indicative £000's
Components #	6,886	7,211	7,027	7,785	9,913
Contingent Major Repairs	550	300	300	300	300
Cyclical Planned Maintenance	2,030	2,030	2,030	2,030	2,030
EWI Refurbishment	2,100	4,000	5,000	5,400	5,400
Improvements	1,210	900	900	900	900
Major Adaptations	1,500	1,500	1,500	1,500	1,500
Vehicle Replacement Programme	750	500	500	500	500
Repairs Team relocation to Hillmead	500				
Grand Total	15,526	16,441	17,257	18,415	20,543

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

All budgets are shown at 2019/20 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.

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Appendix 7 - Proposed HGF Rents & Service Charges **2020/21**

	Current Charge 2019/20	Proposed Charge 2020/21
<u>Christopher House, Marlowe Avenue</u>		
Service Charge	12.06	12.06
<u>David Murray John Building</u>		
Service charge - 1 bed property	18.09	18.09
Service charge - 2 bed property	21.28	21.28
<u>PSL rents</u>		
1 Bed	113.03	To be confirmed by Gov't
2 Bed	135.28	
3 Bed	167.16	
4 Bed	210.17	
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, although the Government have indicated levels for 2020/21 will be in line with 2019/20.		

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Appendix 8 - Comparison of Business Plans showing the impact of changes made as part of the budget setting for 2020/21 over the next 4 years

Current 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 2020.21	42,206	(1,129)	41,077	8,587	49,664	(25,404)	(3,555)	20,705	(5,000)	15,705
2 2021.22	43,394	(1,160)	42,234	8,778	51,012	(26,028)	(3,384)	21,600	(5,000)	16,600
3 2022.23	44,917	(1,191)	43,726	8,994	52,720	(26,665)	(3,231)	22,824	(5,000)	17,824
4 2023.24	46,474	(1,223)	45,251	9,273	54,524	(27,318)	(3,844)	23,362	(5,000)	18,362
Totals	176,991	(4,703)	172,288	35,632	207,920	(105,415)	(14,014)	88,491	(20,000)	68,491
Revised 20/21 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 2020.21	41,727	(1,000)	40,727	9,139	49,866	(26,114)	(3,513)	20,239	(5,000)	15,239
2 2021.22	42,935	(1,025)	41,910	9,379	51,289	(26,751)	(3,384)	21,154	(5,000)	16,154
3 2022.23	44,027	(1,050)	42,977	9,602	52,579	(27,405)	(3,213)	21,961	(5,000)	16,961
4 2023.24	45,455	(1,075)	44,380	9,844	54,224	(28,074)	(3,042)	23,108	(5,000)	18,108
Totals	174,144	(4,150)	169,994	37,964	207,958	(108,344)	(13,152)	86,462	(20,000)	66,462
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 2020.21	-479	129	(350)	552	202	(710)	42	(466)	0	(466)
2 2021.22	-459	135	(324)	601	277	(723)	0	(446)	0	(446)
3 2022.23	-890	141	(749)	608	(141)	(740)	18	(863)	0	(863)
4 2023.24	-1,019	148	(871)	571	(300)	(756)	802	(254)	0	(254)
Totals	(2,847)	553	(2,294)	2,332	38	(2,929)	862	(2,029)	0	(2,029)

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

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Agenda Item 9 - Housing Revenue Account (HRA) - Rents and Charges 2020/21 – additional information

Outcome of consultation regarding proposed rent increase for 2020/21

The Housing Participation team liaised with the Communications team to inform housing tenants on the proposal to increase their rents for 2020/21 by 2.7%. This rent increase followed the previous four years of a 1% rent reduction as mandated by H.M. Government.

We took the finance report and added a simple survey question:

“Do you agree with Swindon Borough Council’s proposed decision to increase rent by 2.7% for 2020/21? This would mean an increase on the average 52 week rent this year from £78.60 to £80.72 in 2020/21.” There was also a free text box for tenants to leave comments on the proposal. These have been collated.

The survey generated 65 electronic responses and 24 paper; 89 in total:- 38 agreed with the proposed increase and 51 did not agree.

We carried out the following activities to speak to SBC housing tenants:

Press release to the Swindon Advertiser

Rent report and link to survey on SBC news page on website

Rent report in Tenant Focus (tenant newsletter). This newsletter is sent to 2980 users (as at 04/02/20).

Rent report and survey template emailed to housing staff, including Sheltered Housing Officers, Neighbourhood Wardens and Neighbourhood Housing Officers

Rent report pinned to tenant Facebook pages

Staff present at community cafes in Penhill, Railway Village, Toothill and Meadowcroft - we gave tenants the opportunity to discuss the proposed rent increase, complete the online survey, or, where there was no Wi-Fi, complete a paper survey. All were kept anonymous.

3 rent presentations at the Civic Offices – 1 to sheltered housing and 2 for general purpose tenants.

We will provide an update to tenants on the responses that were received and on the outcome of the Cabinet meeting, through the next tenant newsletter and with information on the web pages.

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THURSDAY 20TH FEBRUARY 2020

MINUTES FOR CONFIRMATION

CABINET

WEDNESDAY 5TH FEBRUARY 2020

68. Swindon Pay Policy Statement (Minute for Confirmation)

The Cabinet Member for Corporate Services and Organisational Excellence along with the Director Human Resources & Organisational Development submitted a report as the Localism Act 2011 requires local authorities to agree and publish a Pay Policy Statement by 1st April each year. The joint report sets out the Council's Pay Policy Statement for 2020 / 2021 for consideration by Cabinet, prior to referral to Full Council for approval.

Councillor Williams introduced the joint report, reminding Members that this was a statutory requirement. Councillor Williams drew attention to the detailed information in the appendix about staff, ethnicity, grades, and pay. Councillor Russell Holland, Cabinet Member for Finance, and Skills, spoke in support of the recommendations noting that report refutes misconceptions about the number of staff and levels of pay.

Resolved – (1) That the review of Council's Pay Policy Statement for 2020 / 2021, as set out in Appendix 1 to the report, be noted.

(2) That the Pay Policy Statement be recommended to Council for approval, and, if approved, that the Director of Human Resources & Organisational Development be authorised to update the salary information on 1st April 2020 prior to publication.

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

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Pay Policy Statement: 2020 / 2021

Cabinet

Date: 5th February 2020

Author: Cabinet Member for Corporate Services and Operational Excellence
Director of Human Resources & Organisational Development

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 The Localism Act 2011 requires local authorities to agree and publish a Pay Policy Statement by 1st April each year. This report sets out the Council's Pay Policy Statement for 2020 / 2021 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 2020 / 2021, as set out in Appendix 1 to the report.

Cabinet is recommended to (Minute for Confirmation):

- 2.2 Recommend the Pay Policy Statement to Council for approval, and, if approved, authorise the Director of Human Resources & Organisational Development to update the salary information on 1st April 2020 prior to publication.

3. Detail

- 3.1 Section 38 of the Localism Act 2011 placed a requirement on local authorities to prepare a Pay Policy Statement for each new financial year. The Pay Policy Statement for 2019 / 2020 has been updated for 2020 / 2021 and must be approved by Full Council before 31st March 2020. 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

Pay Policy Statement: 2020 / 2021

Cabinet

Date: 5th February 2020

- 3.1.3 The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.
- 3.2 The Pay Policy Statement does not cover or include school employees and is not required to do so.
- 3.3 Each Council is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for tax payers. The provisions of the Localism Act do not seek to change this or determine what decisions on pay should be taken. They do, however, require Councils to be open about their policies in relation to pay and how decisions are made.
- 3.4 The proposed Swindon Pay Policy Statement has been put together, taking into account the relevant sections within Chapter 8 “Pay Accountability” of the Localism Act 2011. In its development, considerations has also been given to the guidance produced by the Department for Communities and Local Government – Openness and Accountability in Local Pay (February 2012) – guidance under Section 40 of the Localism Act” and the Code of Recommended Practice for Local Authorities on Data Transparency.
- 3.5 The Pay Policy Statement is broadly the same as that published for 2019 / 2020 with the following changes and updates having been made:
- 3.5.1 **Pages 3 – 6: Structure Overview** – this section has been amended to reflect the changes to the organisation and will be updated again in April 2020 to reflect any further changes. The number of employees has decreased from 2608 in April 2019 to 2582 in October 2019.
- 3.5.2 **Page 9: Highest to Lowest Paid Employees** – this section has been amended to reflect the changes in mean pay. In April 2019 the mean pay was £28,331.06 and in October 2019 it decreased slightly to £28,264.16. The pay ratios have not changed.
- 3.5.3 **Over £50k:** The number of employees who are earning above £50,000 has decreased from 121 in April 2019 to 118 in October 2019.
- 3.6 The proposed Pay Policy Statement 2020 – 2021 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 2019, but will be amended on 1st April 2020 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
-

Further information on the subject of this report can be obtained from Sonia Grewal, Director of Human Resources & Organisational Development, Tel: 07823 525459, E-mail: SGrewal@Swindon.gov.uk.

Pay Policy Statement: 2020 / 2021

Cabinet

Date: 5th February 2020

under the Code of Practice for Local Authorities on Data Transparency.

- 3.8 The Council is required to approve the Statement before 31st March each year and as soon as possible publish it on its website demonstrating an open and transparent approach to pay. The Statement may be amended by resolution of Full Council during the year to which it relates.
- 3.9 The Pay Policy Statement references a number of existing policies and other information that will be linked to the Statement on the Council's website. These links will be made available as soon as the Statement is made available on the Council's website in April 2020. The majority of these are already available to Members and employee on the intranet.

4. Alternative Options

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

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

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

Climate Change Impact

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

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

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

Diversity Impact Assessment

- 5.5 The Pay Policy Statement is not a policy in its own right but brings together and references existing policies. All these existing policies have all been through the

Pay Policy Statement: 2020 / 2021

Cabinet

Date: 5th February 2020

DIA process and have not identified any adverse equality impact for existing for future employees.

Risk Management

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

6. Consultees

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

6.1.1 The Corporate Director of Finance and Assets (s151 Officer) cleared this report for publication on: 22nd January 2020

6.1.2 The Chief Legal Officer (Monitoring Officer) cleared this report for publication on: 28th January 2020.

7. Background Papers

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

8. Appendices

8.1 Appendix A: Pay Policy Statement (The appendix is available online at the Council's website or on request from Committee and Member Services committeeservices@swindon.gov.uk)

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 2020.

Swindon Borough Council

Pay Policy Statement: April 2020

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

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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 2020/21. Information on the Council's workforce will be published after 1st April 2020 for the financial year.

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

Publication of and Access to Information

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

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

Structure Overview

As of 1st October 2019 the Council employs **2,582** 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 2019:

- **1st April 2019:** 4 employees from Town Gardens and Queens Park transferred to Central Swindon South Parish Council.
- **31st May 2019:** 2 employees from First City Nursing transferred to Swindon Borough Council.

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 2582 staff (as at 1 October 2019 – 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 Architecture and Construction Management.

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.

The service areas within Resources & Growth are Finance, Audit & Property Assets, Human Resources & Organisational Development, Performance, Organisational Improvement & Communications, Digital Services & Corporate Programmes, Town Centre Development and Strategic Growth & Place.

Adult Social 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 Corporate Director of Adult Social 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, Children's Social Care and Skills, Employment & Lifelong Learning.

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.

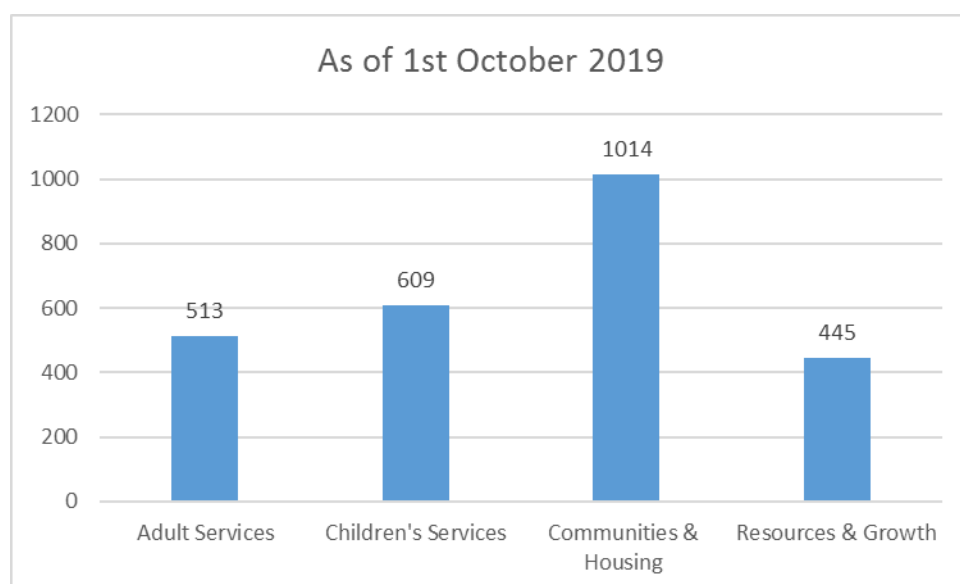


Figure 1: Number of staff in each directorate (excluding the Chief Executive)

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

Senior Officers

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

- Definition
- New Appointments and Pay
- Terms and Conditions

Definition

Senior Officers have been defined as the posts of:

- Chief Executive – Head of Paid Service
- Statutory and non-statutory Chief Officers (a person for whom the Head of Paid Service has direct responsibility), i.e.:
 - 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 2019):

Level	Salary Range	
	From	To
CEO	£156,437	£194,963
Board Director	£122,263	£146,461
Director 5	£102,950	£120,883
Director 4	£84,980	£101,758
Director 3	£70,258	£84,113

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

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

Process for Setting Pay

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

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

Pay Relationships

This section provides information on the following:

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

Gender Ratio (as of 1st October 2019)

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. This also includes employees on apprenticeships.

Salary (FTE)	Male	Female	Total	Total % of workforce
£0 - £15,000	14	4	18	0.70%
£15,001 - £20,000	264	562	826	31.64%
£20,001 - £25,000	188	306	494	19.17%
£25,001 - £30,000	160	238	398	15.41%
£30,001 - £40,000	150	327	477	18.47%
£40,001 - £50,000	86	167	253	9.80%
£50,001 - £60,000	24	39	63	2.44%
£60,001 - £70,000	11	12	23	0.89%
£70,001 - £80,000	6	11	17	1.01%
£80,001 - £90,000	2	1	3	0.08%
£90,001 - £100,000	0	1	1	0.04%
£100,001 - £120,000	2	3	5	0.19%
Over £120,000	2	2	4	0.15%
Total	909	1673	2582	100%

Salary Band by Ethnic Group (as of 1st October 2019)

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	1	16	1	18
£15,001 - £20,000	113	552	161	826
£20,001 - £25,000	53	376	65	494
£25,001 - £30,000	37	299	62	398
£30,001 - £40,000	61	348	68	477
£40,001 - £50,000	25	205	23	253
£50,001 - £60,000	6	51	6	63
£60,001 - £70,000	3	14	6	23
£70,001 - £80,000	0	14	3	17
£80,001 - £90,000	1	2	0	3
£90,001 - £100,000	0	1	0	1
£100,001 - £120,000	0	2	3	5
Over £120,000	1	2	1	4
Total	301	1882	399	2582

Lowest Paid Employees

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

“The lowest paid employees with the Council are those substantive employees who are paid on the minimum salary of the Council’s substantive pay structure equating to J1, £17,364 pa (£9.00 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 2019)
16 – 18 *	£3.90 per hour
19 – 24	£7.70 per hour
Over 25	£8.21 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	£170,340
Mean Pay	£28,265.16
Median Pay	£24,325
Lowest Pay	£17,364
Ratio of Mean to Highest	1: 6.0
Ratio of Median to Highest	1: 7.0
Ratio of Lowest to Highest	1: 9.8

Definitions:

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

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

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

The ratio between the highest paid salary and median average salary, the ‘pay multiple’ is 1:7.0. The Council does not have a policy on maintaining or reaching a specific ‘pay multiple’. However, the Council is conscious of the need to ensure that the salary of the highest paid employee is not excessive but is consistent with the needs of the Council as expressed in this policy statement.

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

Pay Increases and Pay Progression

Where it has been recognised that a role has changed due to responsibilities, job content, redesign of the post, for example, a revised role profile will be submitted for re-evaluation in accordance with the Council’s approved job evaluation schemes. Further information about the Council’s approved [job evaluation](#) schemes can be found on page 11.

National Pay

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

Local Pay

Negotiation on pay is at local level but is mindful of national agreements.

Executive Contracts

There is no automatic right to salary progression based on time served for employees on Executive Contracts. Further information is outlined in the Council’s Executive Pay Strategy. A copy of the Executive Pay Strategy can be requested through hradviceandadmin@swindon.gov.uk.

Terms and Conditions

The Council reviewed its employees' pay, grading and terms and conditions when it implemented a new pay structure in 2010. The Council wanted to ensure that the new pay structure and terms and conditions were modern, fair and compliant with equal pay legislation. It was applied to all groups of employees, with the exception of:

- Chief Executive, Board Directors and Directors
- Staff employed on Soulbury Evaluation Scheme terms and conditions
- Youth workers on Joint Negotiating Committee (JNC) for Youth and Community Workers terms and conditions
- Teachers

All other groups of employees are covered by separate national terms and conditions of employment.

Job Evaluation

The Council's approach to pay is that pay related to a job grade which will be determined using a recognised job evaluation scheme. Jobs evaluated using either the Hay Evaluation Scheme or the National Joint Council (NJC) job evaluation scheme.

In the sections below, it indicates the differences between these two schemes and in what circumstances they are used.

Hay

The Hay Job Evaluation Scheme is widely used in both public and private sectors, primarily for managerial, administrative and clerical roles, but in some cases for all jobs within user organisations.

Jobs have been evaluated by trained assessors. A trained evaluation panel evaluates jobs against each of the elements within the scheme using detailed role profiles. The outcome of the evaluation assigns a profile and points score that shows the total size of the job.

All jobs from Q Grade and above, including Chief Officers, are graded using the Hay Job Evaluation scheme.

National Joint Council (NJC) Evaluation Scheme

The NJC scheme comprises thirteen factors of various weightings. The scheme was jointly developed and agreed between the local authority employers and the trade unions. A trained evaluation panel evaluates jobs against each of the elements of the scheme using detailed job descriptions. The outcome of the evaluation assigns a point's score that shows the total size of the job. The points score enables jobs to be placed in a rank order with other jobs in the organisation. All jobs from grade N and below are graded using the NJC Evaluation Scheme.

All roles are evaluated using either scheme; however the Council sets its own pay line. A copy of the Council's pay scales can be found at the end of this statement.

Pay Policies and Processes

The following section provides information on the pay policies and procedures that the council have in place. This includes the following:

- [Allowances](#)
- [Reimbursement of Subsistence or other Expenses](#)
- [Flexible Retirement, Early Retirement and Redundancy Payments Policy](#)
- [Termination Payments](#)
- [Relocation Expenses](#)
- [Honorariums and Acting-up Pay](#)
- [Election Payments](#)
- [Market Factor Supplements](#)

Allowances

An allowance is a payment made to staff by the Council that is not part of the basic contracted salary. Allowances are subject to taxation rules provided by the Inland Revenue and some are pensionable.

As part of the new pay and grading structure that was implemented in April 2010, allowances paid to employees were also reviewed and a new allowance structure was put into place.

In early 2017 the Council consulted with all employees on mileage rates. It was agreed that the Council's mileage rates will be paid in accordance with HMRC guidelines with effect from 23rd July 2017. Employees who use their car for business purposes can claim mileage using the current HMRC rates. A copy of the Allowances Policy can be requested through hradviceandadmin@swindon.gov.uk.

Reimbursement of Subsistence or Other Expenses

In accordance with the requirements of the National Conditions of Service, the Council makes provision for the reimbursement of approved expenses. The Council has produced guidance for employees on travel and subsistence and this applies equally to all staff, irrespective of grade. A copy of the Travel and Expenses Policy can be requested through hradviceandadmin@swindon.gov.uk.

Flexible Retirement, Early Retirement and Redundancy Payments Policy

On termination, redundancy payments and any discretion exercised in relation to retirement or redundancy will be paid in line with the Council's Policy on Flexible Retirement, Early Retirement and Redundancy Payments Policy. A copy of the policy can be requested through hradviceandadmin@swindon.gov.uk.

The Council may, in certain circumstances, also apply its discretionary powers in relation to premature retirements and redundancies for Chief Officers. This approach is in line with Part 4 paragraph 85 of the Chief Officers of Local Authorities, Constitution Conditions of Service Salaries which states that "Authorities should bear in mind the possible application

of discretionary powers of premature retirement and permissible enhancements of benefits or redundancy payments”.

Termination Payments

The Council does not provide any further payment to employees leaving the Council’s employment other than in respect of payment for accrued leave, if agreed that it is not possible to take this leave before the date of leaving. Any other payments that are agreed or negotiated will be done so in line with current employment law practices.

Relocation Expenses

The aim of the scheme is to provide financial recompense to employees who need to move their main residence to take up an appointment with the Council. This scheme does not cover the purchase of a second property. Eligibility criteria will also apply, including the decision to offer relocation will be made prior to the post being advertised. Relocation expenses can be claimed up to £8,000. The Council’s policy requires repayment in part or in full if the employee leaves within 3 years of appointment. A copy of the Relocation Policy can be requested through hradviceandadmin@swindon.gov.uk.

Honorariums and Acting-up Pay

Employees on any grade may be awarded an honorarium payment or a higher duty allowance if they meet the criteria for either payment. The Council has a policy covering Honorariums and Acting-up Pay. This does not apply to Chief Officers.

A copy of this policy can be requested through hradviceandadmin@swindon.gov.uk.

Election Payments

Payments made to employees (including the Returning Officer and the Deputy Returning Officer) working during local, parliamentary or European elections or referenda are made in line with either the statutory fees or a local scale of fees agreed in consultation with Wiltshire Council. This could apply to Chief Officers.

Market Factor Supplements

All employees are appointed to posts, which have been evaluated and graded through either the NJC or Hay job evaluation schemes. Salaries are linked to the grading structure.

External labour market conditions can produce a situation in which staff with scarce skills and expertise can command higher salaries than the maximum provided under the current grading mechanism for that post. In these circumstances, based on evidence from the relevant labour market, it may be deemed appropriate to pay an additional Market Factor Supplement in addition to basic pay.

The relevant labour market may include another local authority or elsewhere in the public or private sectors. Market factor supplements are not linked to an individual’s actual or anticipated performance within the role. They are linked to the difficulty in recruiting to certain posts requiring specific skills or qualifications. The Council has produced guidance

for employees on Market Factor Supplements which can be requested through hradviceandadmin@swindon.gov.uk. The policy is not applicable to Chief Officers.

Pensions

This section includes information the following:

- [Auto-Enrolment](#)
- [Local Government Pension Scheme \(LGPS\)](#)
- [Changes to the Local Government Pension Scheme \(LGPS\)](#)
- [National Health Service \(NHS\) Pension Scheme.](#)

Auto Enrolment

Due to legislation ([The Pensions Act 2011](#)) there is a requirement for all employers in the UK to automatically enrol their workers into a qualifying pension scheme where they are not currently a member. Employees, who meet the criteria below (as of 1st April 2019) 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 2019);
- 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><th>Pay Bands</th><th>Contribution rates</th></tr><tr><td>£0 to £13,500</td><td>5.5%</td></tr><tr><td>£13,501 - £15,800</td><td>5.8%</td></tr><tr><td>£15,801 - £20,400</td><td>5.9%</td></tr><tr><td>£20,401 - £34,000</td><td>6.5%</td></tr><tr><td>£34,001 - £45,500</td><td>6.8%</td></tr><tr><td>£45,501 - £85,300</td><td>7.2%</td></tr><tr><td>Above £85,300</td><td>7.5%</td></tr></table>	Pay Bands	Contribution rates	£0 to £13,500	5.5%	£13,501 - £15,800	5.8%	£15,801 - £20,400	5.9%	£20,401 - £34,000	6.5%	£34,001 - £45,500	6.8%	£45,501 - £85,300	7.2%	Above £85,300	7.5%	<table><tr><th>Pay Bands 2019 / 2020</th><th>Contribution Rates</th></tr><tr><td>Up to £14,400</td><td>5.5%</td></tr><tr><td>£14,401 - £22,500</td><td>5.8%</td></tr><tr><td>£22,501 - £36,500</td><td>6.5%</td></tr><tr><td>£36,501 - £46,200</td><td>6.8%</td></tr><tr><td>£46,201 - £64,600</td><td>8.5%</td></tr><tr><td>£64,601 - £91,500</td><td>9.9%</td></tr><tr><td>£91,501 - £107,700</td><td>10.5%</td></tr><tr><td>£107,701 - £161,500</td><td>11.4%</td></tr><tr><td>More than £161,501</td><td>12.5%</td></tr></table>	Pay Bands 2019 / 2020	Contribution Rates	Up to £14,400	5.5%	£14,401 - £22,500	5.8%	£22,501 - £36,500	6.5%	£36,501 - £46,200	6.8%	£46,201 - £64,600	8.5%	£64,601 - £91,500	9.9%	£91,501 - £107,700	10.5%	£107,701 - £161,500	11.4%	More than £161,501	12.5%	
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More than £161,501	12.5%																																						
Lump sum option	Trade £1 of pension for £12 tax-free lump sum	Trade £1 of pension for £12 tax-free lump sum																																					
Death in service lump sum	3 x pensionable pay	3 x pensionable pay																																					
Death in service survivor benefits	1/160 th accrual based on Tier 1 health pension enhancement	1/160 th accrual based on Tier 1 ill health provision enhancement.																																					
Ill health provision	Immediate access to benefits depending on severity of the condition.	Immediate access to benefits depending on severity of the condition.																																					

These changes only apply to England and Wales. All Local Government Pension Scheme pensions built up before 1st April 2014 will be protected. Further information about the changes can be found on the [Local Government Pension Scheme website](#).

NHS Pension Scheme

The Council have employees who were transferred from the NHS. As part of the transfer agreement (TUPE), these employees were able to keep their NHS pension scheme and continue to contribute into that scheme.

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

Pay Scales April 2019

NJC Pay Grades			New Rate (FTE)	Hourly Rate
Grade	Point	Payroll Point		
J	1	1	17,364	9.00
	2	2	17,743	9.20

Hay Grades		New Rate (FTE)	Hourly Rate
Grade			
Q		£31,369	£16.26
	Midpoint	£36,431	£18.88
		£41,494	£21.51

K	1	3	18,186	9.43
	2	4	18,574	9.63
	3	5	18,650	9.67
	4	6	18,945	9.82
	5	7	19,057	9.88
	6	8	19,301	10.00
	7	9	19,573	10.15

R		£35,437	£18.37
	Midpoint	£41,388	£21.45
		£47,337	£24.54

S		£40,276	£20.88
	Midpoint	£47,103	£24.41
		£53,928	£27.95

L	1	10	19,665	10.19
	2	11	19,967	10.35
	3	12	20,244	10.49
	4	13	20,817	10.79
	5	14	21,151	10.96
	6	15	22,059	11.43
	7	16	22,604	11.72

T		£47,043	£24.38
	Midpoint	£53,960	£27.97
		£60,876	£31.55

U		£52,954	£27.45
	Midpoint	£61,589	£31.92
		£70,222	£36.40

M	1	17	23,014	11.93
	2	18	23,384	12.12
	3	19	23,942	12.41
	4	20	24,325	12.61
	5	21	24,868	12.89
	6	22	25,265	13.10
	7	23	25,794	13.37
	8	24	26,207	13.58
	9	25	26,722	13.85

Executive Pay Scales

Level	Salary Range	
	From	To
CEO	156,437	194,963
Board Director	122,263	146,461
Director 5	102,950	120,883
Director 4	84,980	101,758
Director 3	70,258	84,113

N	1	26	27,218	14.11
	2	27	27,654	14.33
	3	28	28,159	14.60
	4	29	28,611	14.83
	5	30	29,100	15.08
	6	31	29,567	15.33
	7	32	30,040	15.57
	8	33	30,521	15.82
	9	34	30,980	16.06

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Update to the Council's Constitutions Scheme of Delegations

Council

Date: 20th February 2020

Author: Chief Legal Officer

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To seek Council's authority to restore a number of delegated authorities that the Constitution adopted in May 2019 omitted but which Council had approved in previous years.
- 1.2 The delegated authority is required to authorise Council Officers to undertake inspections and other regulatory actions required by statute.

2. Recommendations

Council is recommended to:

- 2.1 Authorise the Chief Legal Officer to amend Part 8 of the Council's Constitution to amend the delegated authorities to the Head of Planning, Regulatory Services and Heritage as set out in paragraph 3.2 of the report.

3. Detail

- 3.1 The Council's Constitution is updated annually and adopted at annual council. The current process involves renumbering and reordering all the delegated authorities to officers that are set out in Part 8. Unfortunately, an editing error meant that some of these that were adopted in 2018 (Council Minute 11, 2018/19 refers) were omitted in 2019 (Council Minute 11, 2019/20 refers).
- 3.2 The missing delegations and amendments are:
 - 3.2.1 Paragraph 287 – Animal Welfare Act 1981 - Illegal importation of animals
The Rabies (Importation of Dogs, Cats and Other Mammals) Order 1974
Non-Commercial movement of Pet Animals Order 2011 - To administer and enforce the provisions of the Order in respect of illegal importation, including commercial gain
 - 3.2.2 Paragraph 288 to be deleted which is already covered within paragraph 285 Control of Horses Act 2015.
 - 3.2.3 Paragraph 288 – Animal Welfare Act 2006 – Animal Welfare (Licensing of activities involving animals) (England) Regulations 2018 – To exercise the Council's functions in relation to the welfare, licensing and control of animals.

Further information on the subject of this report can be obtained from Douglas Campbell, 07779 413886, docampbell@swindon.gov.uk.

Update to the Council's Constitutions Scheme of Delegations

Council

Date: 20th February 2020

- 3.2.4 Paragraph 288b - Farm Livestock, Animal Health Act 1981 - To exercise the Council's powers in respect of the control of disease, welfare and movement of livestock.
- 3.2.5 Paragraph 288c – Licences - Animal Welfare Act 2006, Animals Act 1971, Control of Horses Act 2015, Control of trade in endangered species (Enforcement regulations) 1997, EU Wildlife Trade Regulations – Council regulation (EC 338/97), Hunting Act 2004, Wildlife and Countryside Act 1981 - To exercise the Council's powers in respect of the welfare and Control of animals
- 3.3 Without these delegations, Council Officers lack authority to undertake a range of animal welfare investigations and prosecutions as required by legislation.
- 3.4 While the Chief Legal Officer has authority to vary the Constitution, in consultation with the members of the Corporate Governance Review working group (Council Minute 11(2), 2019/20 refers), this does not permit extending the text. Therefore, a separate decision of Council is needed.

4. Alternative Options

- 4.1 Council could choose not to agree the delegated authority. However, this would severely impede the Council's ability to fulfil its statutory duties.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The cost of exercising the functions if agreed would be part of the department's existing budget allocation.

Legal and Human Rights Implications

- 5.2 It is considered that there are no additional legal or human rights implications. Further, 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 The Council makes a positive contribution to rural communities though reducing the spread of disease in livestock.

Diversity Impact Assessment

- 5.4 No Diversity Impact Assessment (DIA) has been undertaken as the service is one the Council has previously provided and would be applied in the same manner if the delegated authority is re-granted.

Further information on the subject of this report can be obtained from Douglas Campbell, 07779 413886, docampbell@swindon.gov.uk.

Update to the Council's Constitutions Scheme of Delegations

Council

Date: 20th February 2020

Risk Management

5.5 None

6. Consultees

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

7. Background Papers

7.1 None

8. Appendices

8.1 None

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