

Swindon Borough Council

Cabinet

Wednesday, 7 February 2018

Committee Room 6, Civic Offices

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

Conservative Councillors

David Renard (Chair)

Russell Holland

Oliver Donachie

Toby Elliott

Fionuala Foley

Brian Ford

Mary Martin

Cathy Martyn

Garry Perkins

Keith Williams

Committee Officer: Steve Jones (Telephone 01793 463602)

email: stevejones@swindon.gov.uk

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

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

AGENDA

NOTE:

A Cabinet Open Forum is held at 6:00 p.m. prior to the start of each scheduled Cabinet Meeting. The Open Forum is similar to the 'public question time' that happens at most Council meetings but without the need for questions. It provides the chance to meet with Cabinet Members as well as Corporate Directors and Directors to discuss matters relevant to the Cabinet and its responsibilities. It provides an opportunity to raise issues and give views. The Forum will normally close at 6.30 pm and the Cabinet will then reconvene for the start of the formal Cabinet meeting. If the Open Forum completes its business earlier than anticipated then the Cabinet Meeting will commence at 6:15pm or at the Forum's conclusion.

1. **Apologies for Absence.**
2. **Declarations of Interest.**
Members are reminded that at the start of the meeting they should declare any known interests in any matter to be considered, and also during the meeting if it becomes apparent that they have an interest in the matters being discussed.
3. **Minutes.** (Pages 5 - 12)
To receive the minutes of the meeting held on 6th December 2018.
4. **Public Question Time.**
See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance.
5. **Budget 2018/19 and Beyond** CDRG (CM:RH) (Pages 13 - 54)
6. **Capital Programme 2018-19** CDRG (CM:RH) (Pages 55 - 72)
7. **Treasury Strategy Statement 2018/19** CDRG (CM:RH) (Pages 73 - 98)
8. **Housing Revenue Account (HRA) - Rents and Charges 2018/19** ACDCH (CM:CM) (Pages 99 - 120)
9. **Pay Policy Statement 2018 / 2019** DHROD (CM:KW) (Pages 121 - 142)
10. **Creation of a Swindon Music Trust** HE (CM:FF) (Pages 143 - 148)
11. **Air Quality Management Area Declaration** DPH (CM:CM) **ET; OT** (Pages 149 - 156)
12. **Swindon Borough Playing Pitch Strategy** ACDCH (CM:TE/MM) (Pages 157 - 166)
13. **Special Educational Needs and Disability (SEND) Capital Investment Strategy** DCS, HE (CM:FF) (Pages 167 - 176)
14. **Superfast Broadband Extension Programme** CDRG (CM:TE) (Pages 177 - 182)

Date of Despatch: 29 January 2018

Key:

Officers:

ACDCH	-	Acting Corporate Director Communities and Housing
CDRG	-	Corporate Director Resources and Growth
DLDS	-	Director of Law and Democratic Services (Monitoring Officer)
DCS	-	Director of Children's Services
HE	-	Head of Education
DPH	-	Director of Public Health
DHROD	-	Director of Human Resources & Organisational Development

Wards

ET	Eastcott
OT	Old Town

Cabinet Members Responsible for the Service Area concerned:

DR	-	David Renard	Leader of the Council and Chair of Cabinet
RH	-	Russell Holland	Deputy Leader of the Council, Vice-Chair of Cabinet, Cabinet Member for Finance and Commercialisation
OD		Oliver Donachie	Cabinet Member for the Economy and Skills
TE	-	Toby Elliott	Cabinet Member for Strategic Planning and Sustainability
FF	-	Fionuala Foley	Cabinet Member for Children's Services and School Attainment
BF	-	Brian Ford	Cabinet Member for Adults' Health and Social Care
MM	-	Mary Martin	Cabinet Member for Communities and Place
CM		Cathy Martyn	Cabinet Member for Housing and Public Safety
GP	-	Garry Perkins	Cabinet Member for Regeneration
KW		Keith Williams	Cabinet Member for Corporate Services and Digitalisation

Diversity Impact Assessments

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

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

<http://www.swindon.gov.uk/info/20029/peopleandcommunities/309/diversityimpactassessments>

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

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

(<http://www5.swindon.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13338&path=0>) or from the Committee Officer named above.

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CABINET

WEDNESDAY, 6 DECEMBER 2017

PRESENT:- Councillors David Renard (Chair), Russell Holland, Oliver Donachie, Fionuala Foley, Brian Ford, Cathy Martyn and Garry Perkins

Apologies for absence were received from Councillors Toby Elliott, Mary Martin and Keith Williams

Councillor Steve Allsopp attended the meeting in respect of Minute Nos. 65 and 66.

Councillor Dale Heenan attended the meeting in respect of Minute No. 62.

Councillor Jim Grant attended the meeting in respect of Minute Nos. 61 and 68.

Councillor Jane Milner-Barry attended the meeting in respect of Minute Nos. 62, 65, 67 and 68.

Councillor Chris Watts attended the meeting in respect of Minute Nos. 62, 67 and 68.

Councillor Bob Wright attended the meeting in respect of Minute No. 65.

57. Declarations of Interest.

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

58. Minutes.

Resolved – That the minutes of the meeting held on 18th October, 2017, be confirmed and signed as a correct record.

59. Public Question Time.

Mrs Martha Parry, Swindon Civic Voice, asked questions regarding:

- i) The possibility of the Council affording Swindon Civic Voice a key community stakeholder role, particularly in relation to Forward Swindon Ltd.
- ii) The possible involvement of Swindon Civic Voice in updating the Council's public consultation policy and the Swindon Compact for the voluntary sector.
- iii) The possibility of the Council providing a level of financial support for Swindon Community Voice.

The Leader of the Council responded to Mrs Parry's questions at the meeting.

Mr Terry Reynolds, Gorse Hill, had submitted a written statement and questions on several issues. The Leader advised that written answers would be provided in accordance with the Public Question Time protocol. Mr Reynolds was in attendance and asked supplementary questions regarding the ownership of the Carriage Works and the Council's plans for the regeneration of the northern gateway into Swindon. Mr Reynolds' supplementary questions were answered by the Cabinet Member for Regeneration at the meeting.

60. Exempt Items - Exclusion of Press and Public.

Resolved – That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below, on the grounds that it involves the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Item No.	Paragraph No.	Minute Nos.
13	3	68

61. 2017-18 Budget Update and Budget Strategy 2018-2020

Councillor Russell Holland, the Cabinet Member for Finance and Commercialisation, and the Corporate Director of Resources and Growth, submitted a joint report providing an update on the position in relation to the 2017/18 forecast outturn and the work underway to address the financial challenge in the period to March 2020 through a two-year budget strategy. It was noted that the submission of the report met the requirement to publish initial proposals for the Budgetary and Policy Framework at least two months before the Framework must be adopted (Paragraph 2 (a), Budget and Policy Framework Procedure Rules, part 4 of the Council's Constitution refers).

Councillor Holland introduced the report, providing a summary of (i) the recognised pressures on the 2017/18 budget, including the worsened projected outturn forecast, primarily due to continued demand pressures on looked after children placements, (ii) progress to date with the various key elements of the Swindon Programme, and (iii) the Council's changed approach to managing its financial challenges. It was noted that, for purposes of financial planning, an annual increase in basic council tax of 1.99% had been assumed for the financial period to 2019/20, and that the adult social care precept would be an assumed 3% in 2018/19.

Following his presentation of the report, Councillor Holland, with the Leader of the Council, responded to questions put by Councillor Jim Grant, the Leader of the Labour Group, seeking clarification regarding opportunities for consultation on the detail of the budget, in advance of its consideration at the Council meeting in February 2018, and enquiring why the savings of £13.8m attributed to savings within the Organisational excellence workstream of the Swindon Programme, had not been realised earlier.

Resolved – (1) That the in-year forecast outturn position for 2017/18 be noted and that it be also noted that responding management actions are being developed to eliminate the projected year-end overspend.

(2) That it be noted that:

- a) The budget strategy will be focussed on the delivery of a two year plan covering both 2018/19 and 2019/20.
- b) The Local Government Finance Settlement for 2018/19 has yet to be published and therefore the funding assumptions in this report contain levels of uncertainty.
- c) The tax base for 2018/19 will be 72,898.6.

- d) The potential funding pressures of meeting the demand for increased school places in future years.
- (3) That the virements set out in Appendix 2 to the report be agreed.
- (4) That it be agreed that:
 - a) Budgets for fees and charges that are set by the Council should be uplifted by 5%, or a rounded price close to 5%, except where alternative proposals are recommended as part of the commercialisation workstream of the Swindon Programme.
 - b) The Local Council Tax Support (reduction) scheme in 2018/19 be unchanged from that for 2017/18, apart from the annual increases in allowances, applicable amounts and non-dependant deductions, which will be increased in line with the national scheme.
 - c) The basis for allocating Council Tax Support Grant to Parish Councils remains unchanged from that for 2017/18.
 - d) The Council's share of the estimated surplus on the council tax element of the Collection Fund as at 31 March 2018 is £626k.

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

62. Capital Monitoring Quarter 2 2017-18

Councillor Russell Holland, the Cabinet Member for Finance and Commercialisation, and the Corporate Director of Resources and Growth, submitted a joint report advising on the second quarter's monitoring position for the Council's Capital Programme and advising of several proposed changes to the programme.

Councillor Dale Heenan asked a series of questions relating to the recommendation in the report that Cabinet note the particular change to the capital programme, that the A419 sound barrier be removed from the programme.

In response to Councillor Heenan's questions, the Leader proposed, and it was agreed, that paragraph 3.3.11 of the report, be amended to confirm that the scheme will be removed from the 2017/18 Capital Programme. It was also agreed that the related issues raised by Councillor Heenan in his questions, and not answered at the meeting, would be the subject of a written response.

Councillor Holland, with the Leader of the Council, responded to questions put by Councillors Jane-Milner Barry, about the impact of the removal of the A419 sound barrier on the Council's ability to deliver against its Pledge 2 of the Council's Vision, and by Councillor Chris Watts, about the lack of officer consultation with Councillors about capital programme and other issues affecting their ward areas.

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

(2) That the changes to the programme, set out in section 3.3 of the report, be approved, subject to the following amendment:

That it be noted that the A419 Sound Barrier will be removed from the 2017/18 Capital Programme.

(3) That the contents of Tables 3 – 6 in the report, regarding the 2016-17

Community Infrastructure Levy (CIL), be noted and that these be approved to be published on the Council's website.

(4) That the annual retention of 5% of the total annual CIL receipts to cover administration costs, as set out in paragraph 3.7 of the report, be approved.

(5) That the distribution of the non-parished CIL Neighbourhood Proportion to the new parishes as if they had existed at the date of the receipt be approved.

(6) That the intention for CIL receipts to support capital programme proposals for 2017/18, that will be taken to Cabinet in February 2018 as part of the annual capital budget setting process, be noted.

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

63. Mid-Year Treasury Performance 2017/18

Councillor Russell Holland, the Cabinet Member for Finance and Commercialisation, and the Corporate Director of Resources and Growth, submitted a joint report setting out the mid-year Treasury Management performance for 2017/18.

Resolved - That the mid-year Treasury Management performance be noted.

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

64. Special Educational Needs and Disability (SEND) Capital Investment Strategy

Councillor Fionuala Foley, the Cabinet Member for Children's Services and School Attainment, the Corporate Director, Children's Services, and the Head of Education, submitted a joint report setting out the strategy for the allocation of capital funding specifically for provision that serves children with Special Educational Needs and Disability in Swindon. It was noted that the report was necessary to set out the draft investment strategy and propose consultation in order to comply with the Department for Education requirements to access the first tranche of funding on the 1st April 2018.

Resolved – (1) That the draft Special Educational Needs and Disability Capital Investment Strategy, attached at Appendix One to the report, be approved as the basis for further consultation with stakeholders.

(2) That the Head of Education, in consultation with the Cabinet Member for Children's Services and School Attainment, be authorised to conduct a consultation with local providers, parents and stakeholders on the draft strategy attached at Appendix 1 to the report and to report to Cabinet in February 2018 on the outcome.

(3) That the Head of Education, in consultation with the Director of Finance (Section 151 Officer), be authorised to retain £40,000 of the investment strategy as an access fund for the Local Authority to commission low level adjustments to schools, as set out in paragraph 3.10 of the report.

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

Councillor Oliver Donachie, the Cabinet Member for the Economy and Skills, and Councillor Garry Perkins, the Cabinet Member for Regeneration, and the Corporate Director Resources and Growth, submitted a joint report setting out the recommended draft Town Centre Car Parking Strategy for consideration and seeking Cabinet's agreement to the commencement of consultation on the Strategy, to include consultation on the level of parking charges. The report also recommended some immediate measures aimed at addressing anti-social behaviour affecting the usage of town centre car parks.

It was noted that the Town Centre Car Parking Strategy was last reviewed in 2011 and, with regeneration projects within the town centre progressing, it was considered timely that it be updated.

Following his introduction of the report, Councillor Donachie, with Councillor Garry Perkins, the Cabinet Member for Regeneration, responded to questions put by Councillors Steve Allsopp, Jane Milner-Barry and Bob Wright regarding:

- The proposed closure of the Granville Street car park and the need to ensure the retention of a range of car parking facilities in that area to support local commerce.
- The status of proposals for the future development of the Granville Street car park.
- The anticipated effect of increased car parking charges on footfall in the town centre.
- The outcome of consultation with InSwindon and the Brunel Centre Management on proposed car parking increases.
- Car parking capacity and proposals to ensure there will be sufficient car parking provision for increased residential development in the Town Centre.
- The definitions of "sufficient" and "adequate", as used in the car parking strategy.
- The strategy objective of minimising the impact of town centre car parking on surrounding residential areas and the opportunity to revisit the strategy in the event of unintended consequences on wards adjacent to the town centre being identified.

Resolved – (1) That the draft Town Centre Car Parking Strategy, as summarised in section 3.5 of the report, and set out in full at Appendix One to the report, be approved for consultation purposes.

(2) That the Corporate Director Resources and Growth, in consultation with the Cabinet Member for the Economy and Skills, the Cabinet Member for Regeneration, and the Head of StreetSmart, be authorised to implement the following measures:

- a) To commence consultation on increasing the parking charges.
- b) Dependent on the outcome of the consultation, to adopt a new schedule of charges for 2018/19.
- c) To make provision within the Council's budget for 2017/18 for up to £160,000, to immediately implement the measures outlined in paragraph 3.7.3 of the report and Action Plan measure S1, with the aim of enhancing the quality of the Council's town centre parking stock including the provision of extra cleaning staff.
- d) To allocate a budget of £160,000 per annum from 2018/19, funded from

increased parking charges, to support the enhanced quality of the Council's town centre parking stock as outlined in paragraph 3.7.3 of the report and Action Plan measure S1.

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

66. Reference from the Health and Wellbeing Board - Adoption of the Swindon Affordable Warmth Strategy

Councillor Brian Ford, the Cabinet Member for Adults' Health and Social Care, and the Director of Law and Democratic Services, submitted a joint report regarding a recommendation of the Health and Wellbeing Board that the Council adopt the Swindon Affordable Warmth Strategy for 2017-19.

Councillor Ford, with Councillor Cathy Martyn, the Cabinet Member for Housing and Public Safety, responded to questions put by Councillor Steve Allsopp regarding (a) the need for the Council to be imaginative in its mechanisms to contact hard to reach groups on issues of increased energy efficiency and energy cost reductions, (b) the need to also consider how best to overcome barriers of language and obstructive landlords in furtherance of strategy objectives, and (c) the ability of the Council to set its own criteria for the determination of incidences of fuel poverty.

Resolved - That the Swindon Affordable Warmth Strategy for 2017-19, approved by the Health and Wellbeing Board at its meeting on 25th October 2017, be adopted.

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

67. Delivery of Town Centre Regeneration

Further to Minute 111(3), 2016/17, Councillor Garry Perkins, the Cabinet Member for Regeneration, and the Corporate Director, Resources and Growth, submitted a joint report advising on the outcomes of the independent review of the Swindon Town Centre Regeneration Delivery model, attached at Appendix 1 to the report.

Councillor Perkins responded to questions put by Councillors Jane Milner-Barry and Chris Watts regarding the Cabinet Member's view that the proposed operational and funding mechanisms and governance arrangements are the best option for the successful delivery of future town centre regeneration and whether the report had taken into account recently effected staff changes at FSL.

Resolved – (1) That the contents of the Independent Review of Swindon Town Centre Regeneration Delivery Model, as set out in Appendix One to the report, be noted.

(2) That Forward Swindon Ltd (FSL) remain as the delivery vehicle, with a reviewed Board membership and with a strong client function fulfilled by the Corporate Director, Resources and Growth, in line with Council's priorities.

(3) That the Corporate Director, Resources and Growth, in consultation with the Cabinet Member for Regeneration and the Director of Law and Democratic Services, be authorised to take such steps as are required to review the current Board membership.

(4) That the Corporate Director, Resources and Growth, in consultation with the Director of Finance and the Cabinet Members for Finance and Commercialisation and for Regeneration, be authorised to develop a budget proposal for 2018/19 to fund FSL and work towards FSL being self-funding.

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

68. Kimmerfields: Delivery Options

Further to Minute 37, Councillor Garry Perkins, the Cabinet Member for Regeneration, and the Corporate Director, Resources and Growth, submitted a joint report setting out options for the future delivery of the Kimmerfields development. In particular, the report sought Cabinet's approval to progress with the proposed new Bus Exchange and a strategy for delivering a viable Masterplan for Kimmerfields.

Councillor Perkins responded to questions put by Councillors Jim Grant, Jane Milner-Barry and Chris Watts regarding the timescales for the commencement of development and the receipt of a financial return, other scheme specifics and the involvement of opposition groups in any future refresh of the Masterplan.

Resolved – (1) That, subject to the termination of the Kimmerfields Development Agreement (DA):

- a) The concept design for the Bus Exchange and Fleming Way, included as Appendix Two to the report, be noted.
 - b) The Corporate Director, Resources and Growth, in consultation with the Cabinet Member for Regeneration, be authorised to develop the Bus Exchange design, based on the funding available once the outcome of the bids described in paragraphs 3.21 and 3.22 in the report are known, in conjunction with the outcome of the town centre movement strategy review.
- (3) That the position in respect of the commercial advice on how the Council and the Homes and Communities Agency (HCA) might take forward development on the Kimmerfields site be noted.
- (4) That the Corporate Director, Resources and Growth, in consultation with the Cabinet Member for Regeneration, be authorised to develop proposals for the preferred scheme for Kimmerfields, as detailed in the main body of the report (to include phasing, cost and cashflow implications) and report back to the Cabinet in July 2018.
- (5) That funding be approved, up to the amount identified in the report (to be allocated from the balance of the Phase 1 Kimmerfields DA development account), to progress with the next steps of the project, as identified in paragraphs 3.25 to 3.28 of the report, in order to support the Cabinet paper in July 2018 (see 4 above) and produce a viable Masterplan.
- (6) That the Corporate Director for Resources and Growth, in consultation with the Cabinet Member for Regeneration, be authorised to spend a budget up to the amount identified in the report, funded from Local Growth Fund grant, to progress design and consultation work on the Bus Exchange and Fleming Way scheme and to enable associated preparatory works such as utility diversions to be commenced.

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

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Budget 2018/19 and Beyond

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Finance and Commercialisation
Corporate Director for Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report proposes a budget for 2018/19, sets out an indicative budget for 2019/20, and provides the financial context for 2020/21 onwards.
- 1.2 Under the Council's Constitution, the Cabinet is required to recommend a budget to Council as part of its formal council tax setting responsibilities.
- 1.3 The effective management of financial resources through robust financial planning processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to note:

- 2.1 The medium term financial context and impact on Swindon of the draft Local Government Finance settlement;
- 2.2 The projected out-turn for 2017/18;
- 2.3 That the Council does not foresee any need to replenish general reserves as part of the 2018/19 budget setting process;
- 2.4 The consultation feedback, summarised in Appendix 3, in relation to the budget proposals;
- 2.5 That the detailed Dedicated Schools budget for 2018/19 has been set within the provisional funding envelope of £176.765m;
- 2.6 That, in line with the requirements of the Local Government Act 2003, the Director of Finance (Section 151 Officer) confirms the robustness of the estimates underlying the recommended Budget and having reviewed the financial risks being faced by the Council concludes that the proposed minimum level of general reserves (£6m) is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £2.1m.

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

Budget 2018/19 and Beyond

Cabinet

Date: 7th February 2018

Cabinet is requested to:

- 2.7 Recommend to Council, subject to any changes resulting from the Government's announcement of the final local government finance settlement for 2018/19 that:-
 - 2.7.1 The 2018/19 Budget be set at £140.224m;
 - 2.7.2 The Council Tax be increased by 4.99%, comprising 2.99% for the basic amount of council tax and a specific adult social care precept of 2%, and;
 - 2.7.3 It be determined that the proposed increase in the basic amount of Council Tax for 2018/19 is not excessive in accordance with Schedule 5 of the Localism Act 2011 and therefore does not trigger the requirement for a referendum.
- 2.8 Agree the 2017/18 virements, set out in Appendix 2;
- 2.9 Approve the council tax exemption scheme for Swindon care leavers under the age of 21 as set out in paragraph 3.12.
- 2.10 Authorise the Director of Finance, in consultation with the Cabinet Member for Finance and Commercialisation, to extend any Exemption or Council Tax Discount for Swindon Care Leavers between the age of 21 and 25, where good reason or hardship is shown.
- 2.11 Approve the continuation of the scheme for disregarding refugees with permission to remain but no income from the Council Tax calculation of households.
- 2.12 Approve the local business rate relief schemes as set out in paragraphs 3.14 to 3.16.
- 2.13 Endorse the medium term financial strategy, set out in Appendix 6;
- 2.14 Agree the specific reserves held in support of the 2018/19 Revenue Budget set out in Appendix 5, and the approach to funding transitional commitments as set out in paragraphs 3.25 to 3.27;
- 2.15 Authorise the Director of Finance to balance any changes between the provisional local government finance settlement and the final numbers expected to be released in mid-February by adjusting the budget risk contingency;
- 2.16 Authorise the Corporate Director Resources and Growth to appoint PPS, under the Teckal exemption in Regulation 12 Public Contract Regulations 2015, to carry out the relevant technical work, including planning applications, and grid connection applications, and to advise on transaction structure, marketing and consideration of bids for the proposed Mannington battery storage project on the basis set out in paragraphs 3.35 to 3.42 and other such future schemes to be

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

Budget 2018/19 and Beyond

Cabinet

Date: 7th February 2018

offered to the market for renewable energy strategy delivery, solar development, storage, heat and transport on Council owned land.

3. Detail

Forecast Out-turn 2017/18

- 3.1 The starting position for the 2018/19 budget is the current year's budget for 2017/18. Table 1 below and Appendix 1 set out the forecast position to 31st March 2018, which shows that the forecast overspend is £0.5m.
- 3.2 The significant changes since the last report to Cabinet are:
 - 3.2.1 The announcement of an increased funding allocation from central government for the Flexible Homelessness Support Grant, which has removed the cost pressure reported throughout the financial year
 - 3.2.2 An increase in the underspend on the capital financing budget of £450k, reflecting the anticipated treasury management activity for the remainder of the financial year and the impact of the increase in the Bank of England base rate
 - 3.2.3 The release of £300k from the pay strategy contingency as this will not be required in the current financial year
 - 3.2.4 Further demand pressures on children's social care including an increase in spend on external placements of £168k and an increase in children being supported by the locality teams (£90k). There has also been an increase in staff costs of £304k to address the increased demand and caseload levels within the team and to increase the number of in-house foster placements.
- 3.3 In addition to the points above budget managers across the council have sought to offset emerging cost pressures, over the course of the financial year. This work continues and, on that basis, it is anticipated that there will no recourse to drawing on general reserves in 2017/18.

Budget 2018/19 and Beyond

Cabinet

Date: 7th February 2018

Table 1 – Forecast Out-turn 2017/18

Department	Budget 2017/18 £m	Full-Year Projected Outturn £m	Projected Variance £m	Movement since last report £m
Adult Services	82.2	82.1	(0.1)	(0.2)
Children Services	29.2	33.1	3.9	0.6
Communities and Housing	28.2	28.6	0.4	(0.8)
Economy	(3.2)	(3.2)	0.0	(0.1)
Resources	23.0	22.5	(0.5)	(0.4)
Corporate	(22.9)	(26.1)	(3.2)	(0.9)
Total General Fund	136.5	137.0	0.5	(1.7)

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

The 2018/19 Provisional Finance Settlement

- 3.5 The Government published the provisional 2018/19 local government finance settlement on 19th December 2017.
- 3.6 The key issues for the Council's revenue budget over the next two years arising from the provisional settlement are:
- 3.6.1 The Government has created more flexibility by increasing the referendum limit for core Council Tax by an additional 1 per cent in 2018/19 and 2019/20 (from 2 per cent to 3 per cent);
 - 3.6.2 The ability to use capital receipts to fund transformation is to be extended for a further 3 years to March 2022;
 - 3.6.3 The previously announced ability to increase planning fees by 20% is to go ahead;
 - 3.6.4 There will be no limits on parish council tax increases over the next three financial years;
 - 3.6.5 No further changes were made to the New Homes Bonus scheme; and
 - 3.6.6 The revenue support grant figures in the provisional settlement are in line with expectations.
- 3.7 Table 2 below summarises the provisional settlement for Swindon and compares it to the draft budget assumptions.

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

Budget 2018/19 and Beyond

Cabinet

Date: 7th February 2018

Table 2 – Comparison of Provisional Settlement with Draft Budget Assumptions

	2018/19	2019/20
Actual	£m	£m
Revenue Support Grant	8.949	4.268
New Homes Bonus	3.852	3.654
Improved Better Care Fund	3.779	4.468
Total	16.580	12.390
Draft Budget		
Revenue Support Grant	8.949	4.268
New Homes Bonus	3.672	3.672
Improved Better Care Fund	3.779	4.468
Total	16.400	12.408
Increase/(Decrease) in Funding	0.180	(0.018)

Council Tax

- 3.8 In line with Government expectations it is proposed that the Council increases the basic amount of Council Tax for 2018/19 by 2.99%, of which 1% is for adult social care, and raises an additional specific adult social care precept of 2%.
- 3.9 If agreed, the total 4.99% increase will be broken down on the face of the Council Tax bill, in line with national guidance, to explain that 2% of the increase is specifically to respond to the rising demand for adult social care.
- 3.10 A 4.99% increase would increase the average Band D Council Tax bill by £62.44 per annum, excluding precepts from other bodies.
- 3.11 For the purposes of producing the indicative budget figures for 2019/20, it has been assumed that the overall Council Tax increase will be 3.99%. This is comprised of a basic Council Tax increase of 2.99% and an adult social care precept of 1%.
- 3.12 At its meeting on 18th October 2017, Cabinet agreed to consult on granting council tax exemptions or discounts for care leavers (Cabinet Minute 46, 2017/18 refers). The outcome of the consultation exercise, which was supportive of the proposal, is set out in Appendix 3. It is recommended that the exemptions and discounts are granted as proposed in the October 2017 report, and that those aged between 21 and 25 will need to show that hardship would result if they had to pay the amounts billed.

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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- 3.13 A Cabinet Members Decision Note agreed in September 2017 allowed householders who agreed to 'host' refugees given permission by the relevant government agency to remain in the UK to retain a single person discount on council tax, until the refugee is receiving an income or for a period of three months. This has been granted for one householder and it is now recommended that this discount be allowed for other householders for a maximum of three months, if the need arises in the future.

Business Rates

- 3.14 In the March 2017 budget the Chancellor announced three schemes to help businesses facing large increases in business rates following the national revaluation of rates. These were that:
- 3.14.1 Any business that received small business or rural rates relief in March 2017, should have a maximum of a £600 a year increase for the next few years;
 - 3.14.2 Public Houses should be given a £1,000 rates reduction in 2017/18; and
 - 3.14.3 Local Authorities would be given funds to introduce schemes to limit the increases of medium sized private sector businesses.
- 3.15 A Cabinet Member Decision Note agreed in July 2017 set out the scheme for Swindon businesses. For those with rateable values of less than £200,000 the maximum increase would be 12.5% and for future years the increase would be a maximum of 20%, until the rates payable reached the assessed level under the national revaluation.
- 3.16 In the November 2017 budget the Chancellor announced that funding for all three schemes would continue in 2018/19, extending the £1,000 reduction for Public Houses for a further year. It is therefore recommended that the three schemes continue as agreed in July 2017.

Feedback from Scrutiny Committee

- 3.17 On 8th January 2017, the Scrutiny Committee considered a report on the 2018/19 budget setting process. The Committee debated a range of points and resolved that:
- 3.17.1 That the Budget Position Update report be noted.
 - 3.17.2 That the Cabinet Member for Finance and Commercialisation provide additional detailed information to members on the budget proposals for 2018-2020

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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Consultation Feedback

- 3.18 The Council published its budget strategy on its website and sought feedback on the approach being taken. The Council has also undertaken further consultation with the business community via a meeting with business representatives from Swindon, on behalf of non-domestic rate payers on 30th January 2018.
- 3.19 The feedback from this will be circulated as Appendix 3 for the meeting.

The Proposed Budget 2018/19 and Indicative Budget for 2019/20

- 3.20 Table 3 summarises the changes to the current financial year in arriving at the proposed budget for 2018/19 and indicative budget for 2019/20. The detailed proposals are set out in Appendix 4.

Table 3 – Summary of Budget Changes

	2018/19 £m	2019/20 £m
Base Budget	136.5	140.2
Funding Changes	1.2	-
Inflation	4.4	6.7
Cost Pressures	11.4	10.9
Identified Savings	(10.1)	(9.6)
Capitalisation of Transformation Costs	(1.2)	-
Change in Budget Risk Contingency	(2.0)	-
Change in Use of Reserves	0.0	2.8
Proposed Budget for 2018/19	140.2	
Further Savings Required for 2019/20		(9.8)
Indicative Budget for 2019/20		141.2
Funded By:		
Revenue Support Grant	8.9	4.3
Business Rates	34.9	35.6
Council Tax	95.8	101.3
Surplus on Council Tax Collection Fund	0.6	-
Total Funding	140.2	141.2

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Relationship between Revenue and Capital Budgets

- 3.21 The 2018/19 revenue budget includes a cost pressure of £0.6m to cover the estimated increase in debt charges to finance the capital programme being delivered during 2017/18 and any interest incurred on schemes starting in 2018/19.
- 3.22 The 2018/19 capital programme is set out elsewhere on the agenda and any significant increase in the proposed programme that is financed from borrowing will have an estimated impact on the annual revenue budget of £80k per £1m.

Fees and Charges

- 3.23 No changes are proposed to the general approach to fees and charges agreed by Cabinet on 6th December 2017 (Cabinet Minute 61(4), 2017/18 refers).
- 3.24 As the Government has now confirmed that councils will be able to increase planning fees by 20% the proposed budget also reflects the decision previously taken by Cabinet on 14th June 2017 to implement this measure (Cabinet Minute 5(2), 2017/18 refers).

Approach to Funding Transitional Costs

- 3.25 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:
 - 3.25.1 Costs of delivering projects within the Swindon Programme,
 - 3.25.2 Reorganisation and restructuring costs that deliver financial savings
 - 3.25.3 Transitional investment that delivers long-term financial benefits by reducing future service costs.
- 3.26 A key financial challenge for the Council relates to rising cost of children's social care. At a national level the LGA has highlighted the fact that:
 - 3.26.1 Councils' spend on children's services exceeded budgets by £605m
 - 3.26.2 There was a 140% increase in child protection enquiries over a decade
 - 3.26.3 An expectation that, on current trends, the funding gap would be £2bn by 2020
- 3.27 In the current financial year the budget for children's social care is anticipated to overspend by £3.9m. Although provision has been made for growth in the base

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budgets for 2018/19 and subsequent years, additional investment above those amounts will need to be made to deal with the short-term pressures and put in place the arrangements to enable the service to be financially sustainable in the longer term. As part of the budget it is therefore proposed to earmark £7.5m of the Council's available reserves to invest in this priority area. This forms part of the specific reserves to support the budget, which are set out in Appendix 5.

Contingencies and Risk

- 3.28 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 2018/19, alongside the level of general and earmarked reserves, reflects the overall potential risk associated with delivering the budget proposals.
- 3.29 The following significant risks have been identified in relation to the savings within the council's budget:
- 3.29.1 Commissioning and Procurement – The approach to delivering the £2m budget saving will, as part of the Swindon Programme, involve engaging with commissioners across the Council. Whilst a process to deliver this is in place the outcome will only be certain once this work has been completed.
- 3.29.2 Organisational Excellence – During the course of the next few months there will be a range of projects across the organisation to change the way the Council works. A number of these will be the subject of specific Cabinet decisions over that period and this process will provide confirmation of the savings to be delivered.
- 3.30 The Council also faces risks in managing the costs associated with the major demand led services, particularly in adult and children's social care. The investment of funding and resource to manage pressures in adult social care during 2017/18, and the establishment of a specific reserve for children's social care, 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 2018/19.
- 3.31 Based on this assessment it is proposed that the budget risk contingency is set at £2.1m.
- 3.32 In light of this, and the specific reserves held to support the budget (set out in Appendix 5), the Director of Finance, as part of his Section 151 responsibilities, is content that the 2018/19 budget as proposed is deliverable, taking into account the level of specific and general reserves held by the Council. It should be noted that there is less certainty regarding the indicative proposals for 2019/20 at this

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stage, but that these will subject to review and further refinement as part of the continued progress of the Swindon Programme.

General Reserves

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

Schools' Budgets 2018/19

- 3.34 The provisional Dedicated Schools Grant (DSG) for 2018/19 is £176.765m, the majority of which is passported directly to schools. The Council prepared its budgets based on existing spend, inflation and known increases in demand and it has been possible to produce a balanced budget, within the available funding. The Schools Forum considered the proposed budget at its meeting on 17th January 2018 and agreed the allocation of the budget as set out in Table 4 below, which is shown after Schools Forum's agreed transfer of £0.659m (0.5%) of Schools Block funding to the High Needs Block:

Table 4 - Overall DSG Funding and Expenditure 2018/19

	£m
Total DSG and EFA Funding receivable	
Early Years Expenditure	14.024
Mainstream School Expenditure	131.117
High Needs Expenditure	30.679
Central Schools Services Expenditure	0.945
Total Expenditure	176.765

Public Power Solutions

- 3.35 A report to Cabinet on 14th June 2017 ('Budget Management 2016 - 17') outlined at paragraphs 3.19 - 3.22 a proposal that PPS would develop and submit draft business cases to the Council including, but not limited to, renewable energy strategy delivery, solar development, storage, heat and transport, and that the business cases would be evaluated through the Commercial Investment Strategy Board with the cost of the development of the business cases being met by PPS. Cabinet resolved (Min 5(3) 2017/18 refers) that the remit of the work that can be

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delivered by PPS under the 'Teckal' exemption in regulation 12 of the Public Contracts Regulations 2015 as set out in paragraphs 3.19 - 3.22 of the report be authorised. Cabinet further resolved (Minute 5(4) 2017/18 refers) that the Corporate Director Economy, Regeneration and Skills, in consultation with the Corporate Director Resources and Transformation be authorised to appoint PPS to deliver those works under the Teckal arrangement pursuant to regulation 12 of the Public Contracts Regulations 2015 as it was then Teckal compliant, and that Standing Orders in relation to contracts be waived if necessary, provided best value could be demonstrated.

- 3.36 The process set out in the report of 14th June 2017 whereby PPS would prepare business cases for energy related schemes on Council owned land, to be evaluated through the Council's Commercial Investment Strategy Board was set up for schemes where the Council was looking to be the investor with the costs of developing the business case met by PPS.
- 3.37 The advice from PPS now is that the energy market is in a period of transition and that PPS is adapting to this by progressing energy storage projects and innovative private wire solar installations. Some of these schemes, in particular grid connected battery storage, may not currently be suited to Council or community investment due to the risks around long-term income security. However, the advice is that there is wider market interest in purchasing these projects from organisations looking to invest in and manage these installations and who already benefit from a business model, which provides revenue security.
- 3.38 In this situation, the proposal is that the Council would commission PPS, to advise concerning such projects on Council owned land and to progress on the Council's behalf the relevant technical work, including planning applications and grid connection applications. The project would then be offered to market and PPS would advise the Council on selection of a preferred bidder based on best value principles and capacity to deliver.
- 3.39 PPS has identified the first such project namely a large scale battery storage scheme at Mannington Depot. The proposal is that after having secured planning permission and a grid connection for the project, the scheme including an option to take a lease of the site will be offered to the market and that the preferred bidder will construct and manage the scheme over the long term. The Council will benefit from a rental income and business rates from the scheme.
- 3.40 It is worth noting that, whilst some energy schemes may not currently be suitable for Council or community investment, PPS is working on models which provide the investment risk profile necessary to attract private sector investment, passing the revenue and environmental benefit back to the Council and local communities.

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3.41 In relation to the proposed battery storage scheme at Mannington, the land disposal is expected to fall within the scope of the delegated authority of Head of Property Assets. Any future projects which PPS may advise the Council to consider taking forward on Council owned land will require appropriate authority to be granted for the proposed disposal.

3.42 Cabinet is requested to approve authorisation for the Corporate Director Resources and Growth to appoint PPS to carry out the relevant technical work and to advise on transaction structure, marketing and consideration of bids specifically for the proposed Mannington battery storage scheme and for other such future schemes. PPS will deliver the works under Teckal arrangements pursuant to Regulation 12 of the Public Contracts Regulations 2015, as it is currently Teckal compliant, and that Standing Orders relating to Contracts be waived if necessary.

4. Alternative Options

4.1 The Cabinet could amend the package of budget proposals at the assumed council tax increase of 4.99% for 2018/19, 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 £0.9m.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

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

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

5.3 During the first part of the year the Swindon Programme will continue to focus on service redesign with workforce requirements being scoped out during this period. Although the programme has not set a specific headcount reduction target it is anticipated that there will be a reduction in posts of around 15% of the current total across the organisation over the next two years.

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- 5.4 As detailed business cases are approved, consultation will commence around the related headcount reduction. Consultation will be aligned to specific work streams and will require a minimum of 45 days duration.

Diversity Impact Assessment

- 5.5 In line with the Public Sector Equality Duty (Equality Act 2010) Swindon Borough Council is required to pay due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between different protected groups when making decision. Where known, the equality impact of change must be disclosed.
- 5.6 Specific savings 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.
- 5.7 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.
- 5.8 However, Officers' current assessments conclude that the impact of adopting these proposals on front-line services or vulnerable groups would be minor. This is not to imply that there would not be any adverse impact on service users, if the proposals are approved.
- 5.9 Many of the proposals will affect staff, especially where the majority of the saving proposals are made up of staffing costs. Given the scale of staffing reductions, there is potential for these proposals to have a significant impact on the workforce. There are some services that due to their nature consist of predominantly female or male members of staff, and it is important that changes are not disproportionate in terms of their impact. The Council's Managing Change, Restructuring, Redeployment & Redundancy Policy provides a framework to be followed during times of organisational change to minimise the risk of a negative impact on any equality groups. The Managing Change Policy requires that staffing changes undergo DIA to ensure that the restructure process is conducted in a fair, transparent and non-discriminatory manner.

6. Consultees

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

7. Background Papers

- 7.1 None

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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8. Appendices

- 8.1 Appendix 1: Forecast Out-turn by Directorate 2017/18
- 8.2 Appendix 2: Virements 2017/18
- 8.3 Appendix 3: Consultation Feedback
- 8.4 Appendix 4: Detailed Budget Proposals 2018/19 and 2019/20
- 8.5 Appendix 5: Reserves Policy and Specific Reserves held to support the budget for 2018/19 and later years
- 8.6 Appendix 6: Medium Term Financial Strategy Update

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

- 9.1 The Council's Budget will be determined by the full Council on 22nd February 2018. 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 2018.

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2017/18 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
General Fund	Resources	Internal Audit	358	398	40	(10)	Cost of resource to implement anti-fraud initiative will cost less than expected in 2017-18.
		Finance	5,305	5,100	(205)	(118)	Saving of £93k on the Insurance re-tender and savings on vacancies
		People and Development	1,700	1,725	25	0	
		Corporate	(22,940)	(26,150)	(3,210)	(870)	Saving on £451k on the Treasury budget through the release of the provision for new long term borrowing. A further £300k from the pay contingency budget that was established to meet potential increases in costs linked to pay strategy work. The rest of the savings are due to a reduction in Audit Fees, procurement savings and additional rental income from PPS Ltd.
		Digital Services and Corporate Programmes	5,203	5,159	(44)	(44)	Savings on staff vacancies
		Transformation	1,350	1,244	(106)	(70)	Savings on staff vacancies
		Law & Democratic Services	1,676	1,652	(24)	(10)	Minor variances
		Performance, Organisation Improvement and Communications	1,155	1,052	(103)	(58)	Savings on staff vacancies
		Business Services & Support	6,288	6,185	(103)	(73)	Savings on staff vacancies and other operational budes.
	Economy		95	(3,635)	(3,730)	(1,253)	
		Property & Assets	(4,083)	(3,947)	136	(83)	Additional income identified (£60k) plus various minor service area variances.
		Growth & Regeneration	909	747	(162)	16	Additional service area subscription commitments.
			(3,174)	(3,200)	(26)	(67)	

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2017/18 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
	Children Services	Routes to Employment	275	318	43	(27)	Savings on contract budgets and other minor variances
		Skills & Attainment	1,939	2,003	64	10	Minor variances
		Children, Families and Community Health Services	26,941	30,798	3,857	604	The past two months have seen an increase in costs due to an increase in demand for Children's services. The increase in spend on External placements is £168k and the spend on children being supported by the locality teams has increase by £90k. There has also been an increase in staff costs of £304k this is in part due to an increase in demand for services, caseload levels within the team and the need to increase the number of In-house Foster placements. There has also been various smaller movements which has resulted in a £42k pressure.
	Adult Services	Adults	29,155	33,119	3,964	587	The achievement of the Learning Disabilities saving plan has allowed LD staff to start on early delivery of 18/19 savings. This has assisted Adults to deliver a forecast saving of £200k. The Great Western Hospital have experienced a significant rise in demand over the holiday period. The Clinical Commissioning Group have responded by purchasing 12 nursing beds and the Council has commissioned an additional 432hours pw of domiciliary care to support prompt discharge from hospital. The costs to Adult Social Care have been met from its own winter pressures reserve and savings elsewhere within Adults directorate. Winter demand pressures are being monitored closely and further rises in demand may have an adverse impact on the outturn forecast. The NHS has also provided funding for additional reablement and social work support to ensure patients in temporary placements return home wherever possible
			69,876	69,676	(200)	(200)	
		Public Health	12,286	12,398	112	(8)	Minor variances
			82,162	82,074	(88)	(208)	

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2017/18 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
	Communities and Housing	Streetsmart, Libraries and Supported Employment	13,346	13,484	138	(143)	Increasing pressures in Enterprise Works of £118k mitigated by improved forecasts across other service areas including libraries £52k, waste £30k, Waterside Depot costs of £67k and parking £30k improved forecasts for fuel usage and reduced budget pressure on public toilets
		Housing Services	222	222	0	(565)	Following a challenge from the Council to the DCLG, government funding for the Flexible Homelessness Support Grant has been increased by more than assumed in the budget which mitigates the previously reported pressures. The additional funding of approximately £400k will allow further work to address the ongoing homelessness situation and officers are currently working on a business case to outline how these funds may best be used to mitigate future pressures. Action taken to reduce expenditure on Private Sector Landlord rents has also helped reduce the previously reported overspend.
		Highways & Transport	11,959	12,036	77	(53)	Improved projections relating to salary underspends within public transport and slow down in increases to contract costs (£25k). Improvement in trading position relating to highway operations of £25k
		Planning & Regulatory	906	1,060	154	(21)	Improved trading position for land charges of £16k. Heritage forecasts have improved but these are dependent upon large events taking place in December and deferring non essential backlog maintenance. These will continue to be monitored. Planning fee income forecasts have been adjusted to account for both the 20% price increase and an allowance for carry forward of fees to match when the work is undertaken in 2018/19
		Facilities Management	1,792	1,794	2	2	
		28,225	28,596	371	(780)		
		General Fund Total		136,463	136,954	491	(1,721)


Fund	Tier 1 Pillar	Tier 2 Function	Budget 2017/18 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
Health	Health Adults	Health Adults	5,748	5,756	8	0	Pressures resulting from demand in equipment needed to support safe discharge from hospital. Additional funding expected from Swindon CCG.
		Health Adults Funding	(5,748)	(5,756)	(8)	0	
	Health Childrens	Children's Health Delivery Services - CCG Funded	1,304	1,304	0	0	
		Children's Health Delivery Services - CCG Funded	(1,304)	(1,304)	0	0	
		Children's Health Commissioning	3,452	3,452	0	0	
		Children's Health Commissioning Income	(3,452)	(3,452)	0	0	
	Health Total		0	0	0	0	
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	84,888	84,585	(303)	298	Pressure for increased support provided to a school in financial difficulty for educational and leadership support plus alternative provision for some pupils and school closure costs £85k. Pressure for additional pupils are being supported by High Needs top ups in a number of settings £115k and one new Post 16 placement costing £43k. There has also been an increase in 2 year old take up £56k, this pressure is almost offset by an increase in the amount of DSG income expected as per below. There is a new pressure for the Pre-exclusion Alternative Provision setting as agreed by Schools Forum £120k. These pressures are offset by an underspend in mainstream school budgets as the ESFA have refunded the cost of part year pupil growth in two academies (£123k).

Fund	Tier 1 Pillar	Tier 2 Function	Budget 2017/18 £'000	Full-Year Projected Out-turn £'000	Projected Variance £'000	Movement since last report £'000	Commentary on Reasons for Variance
Dedicated Schools Grant	DSG Commissioning	DSG Skills and Attainment	(84,888)	(84,220)	668	(49)	The amount of DSG expected to be received has increased by £49k as there has been an increase in the number of 2 year olds taking up places as notified above.
Dedicated Schools Grant Total			0	365	365	249	
Housing Revenue Account	Housing Revenue Account	Supervision & Management	(35,542)	(35,328)	214	293	Issues with the contractor responsible for void repairs have resulted in higher levels of lost rent, cancelling out previously reported vacancy savings.
		Special Services	197	417	220	(17)	Savings on utility costs have increased over the last 3 months and will ultimately go into reserves.
		Repairs	10,125	9,545	(580)	(385)	Staff vacancy savings combined with a higher level of work recharged to capital has increased the overall saving in revenue repairs.
		HRA Capital Financing	25,220	25,773	553	0	
Housing Revenue Account Total			0	407	407	(109)	

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Virements 2017/18 - Movements since the last report

Appendix 2

	Resources & Corporate £'000	Economy	Children Services £'000	Adult Services £'000	Communities & Housing £'000	Contingency £'000	Total General Fund £'000
 Cabinet 06/12/2017	(4,088)	(3,174)	29,155	82,026	28,361	4,183	136,463
New Virements :							
Transfer of Community Partnership budgets from Housing General Fund to Public Health				136	(136)	0	0
Cabinet 07/02/2018	(4,088)	(3,174)	29,155	82,162	28,225	4,183	136,463

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2018-19 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Cost Pressures (positive numbers)</u>		
Pay Inflation	2,071	2,112
Contract Inflation	4,229	5,577
Income inflation	(913)	(761)
Pensions - changes in contribution to the pension fund deficit	581	587
Debt Charges - cost of interest and debt repayment on investment through additions to the capital programme and reprofiling of debt from short to long-term	642	1,496
Elections Team - growth in population has resulted in increased costs of servicing the elections and there will be less opportunity in future to mitigate election costs through dual elections. The full pressure is £130k however some of this will be mitigated by one-off funding for 18-19 only	51	79
Mobile and data costs to support mobile working strategy	35	
Local Authority Housing Allowance - costs above cap of and therefore no subsidy is recovered	120	
Shortfall on 17-18 Digitisation saving	351	
Shortfall on 17-18 Procurement saving	290	
Shortfall on 17-18 Headcount saving	31	
Members Allowances - impact of remuneration panel decision in 2015-16	33	
Fraud prevention work leading to increased council tax recovery	80	

2018-19 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Savings (negative numbers)</u>		
Remove pay contingency	(1,100)	
Capita Private Cloud Migration - invest in on-premise infrastructure to host IT systems locally.	(154)	(256)
Capita contract volume reductions in Revenues and Benefits Contract	(60)	
Wide Area Network infrastructure procurement savings	(50)	(50)
Streamline the Council's approach to recording, processing and using performance data.	(154)	(292)
Reshaping of post from Child Care Lawyer to Legal Assistant	(17)	
External Audit fees procurement saving of 23%	(37)	
Rental income from Public Power Solutions due to an increase in the space occupied at Waterside.	(20)	
Procurement savings on the SAP IT Support and Maintenance contract	(55)	
Insurance procurement savings	(400)	
Digital redesign of service delivery across Registrars, Cemeteries & Crematoria to deliver efficiency savings from the service area and the support functions	(36)	(84)

2018-19 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Digital redesign of service delivery in Legal Business Support to deliver efficiency savings from the service area and the support functions	(14)	(33)
Redesign of Customer Service function including better use of technology	(171)	(344)
Redesign of post room activities making better use of technology.	(30)	(70)
Reduction in printing costs enabled through increased use of technology to provide Elected Members with committee papers.	(10)	
Rationalise desk phones and promote cost effective use of call divert functions.	(55)	
Income from the Wichelstowe Joint Venture partnership with Barratt David Wilson Ltd.	(642)	(1,197)
Forecast profits from the development of Wichelstowe Parcels 2&3.	0	(1,600)
Savings from Commissioning activity across the Council to achieve better value from spend.	(2,245)	(38)
Deletion of vacant post in the Finance Team following the rationalisation of activities across the team.	(40)	
Funding Changes		
New Homes Bonus - reduction	1,444	198
Reduction in Ring fenced Public Health Grant - savings will be achieved to offset	270	
Loss of Adult Support Grant	773	
Remove contribution from reserves	0	2,824
Reduction in Housing Benefit and Council Tax Support Admin Grant	88	
Changes in Better Care Fund and Improved Better Care Fund	(973)	(700)
Reduction in the budget risk contingency.	(2,000)	

2018-19 Budget - Detailed Proposals
Service Area - Corporate & Resources

Appendix 4

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Reduction in Council Tax Support Grant passported to Parish Councils linked to reductions in Revenue Support Grant	(30)	(28)
Meeting the costs of the transformation function from capital receipts in accordance with government guidance.	(1,235)	
Increases in grants to mitigate income foregone in relation to small business rates and retail relief net of increases in levy paid to Central Government in relation to Business Rates growth	(714)	
Loss of Education Services Grant	360	
Reduction in contribution from schools for statutory services provided to pupils in maintained schools following a review of service use.	65	
Total	359	7,420

Service Area - Economy

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Cost Pressures (positive numbers)</u>		
Residual funding pressure following removal of £750k reserves from 18-19 including a review of Forward Swindon Ltd objectives. The 2018-19 requirement reflects the use of existing FSL balances that will not be available to support the 2019-20 budget.	24	312
Economy team restructure to reflect the reallocation of objectives between FSL and the Council.	139	71
Reduction of income from house building and land sales to reflect the income opportunity from the pipeline of work. This level of uncertainty was recognised in the 17-18 budget report.	1,500	
<u>Other Savings (negative numbers)</u>		
Rental income from the investment in commercial property.	(250)	(750)
Total	1,413	(367)

2018-19 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Cost Pressures (positive numbers)</u>		
School Improvement post to increase capacity of the School improvement team due to significant pressure to support special, primary and secondary schools improve their performance (Requires Improvement schools and schools with significant risks re' attainment and pupil progress)	111	
Additional post to support across Education and the Multi Agency Safeguarding Hub (MASH).	46	
Increase in the demand for Independent Fostering placements	541	720
Increase in demand for Residential Placements.	711	918
Increase in demand for Adoption Placements.	114	147
Increase in demand for Special Guardianship placements.	554	715
Legal costs have increased as a result of increased caseload involving court action plus higher costs than previously assumed in the budget.	294	
Education Welfare - reduction in penalty charge income associated with term-time holidays.	30	
<u>Other Savings (negative numbers)</u>		
New beginnings project to support vulnerable woman and families in order to prevent their children coming into care.	(83)	(125)

2018-19 Budget - Detailed Proposals**Appendix 4****Service Area - Children**

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Swindon Challenge - end of 3 year Council investment of £600k to be used between September 2016 and August 2019 in support schools that are rated as Requires Improvement by OFSTED.	0	(100)
Total	2,318	2,275

2018-19 Budget - Detailed Proposals**Appendix 4****Service Area - Adults**

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Cost Pressures (positive numbers)</u>		
Demand Pressures - learning disabilities through Children transitioning into Adult Social Care services.	1,200	1,200
Demand pressures - older people services. Increasing numbers of clients and increasingly complex social care needs.	1,500	1,500
Demand pressures - mental health services. Increasing numbers of clients and increasingly complex social care needs.	300	300
Older People Day Care Centres lease and utility costs for 4 day centres. Cost were understated in error when building budgets for the services transferred from SEQOL	55	
End of transitional funding supporting posts within Localities function	132	
End of transitional funding supporting grants budget within Localities function	30	
Adult Social Care management restructure completed in September 2017 to ensure sufficient management capacity for Older People services.	175	
Community Safety Partnership - loss of funding from Police & Crime Commissioner from 17/18. £30k of savings shown below to partly offset	70	
Public Health services inflation - offset by savings below	80	
Saving planned for 17/18 for Older People Care home framework has been delayed due to other priorities. Off set by savings from Supported Housing contracts	25	

Service Area - Adults

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Other Savings (negative numbers)</u>		
Older People services redesign and efficiency project . Ongoing savings from redesign of Older People Services started in 2017/18	(1,800)	
Learning Disabilities reducing demand. Partly impact of full year saving from 17/18 savings plus work to redesign services using same methodology as completed for Older People services.	(500)	(1,000)
On-going review of Older people care packages to ensure effective use of universal services and packages of care that support the needs of clients . Full year impact of reviews completed in 17/18.	(160)	
Reprocurement of Substance misuse contract jointly with Wiltshire to partly offset reduction in Public Health grant (ring fenced services)	(200)	
Reshaping of Childrens Public Health services to offset reduction in Public Health grant (ring fenced services). One off funding available for part of 18/19 whilst reshaping is completed.	(150)	
Supported Housing contracts -reprocurements completed during 2017/18	(146)	
Community Safety Partnerships - reduction in expenditure to partly offset the loss of funding from the Police and Crime Commissioner.	(30)	
Realignment of Localities function into Public Health including agreed reduction in grants budget (£30k).	(223)	
LD commissioning - transfer of staff from an external provider to SBC in house services within 17/18	(45)	
LD Commissioning - review of shape of night support services.	(150)	(50)
LD Commissioning - Efficiency through remodelling commissioned services.	(50)	(50)

Service Area - Adults

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Additional business cases to be developed through managing demand and developing the external and internal provider market.	0	(1,500)
Digital redesign of service delivery in Public Protection to deliver efficiency savings from the service area and the support functions.	(133)	(163)
Digital redesign of back office service delivery in Blue Badges	(50)	
Total	(70)	237

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
<u>Cost Pressures (positive numbers)</u>		
Public Space Protection Orders - removal of income budget as the use of orders are designed to change behaviour rather than generate income.	127	
Loss of income from tenants in Bed and Breakfast accommodation now mitigated by an increase in the flexible homelessness grant. Funding pressure remains from 2019/20 due to withdrawal of the flexible homelessness grant.	0	80
Operational cost and income pressures at STEAM	50	
Senior Management Costs across Housing, Streetsmart and Highways	34	
Resource to improve safety and physical condition of town centre car parks and to provide funding to support the Council's outreach work to assist the homeless. Costs to be funded from increase income from car parking	160	
Additional waste tonnage generated by new house completions - 1,000 tonnes assumed	122	122
Increased cost of collecting waste in 2018-19 including green waste due to growth in housing numbers	130	
Additional costs to provide public toilets in the town centre.	33	
The implementation of parking charges at Stanton Park due in 2017/18 is now not going to be implemented.	25	
Landscape Architects service - reduced recharge income on projects mitigated by fewer resources. The majority of work going forward is statutory work aligned to the planning service.	85	

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Lydiard House and Park - impacts of further delays to the potential transfer of operations to a new provider	160	(160)
Additional planning resources to maximise developer contributions from large development sites.	140	
Additional costs to provide in-house catering across various sites.	60	
Special Needs Transport. Additional demand linked to increased numbers of children approved for transport	125	
Supported employment services brought back in house from Seqol require additional funding to meet the current costs of service delivery.	300	
Library income pressure - shortfall in general income and loss of rental income of £28k for IT suite.	70	
<u>Other Savings (negative numbers)</u>		
Reduction in waste volumes of 2500 tonnes due to changes introduced at the Household Waste Recycling Centre.	(300)	
Waste - exploration of alternative operating models for the service	0	(100)
Waste - additional green waste customers and improved trade waste operations activity	(100)	
Transport provision including reduced demand for taxi and minibus supply linked to the demand management workstream.	(125)	
Mobile vehicle CCTV income from the enforcement of road safety, particularly in school zones.	(50)	

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Increase car parking fees in town centre from £2 to £3 for 4 hours in multi storey car parks and other daytime pay & display tariffs in shopper car parks. There has been no change since 2010.	(400)	
Libraries – move towards a Mutual operating model for the service which is expected to generate savings, the largest element of which would be from business rates.	(40)	(200)
Additional income from increasing the number of dropped kerbs installed.	(20)	
Improved cost recovery relating to damaged street light and traffic signal column assets	(20)	
Improved cost recover from developers relating to highway works and highway adoptions	(20)	
Enterprise works - a review of some business units to reduce operating costs.	(50)	
Ongoing savings for commissioning efficiencies within the fleet workshop and stores.	(100)	
Catering. As part of the Swindon Programme commercialisation workstream undertake an options appraisal into catering provision with the outcome to provide a cost neutral service provision by March, 2020.	(30)	(30)
Digital redesign of service delivery in Street Cleaning to deliver efficiency savings from the service area and the support functions	(28)	(160)
Digital redesign of service delivery in Passenger Transport to deliver efficiency savings from the service area and the support functions	(83)	(196)
Digital redesign of service delivery in Highways to deliver efficiency savings from the service area and the support functions	(132)	(394)
Digital redesign of service delivery in Traffic Management to deliver efficiency savings from the service area and the support functions	(16)	(19)

	Changes Proposed for 2018-19	Indicative Changes 2019-20
Proposal	£'000	£'000
Digital redesign of service delivery in Planning, Licensing, Land Charges and Building Control to deliver efficiency savings from the service area and the support functions	(182)	(427)
Digital redesign of service delivery in Parking and Bus Lane Enforcement to deliver efficiency savings from the service area and the support functions	0	(167)
Digital redesign of service delivery in Refuse to deliver efficiency savings from the service area and the support functions	(52)	(298)
Planning application fee income as a result of increase in charges effective from 17th January, 2018 to enable Local Authorities to recover the costs of their planning application activities	(200)	
Review of security provision for Customer Service function	(22)	(22)
Joint approach with Wiltshire Council to reduce the running costs of the Wiltshire & Swindon History Centre in Chippenham.	(10)	
Funding Changes		
Reduction in funding for temporary accommodation from 2019/20 onwards once flexible homelessness grant is withdrawn. This requires the remodelling of temporary accommodation provision.	0	500
End of Department for Transport grant that funded highways drainage resources required to deliver statutory services and development sites.	100	
Total	(259)	(1,471)

Reserves Policy

Swindon is a very ambitious Council with plans to continue transforming services and improve the local area at a time when national austerity measures are putting the finances of local Councils under tremendous strain. The pace of change at the Council and the scale of savings being delivered bring with them risks in relation to the Council's capacity to deliver the planned stepped changes. These risks are both in relation to the complexity of some of the transformational changes required to deliver the ongoing budget savings and secondly in respect of the potential need for funds to pump-prime work on future changes. The Council is managing these risks using a number of means:

Risk Assessment

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

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

Contingencies

The Council has a budget risk contingency fund of £2.1m to support its 2018/19 Budget.

Reserves

It is recommended that the minimum level of General Reserves the Council needs to hold to support the 2018/19 Budget is £6m. The Council's S151 officer advises that this is adequate in the context of the earmarked reserves held, specific contingencies and the proposed budget risk contingency of £2.1m.

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 2018/19, the Council expects to be holding around £49.8m of reserves, of which £33m support the General Fund. By holding these reserves, the Council is accruing investment interest of around £132k per annum (assuming investment returns of around 0.4%). Should the Council decide to hold lower levels of reserves in future, for every £0.9m brought back into the revenue budget as a funding source to help balance the budget, the Council Tax increase for that financial year could be reduced by 1%. However, funding on-going revenue expenditure from reserves other than on a transitional basis would increase the level of risk within the annual budget and make future years' Budgets increasingly unsustainable. The Director of Finance would therefore not recommend using a significant proportion of specific reserves to support the annual budget in this way on an ongoing basis.

The £49.8m reserves expected to be held in 2018/19 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 (£33.4m)

- **£2.8m** 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.
- **£3.2m** relates to infrastructure and regeneration funding, which has been sourced mainly from the Planning Delivery Grant and New Homes Bonus issued by the Government.
- **£8.9m** of general 'cash flowing' reserves to fund programmes of work to deliver future years' budgets. This includes funding for severance costs (£2.5m), Recreation and Golf asset transfers reserve (£0.8m) and the IT service reshaping funding (£0.6m). The 2018-19 budget assumes a further contribution from reserves of £2.8m to the Council's budget which leaves £2.2m of funding available to fund future programmes of work.
- **£18.5m** of service specific reserves set out below:

Insurance Fund	£3.6m	This fund is set at an industry standard level of covering twice the aggregate excess liability in any financial year. It was increased in 2013 to reflect the increased liabilities associated with bringing SCS back in-house and higher levels of self-funding which was offset by a significant reduction in premiums
Section 106 Administration	£0.4m	To fund the team delivering the projects funded from Section 106 receipts
Children Services transitional Funding	£7.5m	New reserve to provide additional investment to address the short-term pressures and put in place the arrangements to enable the service to be financially sustainable in the longer term.
Other	£7.0m	A number of smaller service-specific reserves often financed from external funding or earmarked for committed projects

Other Funds (£16.4m)

- **£5.5m** of Schools balances representing the combined total of all individual schools' rolled-forward balances (£5m) and the non-schools retained DSG reserve (£0.5m).
- **£10.9m** of HRA Balances representing both specific reserves (£1.1m) and the main HRA balance (£9.8m)

Appendix 6

Swindon Borough Council

Medium Term Financial Strategy and Efficiency Statement

1 Background and Scope

- 1.1 The Council's Medium Term Financial Strategy agreed by Cabinet in February 2017 set out the financial context for the Council up to 2019/20. This document extends the financial planning period to 2021/22 and updates the strategy for changes announced in the 2018/19 local government finance settlement.
- 1.2 Alongside increasing demands for services, councils nationally have seen cumulative reductions in Government funding since 2010/11. As part of the multi-year settlement arrangements introduced from 2016/17 the Council is required to produce an efficiency statement demonstrating its high-level funding position and responding strategies to ensure medium-term financial sustainability. The efficiency statement is incorporated within this document.

2 Forecast Resources

- 2.1 The key funding issues relate to:
 - Business Rates Retention
 - New Homes Bonus (NHB)
 - Council Tax Increases
 - Better Care Fund (BCF)
- 2.2 **Business Rates Retention** – In 2015 the previous government announced its intention to implement the full retention of business rates by local authorities and during 2016 it produced a Local Government Finance Bill to enable this. Following the general election in 2017 that Bill is no longer in the government's legislative programme. Subsequently, the provisional local government finance settlement for 2018/19 introduced the government's proposal that 75% retention of business rates would be implemented for 2020/21, alongside a broader review of local authority funding and a reset of the system for redistributing business rates nationally. It is anticipated that the impact of these changes on individual authorities will not be known until autumn 2019.
- 2.3 **New Homes Bonus (NHB)** – The provisional local government finance settlement for 2018/19 contained the previously announced reduction in NHB payments from 5 to 4 years.
- 2.4 For 2017/18 the government introduced a baseline for housing growth, so that councils only receive NHB in respect of growth in excess of the baseline. For 2018/19 the baseline has been set at 0.4%, unchanged from the year before.
- 2.4 **Council Tax Increases** – The latest projection assumes that the Council will increase core council tax levels within the limit before a referendum is necessary. This is based on a limit of 2.99% in 2018/19 and 2019/20 and 1.99% in the following two years.

The social care precept is projected to be 2% in 2018/19 and 1% in 2019/20. No assumption has been made for social care precepts beyond that point.

Appendix 6

- 2.5 **Better Care Fund (BCF)** – There has been no change to the levels of BCF announced last year and already included within the medium term forecasts.

3 Forecast Expenditure

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

4 The Swindon Programme

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

Organisational Excellence

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

Demand Management

- 4.4 This workstream is about supporting our residents to be as independent and resilient for as long as possible and focuses on the main challenges of reducing the amount of demand coming in to the Council by:
- Ensuring effectiveness of interventions
 - Addressing the length of interventions
 - Driving down unit costs of work associated with demand.

- 4.5 The major focus of Demand Management is on care provision for adults with learning disabilities, children and older people. There will be additional projects across the council including housing and waste and recycling.

Commissioning and Procurement

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

Appendix 6

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

Commercialisation

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

5 Financial Strategy

- 5.1 The approach to addressing the financial challenges includes extending the detailed financial planning period beyond the annual budget setting cycle, to reflect the time period to plan and implement the savings proposals required. This will be on a rolling basis to ensure that the Council is best placed to respond strategically to the difficult and uncertain funding position it faces.
- 5.2 In line with emerging national guidance from the Chartered Institute of Public Finance and Accountancy the council will, for future years, develop 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.

Appendix 6

- 5.4 The Swindon Programme will incur expenditure of this nature in order to deliver the savings specified above. Specific areas being explored which could require up-front investment to realise future savings include increased use of digital channels the costs of restructuring and reconfiguring services. The Council may therefore utilise the capital receipts flexibility to meet expenditure that it incurs in order to realise the savings set out in this efficiency plan.
- 5.5 This flexibility will not be applied rigidly. Expenditure incurred in delivering the efficiency plan will be monitored continuously and the decision on whether or not to use the flexibility will be taken based upon the Council's best financial interests at the time.

Financial Projections

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
<u>Pressures:-</u>				
Reduction in RSG / Retained Business Rates	0.4	3.9	2.0	0.0
Reduction in New Homes Bonus	1.4	0.2	0.2	0.2
Change in Other Specific Grants	0.6	(0.2)	0.5	0.5
Pay and Prices Inflation	4.4	6.7	7.0	7.0
Social Care Packages	5.2	5.5	5.5	5.5
Pension and Debt Charges	1.2	2.1	2.0	2.0
Other Cost Pressures	5.0	3.4	2.5	2.5
Reduction in Collection Fund Surplus	1.3	0.6	0.0	0.0
Capitalisation of Transformation Costs	(1.2)	0.0	0.0	0.0
Change in Budget Risk Contingency	(2.0)	0.0	0.0	0.0
Change in Use of Reserves	0.0	2.8	0.0	0.0
Total Funding and Cost Pressures	16.3	25.0	19.7	17.7
Assumed core council tax increase at referendum limit	(2.7)	(2.9)	(2.0)	(2.0)
Assumed adult social care precept	(1.8)	(1.0)	0.0	0.0
Increase in council tax base	(1.7)	(1.7)	(1.7)	(1.7)
Savings needed after assumed increases in income	10.1	19.4	16.0	14.0
Savings currently identified	(10.1)	(9.6)	0.0	0.0
Savings to be identified	0.0	9.8	16.0	14.0

Capital Programme 2018-19

Cabinet

Date: 7th February 2018

Authors: Cabinet Member for Finance and Commercialisation
Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report new Capital Programme requirements for the year 2018/19.
- 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 recommend the Council to approve:

- 2.1 The distribution of the Devolved Formula Capital Grant once it has been received from Government, as detailed in paragraph 3.13 below.
- 2.2 A budget of £2.582m for the schemes referred to in paragraphs 3.3 to 3.13 below and detailed in Appendix 1.
- 2.3 A total budget of £4.429m for the 2018/19 local priority Highways and Transport schemes, referred to in paragraphs 3.14 to 3.187 below and detailed at Appendix 2.
- 2.4 A total budget of £3.493m for 2018/19 for Corporate & Property schemes as referred to in paragraphs 3.19 to 3.20 and detailed at Appendix 3.
- 2.5 A total budget requirement of £1.427m for Children's & Older Peoples proposals as referred to in paragraph 3.21 to 3.22 and detailed at Appendix 4.
- 2.6 The use of CIL receipts as detailed in paragraph 3.23 to support the existing capital programme of works at Junction 16.

3. Detail

Capital Programme – 2018/19

- 3.1 The Council approved, on Cabinet's recommendation, a 2017/18 programme in February 2017 with indicative costs in years beyond reflecting the Government's decision to approve grants on a yearly basis

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

Capital Programme 2018-19

Cabinet

Date: 7th February 2018

- 3.2 This report details the Capital Programme approval requirements for 2018/19, and indicative requirements for 2019/20.

Children's Services Schemes

- 3.3 The Government allocates two main capital grants to support expenditure on school assets; maintenance grant and basic need grant. Maintenance funding is provided for maintenance and repair to existing school buildings, and Basic Need funding supports the Councils statutory requirement to provide new pupil places in new or expanded maintained schools. The Basic Need funding does not include any uplift to reflect the higher costs of providing Special Educational Needs places. Neither grant is ring-fenced to schools, but given the pressures in this area it is recommended that these funds are used as proposed in this paper.
- 3.4 **Basic Need grant of £2.959m** has been awarded for 2018/19, with £2.960m indicative funding for 2019-20. The DfE expects that any schools required as a result of development are to be funded from S106 contributions, Basic Need grant is not provided to support new developments. Any schools provided as a Free School would be funded directly through the Education and Skills Funding Agency ("ESFA") and where this school is required as a result of a new development any S106 receipts will be required to support this provision.
- 3.5 During 2017/18 Cabinet has approved the construction of a new primary school at the Tadpole Farm Village.
- 3.6 Cabinet needs to be aware that the cost of providing new schools has continued to increase over recent years due to construction inflation. A large proportion of the increase is due to a lack of capacity and pressures on demand within the industry and in turn how this affects the labour market. The depreciation of sterling has resulted in a marked increase in the price of commodities, having also influenced other critical costs such as, fabrication and logistical costs. Site topography will impact the cost of developing a specific site, its natural site features and ground conditions influencing both design and construction. Also the availability, location and capacity of existing utilities may involve significant costs, where they are inconveniently located or are some distance from the site
- 3.7 The Design and Architecture team having undertaken additional surveys of the agreed school site have established that the nearest utility and waste connections required to service the school are up to half a mile from the site. As a result of this finding and due to the cost inflation noted above it is anticipated that the cost of providing the school will increase by £1.9m. Officers are in discussion with the Education and Skills Funding Agency who are due to be delivering a free school on the adjacent site regarding sharing the infrastructure costs required for both.

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

Capital Programme 2018-19

Cabinet

Date: 7th February 2018

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- 3.8 The new primary school is being built on Council owned land, the Council do not own any land within the main development area and if the school were to be constructed within the development the Council would need to purchase land that has been designated for residential development at a significantly higher cost than the cost of the utility connections. This additional cost can be accommodated within the anticipated grant funding for 2018/19 and 2019/20 however this will leave only a small amount of funding available to fund schemes in 2019/20.
- 3.9 **Capital Maintenance grant** for 2018/19 has not been notified at the date of writing this report but is estimated at **£1.3m** (2017/18 £1.272m). 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 2018.
- 3.10 There is a demand for new schools to be opened over the next 3 years that were expected to be provided by the free school programme, however there is currently no information on when the next bidding round will open and what types of school may be eligible for funding from this source. In the event that these are not approved an update will be provided to Cabinet outlining alternative options to meet the need for these schools.
- 3.11 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.
- 3.12 This report seeks approval for the following Children's Services schemes:-
- 3.12.1 £400,000 required for condition works, funded from Maintenance grant, which relates to high priority condition issues outside of the schools ability to fund from their own delegated funding (which is fairly small), such as replacement heating systems.
 - 3.12.2 An increase in the funding required to provide the new primary school at Tadpole Farm Village.
 - 3.12.3 The total funding requirement for all the schemes noted above is **£2.3m**; this is funded from Maintenance grant and Basic Need grant as detailed at **Appendix 1**.
- 3.13 The Council will also receive Devolved Formula Capital Grant during 2018/19, this is estimated at £283k from the DfE. 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.
-

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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Local Priority Highways, Transport and Landscapes Schemes

- 3.14 The Government provided an indication that the Local Transport Plan (LTP) grant funding for 2018/19 will be **£4.1m** (an increase from £4.088m in 2017/18). This is non-ring-fenced funding and the proposed 2018/19 programme has been developed within this envelope of funding to ensure no further Council borrowing is required.
- 3.15 Fuller details around the specific allocations of the budget to highways schemes will be contained within the Swindon Local Transport Plan Implementation Plan 2018/19 report which will be brought to a future Cabinet.
- 3.16 Officers are proposing that the following schemes are also included in the 2018/19 capital programme; all of these schemes are funded from S106 receipts.
- 3.16.1 £290k to be used to support socially necessary bus services, these funds will be transferred to a ring fenced reserve and used as required to support bus services.
- 3.16.2 £38k to be used to improve the Greenbridge mini roundabout (junction of Dorcan Way and Greenbridge Road), this will enable a) reduction of the speed limit from 40mph to 30mph, b) relocation of the splitter islands c) amendments to the road markings d) replacement of all the signs and bollards.
- 3.17 In the absence of any firm funding notification beyond 2018/19, officers are recommending that Cabinet only make new approvals for 2018/19. The total 2018/19 scheme value of £4.429m is detailed at **Appendix 2**; this also shows indicative requirements for 2019/20.
- 3.18 The Highways department are currently reviewing a number of capital projects to identify funding solutions for these schemes, an update will be provided to March Cabinet.

Property and Assets

- 3.19 **Appendix 3** contains a summary of the property and assets related capital schemes requiring approval. There is a requirement for works totalling **£3.493m** in the following areas:
- 3.19.1 £2.170m – General Repairs & Maintenance. This includes Disability Discrimination Access requirements, work on “non-highways structures” such as bridges within parks and management of asbestos. During 2017/18 the funding required to meet the general R&M was agreed at £570k. (A reduced amount was requested due to a backlog in the delivery programme). There had previously been

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a sum of £2m allocated annually, funded from borrowing, which covers the above requirements.

- 3.19.2 £15k – A419 Sound Barrier feasibility study. This will allow for feasibility work to consider options around a sound barrier on the A419. This is to be funded from future income due to the Council as a result of its shareholding in Swindon Chapel Farm Solar Limited.
 - 3.19.3 £330k – Avaya Telephone Stabilisation. The current telephone system is no longer supported and a replacement is urgently needed to ensure that the Council can continue to be contacted by telephone, this will be funded from borrowing. The new platform will support the key objectives of the digital services work-stream.
 - 3.19.4 £75k – Regularity & Statutory Services Case Management System. This will enable a new software solution to be procured that will support a number of statutory services as part of the wider digitisation programme. It is anticipated that the new software will release ongoing annual revenue savings of £81k by 2019/20.
 - 3.19.5 £420k – Children's ICS Case Management System. The Council has been notified that the current system will no longer be supported and there is no upgrade route available. The soft market testing has identified that there is likely to be an increased revenue cost of circa. £21k per annum for a new system.
 - 3.19.6 £484k – Surplus Buildings Demolition. This will enable a number of buildings that are no longer required to be demolished, the cleared sites will be considered for redevelopment as part of the commercialisation programme. The removal of these buildings will reduce utility and NNDR costs and avoid approx. £40k of revenue costs per annum.
- 3.20 No specific funding is available for £3.478m of the new approvals detailed at paragraphs 3.19.1 and 3.19.6 above and therefore they will all need to be funded from borrowing, at a cost of approx. £278k per annum. Indicative proposals beyond 2018/19 are shown on **Appendix 3** but no approval is required at this stage.

Children's' and Older People Proposals

- 3.21 **Appendix 4** contains details of five new scheme approvals with a total budget requirement of **£1.427m** of which **£1.178m** is funded from grants and S106 contributions, this leaves **£249k** to be funded from borrowing. These schemes are summarised below:-
- 3.21.1 £1.067m – Disabled facilities grants, fully grant funded. Disabled Facilities Grants are mandatory grants (subject to claimants fulfilling

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certain conditions) for which Swindon receives grant funding of £1.067m (2018/19 indicative figure). There has been increased demand for these grants in recent years; any additional demand over and above the grant would need to be funded from borrowing. If this is likely to happen in 18/19 a further request will be made as part of a capital monitoring report. These grants support people to stay in their homes and remain independent.

3.21.2 £60k – Housing options – Shared living accommodation, funded from s106 contributions.

3.21.3 £300k – Community equipment, funded from borrowing and s106 contributions. Officers have indicated that based on past experience the demand for Community Equipment the cost of community equipment is likely to exceed £1m, this is a joint funded provision and the Councils share of this cost pressure is c£300k. The budget provides for daily living aids and equipment that allow the elderly and disabled to live independent lives, higher cost items such as hoists and hospital beds are suitable to be charged to Capital. Borrowing costs are estimated at around £20k per annum. This proposal relates to expenditure that assists individuals to remain independent, staying in their own homes for longer and therefore potentially reduces demand on Adult Social Care services.

3.22 Officers are recommending that only 2018/19 proposals are approved at this stage due to no firm funding being available beyond this period.

Community Infrastructure Levy (CIL)

3.23 At its December meeting Cabinet was advised that this report would contain a recommendation for the use CIL receipts to support the capital programme. During 2016/17 the Council received £495k of CIL receipts and Cabinet agreed to use these receipts together with any 2017/18 CIL receipts to replace part of the anticipated borrowing requirement for the programme of improvements at Waterside depot.

3.24 It is proposed that any CIL receipts for 2018/19 are used to support the improvement works at Junction 16. The value of CIL receipts for 2018/19 will be supplied to Cabinet as part of the Capital outturn report.

4. Alternative Options

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

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The proposals contained in this report if approved will result in the Capital Financing Requirement of the Council increasing by £3.727m, this will result in an increase in debt charges of £298k per annum.
- 5.2 Of the proposals included above two will deliver direct revenue savings of £121k, the first will reduce the 2019/20 budget by £81k per annum, and the second will avoid a future cost pressure of £40k per annum.
- 5.3 The proposed replacement of the Children's ICS system is likely to result in a cost pressure of circa. £21k per annum.
- 5.4 These proposals support the Swindon programme by ensuring that the appropriate infrastructure is in place to support the 4 strands of the programme. They also seek to build sustainable platforms to support the digitisation objectives of the Council.

Legal and Human Rights Implications

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

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

- 5.6 There are no such direct implications.

Diversity Impact Assessment

- 5.7 Diversity Impact Assessments (DIA) have not been done at this point in time, once implementation is started Officer's will undertake DIA assessments on each project.

Risk Management

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

6. Consultees

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

7. Background Papers

- 7.1 None
-

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

Capital Programme 2018-19

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8. Appendices

- 8.1 Appendix 1 – Education proposals
- 8.2 Appendix 2 – Highways and Transport proposals
- 8.3 Appendix 3 – Corporate and Property proposals
- 8.4 Appendix 4 – Childrens and Older Peoples proposals

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 December 2017.

Appendix 1- Children's Services proposals

	18/19 For Approval	19/20 For information	Comments
Condition Programme 2018/19	400,000	650,000	On-going high priority maintenance and replacement programme to keep the Councils maintained schools operational. Additional costs associated with the construction and higher costs to connect utilities to the site from the Crest Nicholson Tadpole Farm village development Pass ported to maintained schools for them to use on small scale capital projects
Tadpole 2	1,900,000		
Devolved Formula capital	282,800	283,000	
TOTAL BUDGET REQUIRING APPROVAL	2,582,800	933,000	

Funding	Estimate		
Maintenance Grant - indicative grant figures	1,271,881	1,280,000	3,590,000
Basic Need Grant	2,958,997	2,960,000	
Devolved Formula Capital - indicative grant figures	282,800	283,000	
s106 Contributions	-	-	
Total Funding Available	4,513,678	4,523,000	
Total Shortfall - Borrowing Requirement	-	-	
Revenue Budget Impact p.a. @ £80k per £1m	-	-	

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Appendix 2 - Highways and Transport proposals

Project Name	18/19 For Approval	19/20 For information	Comments
<u>Local Transport Plan</u>			
Highways Maintenance - Various tba	2,722,000	2,722,000	This project comprises the Local Transport Plan Capital Programme for 2018/19. This is made of Highway Maintenance (Carriageway surfacing, Rights of Way improvements, Structural maintenance, Pavement maintenance, Street
Integrated Schemes - Various tba	1,378,000	1,378,000	
Bus Service Support	290,642		
Greenbridge Road Mini Roundabout	37,869		A review has been carried out of Greenbridge Mini Roundabout (junction of Dorcan Way and Greenbridge Road). The traffic using this junction has increased as a result of adjacent developments and it has been identified as having a high number of collisions. The present layout does not meet current highway design guidance and it is therefore proposed to a) reduce the speed limit from 40mph to 30mph b) relocate the splitter islands c) amend the road markings d) replace all the signs and bollards. This is intended to reduce the number of collisions, provide consistency with other similar junctions in Swindon, improve the operation of the roundabout generally, renew the existing life-expired and non standard signs and lines.
TOTAL BUDGET REQUIRING APPROVAL	4,428,511	4,100,000	

Funding	Estimate	Estimate	
LTP Maintenance Grant - indicative grant figures	2,722,000	2,722,000	To be confirmed
LTP Integrated Grant - indicative grant figures	1,378,000	1,378,000	To be confirmed
s106 funding	328,511		

Total Funding Available	4,428,511	4,100,000
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Total Shortfall - Borrowing Requirement	-	-
Revenue Budget Impact p.a. @ £80k per £1m	-	-

Appendix 3 - Corporate & Property Proposals

Project Name	18/19 For Approval	19/20 For information	Comments
General Repairs & Maintenance including Disability Discrimination Access& asbestos works requirements	2,169,500	2,550,000	The Councils general fund property portfolio includes over 250 buildings upon which there is a maintenance responsibility. Planned (mostly maintenance contracts and compliance testing) and Reactive (mostly urgent and emergency works) repair and maintenance is undertaken from revenue budgets. The current revenue budgets are such that very little work undertaken addresses any of the current backlog or is available to fund any significant spend. The corporate capital R&M budgets is the mainstay of holding the backlog while keeping buildings safe secure and substantially fit for use. The capital sum requested includes proposed capital expenditure which in previous years have been awarded funding separately to include works identified from asbestos surveys; DDA works; unadopted highway structures as well as reactive and repairs that cannot be funded from revenue.
A419 Sound Barrier	15,000	-	Feasibility works to be undertaken to consider the options for a sound barrier along the A419
Avaya Telephony Stabilisation	330,000	-	<p>The current Avaya telephone system, used across the Council, is ten years old and has not been upgraded or invested in since its implementation. Consequently many components are end-of-life, with no supplier support, and the Council has limited knowledge of the hardware and software configuration. A hardware failure of one key component would lead to loss of in-bound and out-bound telephony for the major Council sites, as well as the contact centre, for a period of days. An such failure of service would lead to significant reputational damage and impact on the Councils revenue (as payments over the phone could not be taken).</p> <p>Loss of the SBC Avaya system could also put citizens at risk, as they would be unable to phone the Council, and put significant strain on nearly all service areas particularly the one-stop shop and other customer facing areas.</p>

Regulatory & Statutory Services Case Management System	75,000	-	The project will provide a new portfolio of applications and document management system to support planning, building control, trading standards, land charges, licencing, environmental health, public protection etc. It is anticipated that the project will result in a net revenue budget reduction of £81k by 2019/20.
Children's ICS Project	420,000		This project has been initiated to deliver a new Children's ICS Case Management System to replace Capita One. The implementation of a new system was referenced in the previous Ofsted inspection and will provide opportunities for service improvement supporting the outcomes of the Swindon Programme. There is not an acceptable upgrade path for the current Capita One ICS system and the current system will therefore be at risk of being unsupported, bringing considerable risk to this service area. The new system will increase revenue costs by £21k per annum excluding borrowing costs
Surplus Buildings Demolition	483,750		Funding is sought to facilitate the demolition of buildings that are no longer required for operational purposes. The cleared sites will be considered for redevelopment either by the Commercialisation work stream or if not appropriate sold. If the buildings are not demolished then there would be on-going financial liabilities for the Council in relation to keeping them safe & secure. The existing structures are not considered suitable for sale or to convert for other purposes as many are temporary structures that have reached the end of their economic life. If they were to be retained they would require substantial investment to address backlog maintenance issues this investment would not be realised upon sale. Where the site leads to a commercial opportunity, the demolition costs will be recouped from the proceeds of the development.
Total	3,493,250	2,550,000	

Funding	18/19	19/20	Comments
None			
S106 funding			
Revenue funding	15,000		
Total	15,000	-	
Shortfall - Borrowing	3,478,250	2,550,000	
Revenue Budget	278,260	204,000	
Impact p.a. @ £80k per £1m			

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Appendix 4 - Childrens and Older Peoples proposals

Project Name	Budget Requirement		Comments
	18/19 For Approval	19/20 For information	
Community Equipment	300,000	300,000	Provision of hoists, stair lifts and other equipment is a major contributor to allowing the elderly and disabled live independent lives, Council priority number 4. In many instances the installation of equipment such as hoists is essential to allow safe discharge from hospital. The community equipment store is a jointly run and funded service with our health partners. In 18-19 the cost of community equipment is likely to exceed £1m and capital is required to pick up the cost of the larger more expensive items of equipment.
Housing Options - Shared Living Accommodation	60,000	60,000	One of the biggest challenges facing ASC is finding suitable accommodation for clients in Swindon. The complex needs of an increasing number of clients cannot be met within existing care settings in Swindon. In most cases this results in a more expensive placement outside the Borough. The Council's Housing department have indicated that they can assist in finding suitable accommodation but the high cost of adapting properties for social care use mean schemes are not financially viable from a housing perspective. Additional capital funding is needed to allow Housing to acquire and adapt existing properties. Funded from S106 contributions.
Disabled Facilities Grants	1,067,000	1,067,000	The award of Mandatory grants for the adaptation of the homes of disabled persons. Such grants (other than those for disabled children) are means tested and fund only those works recommended by an Occupational Therapist as being necessary to meet the needs of the disabled occupier. Past spending would indicate that the grant is not sufficient to cover the demand
Total	1,427,000	1,427,000	

Funding	18/19	19/20	Comments
Grant to support implementation of Care Act 2014	-		
S106 Income	111,000	60,000	
Disabled Facilities Grants	1,067,000	1,067,000	2016/17 Indicative grant
Total	1,178,000	1,127,000	
Shortfall - Borrowing	249,000	300,000	
Revenue Budget	19,920	24,000	
Impact p.a. @ £80k			

Treasury Strategy Statement 2018/19

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Finance and Commercialisation
Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report the Treasury Management Strategy for 2018/19, including Prudential Indicators up to 2020/21, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Cabinet is recommended to:

- 2.1 Recommend the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, for approval by Full Council on 22nd February 2018.

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. Available cash (resulting from the Council's day-to-day cash management processes) is 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 needs 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 temporarily in lieu of new loans.
- 3.3 Treasury management is defined by the CIPFA Code of Practice for Treasury Management as the:

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Treasury Strategy Statement 2018/19

Cabinet

Date: 7th February 2018

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

- 3.4 The Treasury Management Strategy for 2018/19 has not altered significantly from the 2017/18 strategy, which was reviewed and agreed by Council in February 2017 then reported to Cabinet mid-year (Council Minute 87, 2017/18 and Cabinet Minute 62, 2017/18 refer).
- 3.5 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates, and actuals. 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.
- 3.6 **A Treasury Management Strategy Statement** (This report) - The first, and most important report covers:
- 3.6.1 The Capital spending plans (including prudential indicators) based on Cabinet and Council decisions;
- 3.6.2 A Minimum Revenue Provision (MRP) Policy (which details how capital expenditure funded by borrowing is charged to the revenue budget over time);
- 3.6.3 The Treasury Management Strategy, as set out in Appendix 1, which details how the investments and borrowings are managed overall, including treasury indicators; and
- 3.6.4 An Investment Strategy, which sets the parameters around how investments are to be managed on a day-to-day basis.
- 3.7 **A Mid-Year Treasury Management Report** – This updates Members on Treasury Management performance for the first half of the financial year.
- 3.8 **An Annual Treasury Management Report** – This details the full year Treasury activity and performance.
- 3.9 The Treasury Management Strategy for 2018/19 covers three main areas:
- 3.9.1 Capital Issues:
- 3.9.2 The capital plans and the prudential indicators;
- 3.9.3 The MRP strategy.
- 3.10 Treasury Management issues covered are:
-

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Treasury Strategy Statement 2018/19

Cabinet

Date: 7th February 2018

- 3.10.1 The current treasury position;
- 3.10.2 The treasury indicators which will limit the treasury risk and activities of the Council;
- 3.10.3 The prospect for interest rates;
- 3.10.4 The borrowing strategy;
- 3.10.5 The policy on borrowing in advance of need;
- 3.10.6 Debt rescheduling;
- 3.10.7 The investment strategy;
- 3.10.8 The creditworthiness policy; and
- 3.10.9 The policy on use of external service providers.
- 3.11 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

Investment Returns

- 3.12 The annual Investment Strategy details priorities, which follow both CIPFA and DCLG guidance, when making Investments of surplus funds as
 - 3.12.1 Security first (i.e. ensuring we get our money back),
 - 3.12.2 Liquidity second (we get it back when we need it),
 - 3.12.3 Return on investment (we get the best possible return on our money).
- 3.13 The impact of this guidance is that the potential return on investments is secondary to security and liquidity and these parameters have a significant impact on the interest rate achieved by the Council in comparison with some other bodies and individuals as it restricts both to whom the Council can lend, and for how long.
- 3.14 The current Investment Strategy currently restricts investments to a maximum of two years. The Policy also recommends that investments greater than 1 year are limited to £20m in total and £10m to any one Counterparty. The exact length of any investment will, as always, be based on rates available at that time, interest rate forecasts, and forward liquidity requirements.
- 3.15 The Council currently has an investment in the Local Authority Property Fund (LAPF) of £15m, any proposals to increase this level of investment in either this fund or a similar multi asset fund will be brought to Cabinet for specific approval.

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Treasury Strategy Statement 2018/19

Cabinet

Date: 7th February 2018

- 3.16 The Council is part of a benchmarking club, which consists of around 12 to 13 other public bodies in the West and Wales, including a variety of Local Authorities, Fire Authorities etc. Investment returns are regularly checked against the other public bodies in this group, and used to inform future investment strategies.

Changes to the Treasury Management and Prudential Codes

- 3.17 A revised Prudential Code was issued at the end of December, this requires a capital strategy to be produced and a change to a number of the key performance indicators.
- 3.18 The revised Prudential Code has introduced the need for the Council to adopt a Capital Strategy and CIPFA have recognised that it may not be possible to fully adopt this new requirement until 2019/20. The Capital Strategy will need to include the following:
- 3.18.1 Capital Expenditure – governance, long term plans and asset management planning
 - 3.18.2 Debt, Borrowing and Treasury Management – external debt projections, MRP arrangements, authorised limit and treasury management processes (Appendix 1 to this report)
 - 3.18.3 Commercial Activity - An overview of the authorities approach covering due diligence and risk appetite.
 - 3.18.4 Other long term liabilities – an overview of the governance arrangements, monitoring and risk management.
 - 3.18.5 Knowledge and Skills of the expertise available to the Council when making decisions.
 - 3.18.6 Links to existing policies of the Council regarding asset and risk management.

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 have been reflected in the body of the report.

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

Treasury Strategy Statement 2018/19

Cabinet

Date: 7th February 2018

Legal and Human Rights Implications

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

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

- 5.3 There are no such direct implications.

Diversity Impact Assessment (DIA)

- 5.4 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

- 5.5 There are no direct risks arising from this report.

6. Consultees

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

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 – Treasury Management Strategy

9. Key Decision/Decision in Cabinet Work Programme

- 1.1. This is not a key decision for the Cabinet (as the approval of the full Council is required) it is included in the Cabinet Work Programme and Forward Plan for February 2018.

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Appendix 1- Treasury Management Strategy 2018/19

Cabinet

Date: 7th February 2018

TREASURY MANAGEMENT STRATEGY 2018/19

Appendix 1- Treasury Management Strategy 2018/19

Cabinet

Date: 7th February 2018



Contents:

- 1. Current Portfolio Position**
 - 2. Prospect for Interest Rates and Economic Outlook**
 - 3. Minimum Revenue Provision Policy Statement**
 - 4. Borrowing Strategy**
 - 5. Investment Policy, Creditworthiness Policy and Investment Strategy**
-
- Annex 1 – Prudential Indicators**
 - Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments**

Appendix 1- Treasury Management Strategy 2018/19

Cabinet

Date: 7th February 2018

1 Current Portfolio Position

- 1.1 The capital expenditure plans set in Annex 1 to Appendix 1 summarises the Council's current and future plans. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.
- 1.2 The Council's actual treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external borrowing (both relating to the general fund and the HRA), against the borrowing requirement (shown through the Capital Financing Requirement or "CFR"), highlighting any over or under borrowing. The CFR represents the amount of long term borrowing required to fund capital expenditure, but not yet taken out.

Table 1 - Portfolio position forecasts

	17/18	18/19	19/20	20/21	21/22
	£'000's	£'000's	£'000's	£'000's	£'000's
Gross Borrowing b/fwd.	279,257	297,756	331,255	374,754	388,253
New Borrowing estimate	20,000	45,000	45,000	25,000	5,000
Maturing Debt	(1,501)	(11,501)	(1,501)	(11,501)	(10,751)
Gross Borrowing c/fwd.	297,756	331,255	374,754	388,253	382,502
Net Investments c/fwd.	(61,400)	(72,500)	(72,500)	(72,500)	(72,500)
Net Borrowing c/fwd.	236,356	258,755	302,254	315,753	310,002
CFR	484,024	479,387	473,633	467,510	463,514
Less PFI liabilities	(51,280)	(49,555)	(47,632)	(45,505)	(45,505)
Net Borrowing Requirement	432,744	429,832	426,001	422,005	418,009
(Under)/Over borrowing	(196,388)	(171,077)	(123,747)	(106,252)	(108,007)

2 Prospects for Interest Rates and Economic Outlook

- 2.1 The Council has appointed Link Asset Services (formerly Capita 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 central view.

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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Table 2 – Prospects for Interest Rates

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

- 2.2 The Monetary Policy Committee, (MPC), delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.
- 2.3 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 2.4 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.
- 2.5 The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.
- 2.6 In summary:
- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years;
 - Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

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- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns

3 Minimum Revenue Provision Policy Statement

- 3.1 The Council is required to charge an element of the accumulated General Fund capital spend each year (measured through the CFR) to revenue (the minimum revenue provision or “MRP”), although it is also allowed to undertake additional voluntary payments if required.
- 3.2 CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to Councils, as long as there is a prudent provision. The Council is recommended to approve the following MRP Statement for 2018/19:
 - *For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP will be based on the CFR as per the regulatory method in the MRP guidance. This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.*
 - *From 1 April 2008 for all unsupported borrowing the MRP will be based on the estimated life of the assets, on an annuity basis, in accordance with the regulations. Annuity method charges will be calculated using the relevant PWLB annuity rates for the estimated asset lives as at 31st March in the year of expenditure. MRP charges commence the year after the asset becomes operational.*
 - *MRP in relation to capital expenditure funded through borrowing incurred on the Wichelstowe project, will be deferred and the liability repaid through future capital receipts from the site. Should there be a shortfall between the debt and eventual receipts, the balance will incur an annual MRP charge.*
 - *This methodology will also be applied to other capital expenditure funded from borrowing where there is an intention to repay the borrowing from future receipts and where there is a strong likelihood that this will happen.*
 - *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.*

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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- *For any future finance leases the MRP requirement would be met by a charge equal to the element of the charge applied to write down the liability.*

3.3 No revenue charge is currently required for the HRA, although the existing voluntary policy is to repay £5m per annum.

4 Borrowing Strategy

- 4.1 The Council is currently maintaining an under-borrowed position. This means that there is a shortfall between the amount of long-term loans required, and the actual level of long term loans taken out. Long term loans are required to fund capital expenditure which Cabinet has approved as “funded through borrowing”, but there is a timing difference between when the expenditure is made and when the long term loan is taken out. The timing of the taking of long term loans is part of the wider cash management strategy.
- 4.2 The difference between long term borrowing required and what has actually been taken out is known as “Internal Borrowing” and represents the temporary use of cash reserves and working capital to bridge the timing difference. As cash from reserves and working capital is currently invested at historically low rates, then the policy of delaying long-term borrowing and using existing cash balances as an interim measure is currently a cheaper option for the Council.
- 4.3 While the council will maintain an under borrowed position on the General Fund (the HRA is fully borrowed up to the CFR), future movements in interest rates will dictate the future policy and the timing of taking out long-term loans, and will be kept under careful review.
- 4.4 Against this background and the risks within the economic forecast, caution will continue to be adopted with the 2018/19 treasury operations. The Corporate Director, Resources and Growth 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 increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

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Borrowing in Advance of Need

- 4.5 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

- 4.6 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).
- 4.7 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).
- 4.8 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.
- 4.9 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.

5 Investment Policy, Creditworthiness Policy and Investment Strategy

Investment Policy

- 5.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.
- 5.2 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 5.3 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

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account of information that reflects the opinion of the markets. To this end 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.

- 5.4 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 Investment instruments identified for use in the financial year are listed in Annex 2 under the ‘specified’ and ‘non-specified’ investments categories. Counterparty limits will be as set through the Council’s treasury management practices – schedules.

Creditworthiness Policy

- 5.6 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.
- 5.7 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.
- 5.8 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.
- 5.9 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.

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- 5.10 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.
 - In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 5.11 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.

Country limits

- 5.12 The Council has determined that it will only use approved counterparties from 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

- 5.13 **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).
- 5.14 **Investment returns expectations.** Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:
- 2017/18 0.50%
 - 2018/19 0.75%
 - 2019/20 1.00%
 - 2020/21 1.25%

The estimated budgeted investment earnings rates for returns on cash investments placed for periods up to 100 days during each financial year for the next three years are as follows:

- 2018/19 0.40%
- 2019/20 0.60%
- 2020/21 0.90%

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Investment Periods

- 5.15 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. 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 and these are limited to a total of £20m.
- 5.16 Investments in the Local Authority Property Fund or any similar multi asset fund may exceed the £10m limit for investments to one counter party, these investments will be subject to a specific approval before they are undertaken.

6 Policy on the use of external service providers

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

Annexes

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

Key Decision / Decision in Forward Plan

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

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Annex 1 – Prudential Indicators

1 Capital Indicators

- 1.1 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.

Table 1 - Capital Expenditure Projections

Capital Expenditure	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
General Fund Approved	51,577				
General Fund New		12,029	8,487	8,487	8,487
HRA Approved	48,183				
HRA Estimated New		15,500	15,500	15,500	15,500
Total	99,760	27,529	23,987	23,987	23,987

- 1.2 The figures in this indicator (General Fund approved) represent the level of current scheme approvals as reported to Cabinet in December 2017 as part of the quarterly capital monitoring process. Figures in the "general fund new" row represent proposed approvals for Cabinet in February 2018. These represent total approvals, irrespective of funding source. Figures in the "HRA estimated new" represent the annual capital expenditure in the HRA maintenance programme
- 1.3 The second prudential indicator is the **Council's Capital Financing Requirement (CFR)**. The CFR represents the total long term borrowing requirement (i.e. borrowing required to finance capital approvals), regardless of whether the borrowing has been undertaken or not.
- 1.4 Details of the Council's projections for actual external debt compared to the CFR are contained in table 1 of the main Strategy. Note the figures are estimates, not commitments.
- 1.5 The asset transfer noted below represents the net capital value of the commercial and other assets transferred to the General Fund from the HRA, and is offset by the transfer of houses from the General Fund to the HRA.

Table 2 Capital Financing Requirement

General Fund	2017/18	2018/19	2019/20	2020/21	2021/22
CFR b/fwd.	286,511	318,212	320,300	321,469	322,473
New schemes from borrowing	26,783	3,307	2,569	2,569	2,569

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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Asset Transfer from HRA	6,000	0	0	0	0
Less MRP	(1,082)	(1,219)	(1,400)	(1,565)	(1,565)
Sub-total	318,212	320,300	321,469	322,473	323,477
Add PFI Liability	51,280	49,555	47,632	45,505	45,505
Closing CFR incl. PFI	369,492	369,855	369,101	367,978	368,982

HRA	2017/18	2018/19	2019/20	2020/21	2021/22
CFR b/fwd.	125,532	114,532	109,532	104,532	99,532
Spend from borrowing	0	0	0	0	0
Asset Transfer to GF	(6,000)	0	0	0	0
Less MRP	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Closing CFR	114,532	109,532	104,532	99,532	94,532

Total CFR	484,024	479,387	473,633	467,510	463,514
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2 Affordability Indicators

- 2.1 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.
- 2.2 Table 3 below shows the estimated financing costs (interest and debt repayment) as a proportion of the General Fund and HRA budgets.

Table 3 - Estimate of the ratio of financing costs to net revenue stream

	2017/18	2018/19	2019/20	2020/21	2021/22
General Fund	8.3%	7.6%	7.4%	7.4%	7.3%
HRA	41.3%	39.3%	39.0%	38.6%	38.6%

- 2.3 Table 4 calculates the impact of new approvals funded from borrowing on the tax payer, based on approvals from the February Cabinet Report. It is effectively the increase in debt charges (interest and debt repayment) divided by the estimated tax base. The 2019/20 estimate is based on the assumption that approvals are at the same level as 2018/19.

Table 4 - Incremental impact of capital investment decisions on the band D Council Tax

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Current Approved Programme	£16.73	£16.50	£16.27	£16.06
New Proposals	£20.30	£20.02	£19.75	£19.48

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3 Borrowing Indicators

- 3.1 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed. This limit reflects the Councils current estimated debt position, with the assumption that internal borrowing will be reduced as new external borrowing is undertaken. Other long term liabilities represent PFI and finance leases.

Table 5 - Operational Boundary

	2017/18	2018/19	2019/20	2020/21	2021/22
CFR b/fwd.	432,744	429,832	426,001	422,005	418,009
Other Long Term Liabilities	51,280	49,555	47,632	45,505	45,505
New Borrowing	20,000	20,000	20,000	20,000	20,000
Total	504,024	499,387	493,633	487,510	483,514

- 3.2 **The Authorised Limit for external borrowing.** A further key prudential indicator, this represents a control on the maximum level of borrowing. This represents a 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)

Table 6 - Authorised Limit for External Debt

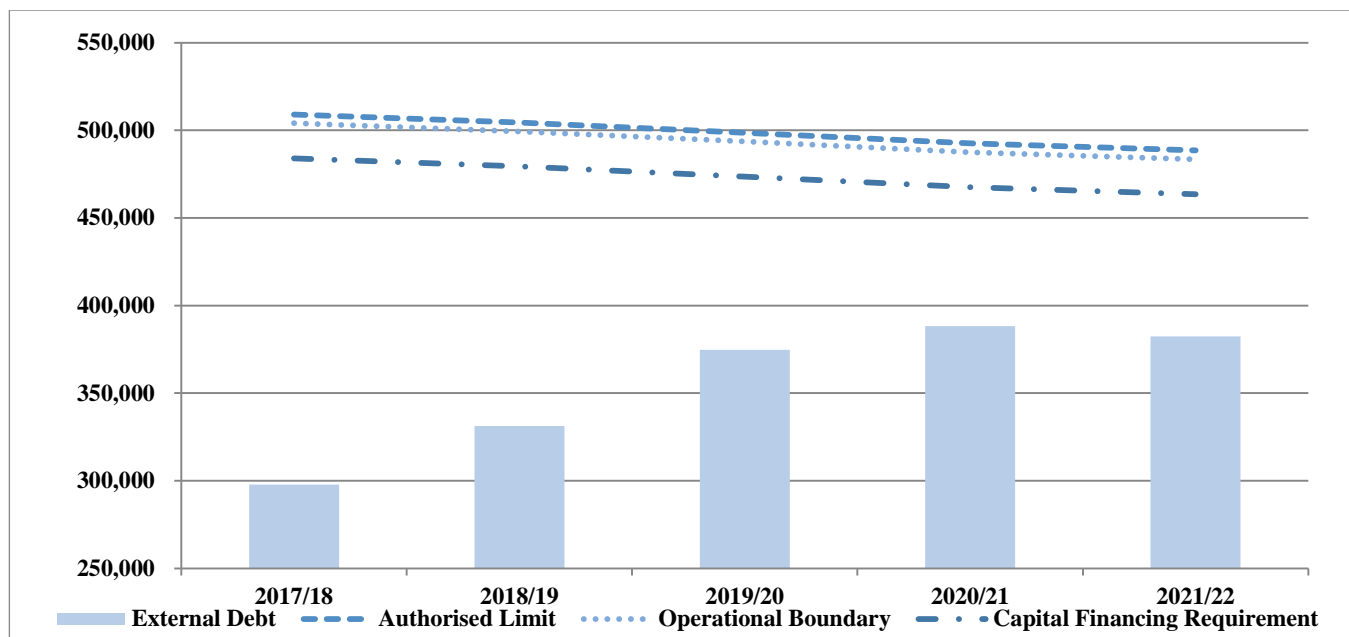
	2017/18	2018/19	2019/20	2020/21	2021/22
Borrowing	452,744	449,832	446,001	442,005	438,009
Other Long Term Liabilities	51,280	49,555	47,632	45,505	45,505
Uplift applied to borrowing	5,000	5,000	5,000	5,000	5,000
TOTAL	509,024	504,387	498,633	492,510	488,514

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

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- 3.4 Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. The table below also includes the anticipated HRA investment balance, it is anticipated that this will reduce over the next 4 years as the HRA uses its capital reserves to purchase property as part of its £17m acquisition programme.

HRA Debt Limit £m	2017/18 Estimate £'000's	2018/19 Estimate £'000's	2019/20 Estimate £'000's	2020/21 Estimate £'000's	2021/22 Estimate £'000's
HRA debt cap	172,599	172,600	172,600	172,600	172,600
HRA CFR 31st March	114,532	109,532	104,532	99,532	94,532
HRA headroom	58,067	63,068	68,068	73,068	78,068
HRA Average investment balance	30,000	25,000	20,000	15,000	15,000

4 Activity Limit Indicators

- 4.1 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)

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- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates loans;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a single period;

Table 7-Treasury Management Activity Limits

£m	2018/19	2019/20	2020/21	2021/22
Interest rate Exposures				
	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2018/19				
	Lower		Upper	
Under 12 months	0%		15%	
12 months to 2 years	0%		30%	
2 years to 5 years	0%		40%	
5 years to 10 years	0%		40%	
10 years and above	0%		80%	
In any 10 year period above 10 years	0%		50%	

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

Maximum principal sums invested > 365 days				
£m	2018/19	2019/20	2020/21	2021/22
Principal sums invested > 365 days	£20m	£20m	£20m	£20m

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

1 Treasury Management Practices

- 1.1 The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy.
- 1.2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on the 1st April 2008 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Director, Resources and Growth has produced its Treasury Management Practices (TMPs). This part covering investment counterparty policy requires approval each year.
- 1.3 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 Specified/Non-Specified Investments

- 2.1 The main Investment guidelines are contained in the body of the Treasury Strategy statement. The paragraphs below detail the Council's use of Specified and Non Specified Investments
- 2.2 **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal

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or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or Gilt with less than one year to maturity).
- Supranational bonds of less than one year's duration.
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
- A body that is considered of a high credit quality (such as a bank or building society) in accordance with the Councils creditworthiness Policy.

2.3 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 4 types of non-specified investments:

- Cash deposits > 1 year (Category (e) below)
- Share Capital (Category (g) below)
- Loan Capital (Category (h) below)
- The Local Authority Property Fund (Category (j) below).

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

Non Specified Investment Category
Supranational Bonds greater than 1 year to maturity (a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). (b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) 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.
(c) Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a)

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above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
(d) The Council's own banker if it fails to meet the basic credit criteria. In this instance any balances will be maintained on an instant access basis
(e) Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies but will take specific advice before doing so.
(f) Any bank or building society that complies with the Council's creditworthiness policy for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
(g) Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.
(h) Loan capital in a body corporate. See note 1 below.
(i) Bond funds. See note 1 below.
(j) Property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.

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.

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Housing Revenue Account (HRA) - Rents and Charges 2018/19

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Housing and Public Safety
Acting 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 2018/19 and proposed Housing Revenue Account (HRA) budget for 2018/19.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 The funding that will be provided from rents will be of direct benefit to all tenants as it directly contributes to the maintenance of the housing stock over both the short and long term. This will promote the Council's Corporate priorities One and Four to *"Improve Infrastructure and housing to support a growing, low-carbon economy"* and *"Help people to help themselves while always protecting our most vulnerable children and adults."*

2. Recommendations

Cabinet is invited to recommend to the Council as follows:

- 2.1 The proposed average rent for Housing Revenue Account (HRA) dwellings for 2018/19 of £79.63 per week (52 week basis), which is a decrease of 1.0%, be approved. This will be an average decrease of £0.80 per week (52 week basis). The range of decreases is shown in paragraph 3.9.
- 2.2 To authorise the Acting Corporate Board Director, Communities and Housing to seek authority from the Secretary of State to extend the permission for the use of the Housing Revenue Account for payments to the Council's tenants under the Discretionary Housing Payments scheme, and provide a budget of £200k in 2018/19 as detailed at paragraphs 3.25.
- 2.3 The housing related support charges for 2018/19 and service charges for 2018/19 as outlined in Appendix 2 are approved.
- 2.4 Leaseholder service charges are set for 2018/19 as shown in Appendix 3.

Further information on the subject of this report can be obtained from Ian Burbidge, tel: 07769 281 641, iburbidge@swindon.gov.uk.

Housing Revenue Account (HRA) - Rents and Charges 2018/19

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Date: 7th February 2018

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- 2.5 Based on the proposals set out within this report that the Housing Revenue Account (HRA) proposed budget 2018/19, 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 (2017/18 prices) for 2018/19 Appendix 6.
 - 2.7 Rents charged on General Fund properties are reduced in line with Government guidance on Housing Revenue Account rents by 1% for 2018/19. Service charges for General Fund properties, as shown in Appendix 7, are approved.
 - 2.8 Rents charged for plots at the Hay Lane Traveller and Gypsy Site are increased by £2.57 per week (5.0%) to £53.83 per week (52 week basis) in line with Council policy of fees and charges, and the rents for workpens, as shown in Appendix 7, are approved.
 - 2.9 The charges for Private Sector Leased (PSL) accommodation for those accepted as homeless outlined in Appendix 7 are approved.
 - 2.10 Any underspend or overspend on the 2017/18 Housing Revenue Account be managed through the general revenue reserves.

3. Detail

- 3.1 The Housing Revenue Account (HRA) is a statutory account set up in accordance with the Local Government and Housing Act 1989. This is a significant budget for the Council amounting to £48.5m of Gross Income in 2018/19 (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 10,308 dwellings, supported housing schemes, sheltered schemes and, commercial premises. Income is generated through rents, charges and interest received on balances.

Housing Revenue Account (HRA) Rents and Charges

- 3.3 Swindon's Housing Revenue Account (HRA) receives the majority of its income from the charges it levies upon its tenants. Tenants can pay up to 3 elements for their homes:
 - 3.3.1 **Rent** - a charge for the occupation of a dwelling. Rents pay for the management and maintenance of the properties.

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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 Following the introduction of the Welfare Reform and Work Act 2016, the Government introduced a requirement for Council rents to be reduced by 1% per annum for each year from 2016/17 through to 2019/20. The new policy also changed the ability to re-let properties at target rent. Figures used in this report therefore assume that target rents will also be reduced by 1%. The Government have stated that rent policy from 2020/21 will revert to the CPI + 1% increase.

3.5 Whilst the move to the new social rent policy represents lower rent payments for tenants, it also represents a real, and significant, loss of rental income to the Housing Revenue Account.

3.6 The level of rent directly affects the amount of funding available to run the housing landlord function and service the debt, but also importantly for capital investment. This becomes increasingly important because of the much needed investment required in the Council's non-traditionally built homes and upgrades required to the sheltered housing stock.

Housing Revenue Account Budget 2018/19

3.7 Given the Government's proposed rent policies provide for an annual reduction of 1% per annum, rents for 2018/19 have been prepared on this basis.

3.8 Table 1 below shows the rent decrease by property size and the range of decreases within that band. The historical rent calculation formula means that there is no "average" property within the stock as the rent for each property is based on a combination of the number of bedrooms and the 1999 property value. Previous Government policy was that rents would converge in line with a formula towards "target rents," which would result in more consistency between properties. Properties that become void during the year are re-let at these target rents which is why rent for new tenants are at a higher rate. However as this process stopped before all properties reached their target rent, there is still a wide range of actual rents being paid. The table below excludes the "affordable rent" properties whose rents are calculated on a different basis to social housing rents as they are a product of the housing development programme.

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

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No. of properties at Dec 2017	Bedroom size	Final position at year end 2017/18	Rent for existing tenants for 2018/19	Net change %	Rent for new tenants for 2018/19	Lowest rent per week	Highest rent per week
276	Bedsits	66.37	65.71	-1.0%	66.65	59.92	74.61
3,217	1	73.32	72.59	-1.0%	75.21	64.86	87.12
2,741	2	80.58	79.77	-1.0%	82.21	70.57	97.46
3,641	3	86.67	85.81	-1.0%	89.89	77.82	124.79
187	4	99.32	98.33	-1.0%	104.01	84.61	133.33
4	5	105.38	104.32	-1.0%	111.77	82.73	115.33
0	>5						
10,066	Overall	80.43	79.63	-1.0%	82.74		

- 3.9 The HRA budget for 2018/19 is dependent upon the decisions Members make around changes to rents, service charges, support charges, and capital investment.
- 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 2017/18 base budget to the proposed 2018/19 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 £114.015 million on 1 April 2018 and the average interest rate for this is 3.32%. Interest on this borrowing for 2018/19 is £3.785m (item 26, Appendix 4).
- 3.12 The budgeted cost of revenue repairs (item 3 & 4, Appendix 4) has increased slightly from the £11.318m budget in 2017/18 to £11.633m, reflecting the cost of the staff delivering the repairs.
- 3.13 The proposed budget includes a bad debt provision of £620k for 2018/19, representing an increase of £320k on last year. This reflects the anticipated impact that Universal Credit is expected to have on the level of arrears which have steadily risen since the introduction of Universal Credit. (Included in item 11, Appendix 4).

Capital Programme

- 3.14 The HRA Capital Improvement Programme covers 3 major areas, these are:
- Capital projects i.e. kitchens & bathrooms, insulation improvements etc.
 - Planned maintenance programme i.e. fencing, paths, electrical maintenance, heating etc.
 - Regeneration & acquisition / new build programme.

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Housing Revenue Account (HRA) - Rents and Charges 2018/19

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- 3.15 The capital projects and planned maintenance programme has been set at £15.5m for 2018/19 (Item 6, Appendix 4). This is the same funding level as set in 2017/18 for planned maintenance. In 2017/18 there was also a £1m to purchase properties within the HRA estate areas subject to demand and the ability to meet the HRA financial assessment criteria. The £1m programme has been replaced with the £17m Housing acquisitions programme that was approved by Cabinet on 26th April 2017, minute 118. 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. Regeneration and new build opportunities can take advantage of the borrowing headroom available to the HRA as well as Government funding from the Homes and Communities Agency (HCA).
- 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.

General Fund Rents and Service Charges

- 3.18 Rent charges for the residential properties owned by the General Fund (including the David Murray John Tower - DMJ) have followed the same rent setting approach as used for HRA properties. Service charges for these properties have been reviewed for 2018/19 and aligned with the latest cost of service provision resulting in charges as outlined in Appendix 7 and it is recommended that the charges for the General Fund properties be approved.

Hay Lane Traveller and Gypsy Site

- 3.19 There are 37 plots at Hay Lane and a rent of £51.26 per week was charged in 2017/18. It is proposed to increase this charge for 2018/19 in line with the Council's policy on fees and charges, with an increase of 5.0%.
- 3.20 Work pens at Hay Lane vary in size and each has a separate charge. It is proposed that the charges are increased by 5.0% for 2018/19 and it is therefore recommended that charges for Hay Lane outlined at Appendix 7 be approved.
- 3.21 The Council does not charge for its transit Gypsy and Traveller site, although it does request a returnable deposit. No change to this is proposed.

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Housing Revenue Account (HRA) - Rents and Charges 2018/19

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Homelessness Contributions

- 3.22 The level of homelessness contributions for private accommodation is linked to the Local Housing Allowance (LHA) that is payable for each size of property and a management fee paid by the Government for each property. The Government have withdrawn the management fee funding which has been replaced by the new Flexible Homeless Support Grant that is not ring-fenced to homelessness. However the Grant has been allocated to the temporary accommodation budget for 2017/18 and 2018/19 to help mitigate costs and develop a new model of temporary accommodation for 2019/20. The LHA rates have only had one small increase since they were fixed at 2015/16 rates by Government up to and including 2019/20, with the resulting charges shown in Appendix 7.

Affordable Rents

- 3.23 There are different guidelines that cover affordable rent properties and the current stock of these properties is circa 242. However, affordable rents are subject to the same restrictions as social rents in terms of the Government imposed rent decreases and therefore the budget has been prepared on the basis of a 1% reduction from the 2017/18 rent.

Discretionary Housing Payments Fund (DHP)

- 3.24 In 2017/18 the Council obtained permission from the Secretary of State to provide Discretionary Housing Payments Fund (DHP) of up to £300k through the HRA. This funding is only for the benefit of HRA tenants to ensure that sufficient funding is available to support those affected by Welfare Reform. The current permission is valid for the financial year beginning 1st April 2017. Current forecasts indicate that actual spend is likely to be significantly less than the £300k budget in 2017/18. However, it is anticipated that Welfare Reform will continue to place pressure on households and therefore authority is sought for the Acting Corporate Director, Communities and Housing to write to the DCLG for permission to extend the arrangement into 2018/19 and a budget of £200k be retained to support this arrangement.

Support and Service Charges

- 3.25 There are no significant pressures on service charges. However, there are some increase due to the expectation of rising utility costs, in contrast to previous years where these costs have fallen. As a result, some service charges have therefore risen for 2018/19. 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.

Housing Revenue Account (HRA) - Rents and Charges 2018/19

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Date: 7th February 2018

Leaseholder Service Charges

- 3.26 Leaseholders are recharged the full cost of providing services. The charges proposed for leaseholder are shown in Appendix 3.
- 3.27 Administration charges to cover the administration involved in the resale of leases is proposed to increase 4% in line the Consumer Prices Index (CPI) +1% from £162.75 to £169.26 per transaction as shown in Appendix 3.

Garage Rents and Parking Charges

- 3.28 Garage rents are now managed by the General Fund and all charges for 2018/19 are increasing by 5% in line with Council policy on fees and charges. Details are shown in Appendix 2.

Provisional Budget for 2018/19

- 3.29 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 2018/19 – 2021/22

- 3.30 Appendix 8 shows the estimated impact of the 1% annual reduction in rents on the funding available for investment through to 2021/22, compared with the previous business plan. The overall change in funding available for capital investment is an increase of £4.4m from £58.7m to £63.1m. This increase is the result of rising income as rents begin to rise by CPI +1% from 2020/21 combined with operational savings. The key business plan assumptions are set out below.
- 3.31 CPI and RPI estimates are based on Treasury and ONS (Office of National statistics) data available at September 2017. Void allowances, which represent lost rent when properties are vacant between tenancies, have risen during 2017/18 following issues with the sole contractor for these works. Consequently, the void rate has been increased costs from £423k (1%) to £600k (1.4%) to cover higher void rates whilst a new contractor is identified. The allowance for an increase in the Bad debt provision has also risen to reflect rising rent arrears caused by families moving to Universal Credit. An allowance of £620k, or 1.5% of rents due is therefore included in the business plan assumptions. 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 looking ahead. A full and updated HRA Medium Term Resource Plan will be presented at March Cabinet.

Further information on the subject of this report can be obtained from Ian Burbidge, tel: 07769 281 641, iburbidge@swindon.gov.uk.

Housing Revenue Account (HRA) - Rents and Charges 2018/19

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Investment requirements

- 3.32 A 10% sample stock condition survey report by Pennington Choices Ltd in 2016/17 identified an investment requirement of £168.11 million from 2018/19 through to 2022/23, including £36.98 million for structural repairs and thermal improvements to the non-traditional housing stock. A options appraisal has been completed for two of the high-rise blocks of flats in the south of the town. A budget provision has been made for design and procurement work to be carried out during 2018/19 with works to follow in 2019/20 to start the programme to refurbish the high-rise blocks of flats. The installation of a fire suppressive systems will be a high priority for refurbishment works and residents will be consulted on proposed works. The investment for repairs for 2017/18 was £27.8 million along with a proposed investment of £26.8 million for 2018/19. It is proposed to invest a total of £138.7 million for revenue and capital repairs over the 5-year period 2018/19 to 2022/23. The investment programme is being prioritised to maintain homes to the Decent Homes Standard and due to budget restrictions repairs to the non-traditional housing stock are planned to be delivered at a much lower level of spend than requirement indicated by the stock condition survey. Therefore, investment is prioritised and periodic checks are put in place to the non-traditional housing stock to make sure that their long-term viability is not put at risk.

Consultation

- 3.33 The rent setting presentations to tenants and leaseholders explained the revised Government policies for the next 3 years and the impact on the funding available for investment in HRA stock. Following work with officers to deliver operational savings, and increased rentals from new builds and acquisitions, the budget for 2018/19 has been balanced without a requirement to draw on reserves or repay less debt. As such, no decisions were required for a formal consultation, but a presentation was provided during December, where the assumptions and details around the budget and charges were presented to Council tenants and leaseholders. Attendance at this event was low and a further presentation will be made during January.
- 3.34 A briefing paper on the Cabinet Report was debated at the Housing CMAG on the 17th January Although the group agreed they were not supportive of the report and its contents, no other proposals were made at the meeting.

4. Alternative Options

- 4.1 The parameters for setting local authority rents are largely controlled by Central Government who have provided guidance that rents should be reduced by 1% per annum from 2016/17 through to 2019/20. Local authorities could reduce by

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more than this, but after 2019/20, local authorities gain more discretion as the Government have stated they can set rents with increases up to CPI + 1%.

- 4.2 The setting of service charges is a local decision. Service charges should generally be set at a level that recovers the cost of providing those services, but does not make a profit. Should service charges be set lower than at a level that recovers costs, then the deficit will be funded through general rent income and result in less funding available to support capital investment.
- 4.3 The current policy is to repay £5m of HRA debt per annum, which reduces the following year's annual interest payments by £166,000. Cabinet could decide not to repay either some or all of this, which would increase the funding available for capital investment, but would incur additional debt interest charges. Appendix 8 shows how changes in the 2018/19 budget have impacted on the previous business plan through to 2021/22. Given the current capital programme includes a substantial amount of backlog from previous years, there would however be significant resource implications around the ability of officers in delivering a further £5m of capital investment in 2018/19 over and above that currently planned.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

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

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

- 5.3 There are no such direct implications.

Diversity Impact Assessment

- 5.4 A thorough Diversity Impact Assessment was carried out in support of the HRA Business Plan in 2012. A specific DIA has not been completed for this report.
- 5.5 Based on the information contained in this report the following considerations have been made
- 5.5.1 Setting of local authority rents is subject to Government guidance, which will require a year on year reduction of 1% up to and including 2019/20,

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Housing Revenue Account (HRA) - Rents and Charges 2018/19

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although this will not apply to service charges which are still required to cover their costs. A careful balance needs to be struck between affordability and tenants being able to benefit from warmer and healthier homes. For those on the lowest incomes there will be no impact as their rents are covered by Housing Benefit or the Housing element in their Universal Credit claim, and they will continue to be able to claim their full entitlement under the respective national scheme. Support to enable them to do this is provided both by housing officers and benefits advisers. Housing officers are aware that a large proportion of employed Council tenants are on low incomes and that these decreases should benefit these tenants in some cases. Any tenants who feel that proposed increases in service charges and support costs will cause them hardship will be able to seek advice from their local Neighbourhood Housing Officers as well as from the Citizens Advice Bureau.

- 5.5.2 The Discretionary Housing Payment scheme funded by both the General Fund and the Housing Revenue Account, subject to Ministerial consent and set criteria, will continue to be available to alleviate hardship by meeting gaps in benefit previously received.
- 5.5.3 Information regarding Housing Benefit and the support available from Housing Services will continue to be provided to all tenants when they receive notification of new rents for 2018/19. Tenants who fall into rent arrears will be managed according to the Council's Rent Arrears Policy for which a Diversity Impact Assessment has also been completed.
- 5.5.4 The impact of the loss of rental income due to the 1% rent decrease has largely been mitigated in 2018/19 by efficiency savings identified within the Housing Teams, the completion of new housing properties which are let at affordable rent levels, and the acquisition of properties as part of the £17m acquisition programme. This will ensure for the coming year that the housing stock is maintained in the short term.

Risk Management

- 5.6 Failure to raise enough revenue through rents to fund a capital programme that secures the long-term future of the council stock is an important consideration that is part of the rent setting process. The implications of the Government's proposed 1% rent decrease are set out in Appendix 8.

6. Consultees

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

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Housing Revenue Account (HRA) - Rents and Charges 2018/19

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7. Background Papers

7.1 None

8. Appendices

8.1 Appendix 1 – Proposed HRA Budget Overview 2018/19.

8.2 Appendix 2 – Service charges for 2018/19

8.3 Appendix 3 – Leaseholder charges for 2018/19

8.4 Appendix 4 – Detailed HRA Budget 2018/19

8.5 Appendix 5 – Proposed HRA Capital Budget 2018/19

8.6 Appendix 6 – Proposed HRA 3 year Capital Programme

8.7 Appendix 7 – Proposed HGF Rents & Service Charges 2018/19

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 2018. This is not a key decision to be made by Cabinet because the final decisions are to be made by full Council on 22nd February 2018.

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Appendix 1 – Overview of HRA Revenue Budget

	2017/18 Budget	2018/19 Proposed Budget
	£	£
Expenditure		
Management (staff, overheads and service charge costs)	12,429,400	12,454,100
Repairs (incl. staff costs)	11,317,900	11,632,600
Discretionary Housing Payments	300,000	200,000
Rent, Rates & Taxes	77,900	68,500
Debt Management fees and Debt Rescheduling Premium	60,000	60,000
Gross Expenditure	24,185,200	24,415,200
Income		
Rents	(43,211,200)	(43,355,500)
Voids and Bad debts	723,200	1,220,300
Service Charges	(3,838,800)	(3,745,900)
Other Income (commercial property and other charges)	(2,418,400)	(2,653,400)
Gross Income	(48,745,200)	(48,534,500)
Net Cost of Services	(24,560,000)	(24,119,300)
Net Interest costs (after interest receivable has been deducted)	3,764,500	3,581,300
Contribution to Capital Expenditure and loan repayment	5,000,000	5,000,000
Contribution from General Reserves	(742,500)	0
Projected (surplus) / deficit for the year	(16,538,000)	(15,538,000)
Use of operating Surplus with £5m Loan Repayment		
Funding available for Capital Investment	16,538,000	15,538,000
Use of Operating Surplus	16,538,000	15,538,000

Appendix 2 – Service charges for 2018/19

	Current Charge 2017/18	Proposed Charge 2018/19
	£	£
<u>Flats (Communal entrance)</u>		
Service Charge - Staircase Lighting	0.61	0.74
Multi Storey service charge	13.54	13.80
Neighbourhood Wardens Low & medium rise blocks service charge	1.96	1.90
Neighbourhood Wardens General stock service charge	1.09	1.07
Townsend House	11.67	9.86
<u>Sheltered Housing</u>		
Sheltered service charge	24.86	25.85
Heating charge - private use	4.77	5.24
Heating charge - communal use	1.54	2.51
Water charge	3.84	4.32
Extra Care (Newburgh House)	0.00	2.97
Guest room charge	13.00	14.00
Guest flat charge	15.00	16.00
<u>Other</u>		
Cable TV charge	2.04	2.04
Communal TV aerials	1.13	1.13
Home contents insurance (per £100 of cover)	0.00	0.00
Grass Cutting	1.38	3.00
Hedge	1.38	1.44
Furniture Charge - Full Flat	5.00	5.00
Emergency Room Service Charge	16.00	17.43
<u>Support Charges</u>		
Sheltered housing support charge	3.13	3.13
Sheltered transitional protection	-1.67	-1.67
Homeline Charge	4.40	4.62
Homeline transitional protection	-0.30	-0.30
Homeline Charge - private tenants	6.50	7.25
Homeline Plus level 1	12.85	13.36
Homeline Plus level 2	14.30	14.87
Homeline Plus level 3	16.22	16.87

Appendix 2 – Service charges for 2018/19 (continued)

	Current Charge 2017/18	Proposed Charge 2018/19
	£	£
<u>Garage / Parking Charges</u>		
Garage rent	7.89	8.28
Account Garage + VAT	8.72	9.16
Parking space	2.67	2.80
Cross over - existing tenants	2.39	2.51
Cross over - new tenants	4.68	4.91
Cross over - new build properties (2 spaces)	9.35	9.82
Account parking space + VAT	2.97	3.12
Premium Garage + VAT	10.46	10.98
Premium parking space + VAT	6.54	6.87
<u>Supported Housing</u>		
Service Charge	41.15	43.21
Heating charge - private use	5.63	5.78
Heating charge - communal use	1.98	2.03
Water charge	4.69	5.47
Electricity	5.69	6.18
<u>Small Housing Schemes</u>		
Service charge - Moredon Road	36.29	35.26
Service charge - William Robins Court - LD clients	23.56	22.45
Service charge - William Robins Court - General needs	11.81	12.28
Service charge - Baileys Farm Gardens - General needs	13.89	14.44
Service charge - Baileys Farm Gardens - General needs water	3.99	4.34
Service charge - Marlowe Avenue	25.07	24.36
Service charge - Twyford Close	8.57	8.92
Service charge - Evelyn House	23.11	24.04
Service charge - Tyndale Gardens	28.78	29.94
Service charge - Kimmerfield Court (SBC element)	7.80	6.20
Service charge - Kimmerfield Court - Private heating charge	5.38	3.99
Service charge - Kimmerfield Court - Communal heating charge	1.75	1.74
Service charge - Sussex Place	1.37	1.37

Appendix 3 - Leaseholder Charges

	Current Charge 2017/18	Proposed Charge 2018/19
	£	£
Ground Rent - Annual Charge	10.00	10.00
Leaseholder management charge - all properties	161.33	167.79
Leaseholder management charge - properties with communal areas	193.20	200.93
Service Charge - Staircase Lighting adjusted to actual charge during annual review	34.36	34.87
Multi Storey service charge	574.80	588.66
Administration charge dealing with the re-sale of leasehold interest	162.75	169.26
In addition leaseholders pay property insurance based on the insured value of their property and a contribution to any repairs carried out on their block of flats		

Appendix 4 - Detailed HRA Budget 2018/19

Item		2017/18 Budget	2018/19 Proposed Budget
		£	£
	<u>EXPENDITURE</u>		
1	S&M General	6,752,200	6,575,500
2	S&M Special	5,677,200	5,878,600
3	Repairs Administration	1,266,200	1,233,900
4	Contribution to Repairs Account	10,051,700	10,398,700
5	Rent, Rates & Taxes	77,900	68,500
	<u>Capital Financing</u>		
6	Funding available for Capital Investment	16,538,000	15,538,000
7	Debt Management	60,000	60,000
8	Discretionary Housing Payments	300,000	200,000
9	<u>TOTAL EXPENDITURE</u>	40,723,200	39,953,200
	<u>INCOME</u>		
	<u>Rent income</u>		
10	Dwellings	(43,211,200)	(43,355,500)
11	Provision for Bad Debts	300,000	620,300
12	Less voids	423,200	600,000
13	Garages	0	(160,800)
14	Shops / Commercial	(64,000)	(68,400)
15	Support charges - Sheltered	(216,000)	(216,000)
16	Sheltered Housing Service Charges	(2,734,800)	(2,556,600)
17	Supported Housing Service Charge	(433,600)	(447,100)
		(45,936,400)	(45,584,100)
18	Miscellaneous Properties Rent	(80,000)	(80,000)
19	Service Charges - Flats	(78,600)	(78,600)
20	Sheltered Housing Heating Charges	(375,800)	(447,600)
21	Homeline	(972,600)	(985,200)
22	Other Service Charges / Other income	(1,301,800)	(1,359,000)
23	Contribution from General Reserves	(742,500)	0
		(3,551,300)	(2,950,400)
24	<u>TOTAL INCOME</u>	(49,487,700)	(48,534,500)
25	<u>NET COST OF SERVICES</u>	(8,764,500)	(8,581,300)
26	Loan Charges - Interest	3,968,500	3,785,300
27	Interest on balances (interest receivable)	(204,000)	(204,000)
28	Right to buy mortgage interest (interest receivable)	0	0
29	<u>NET OPERATING EXPENDITURE</u>	(5,000,000)	(5,000,000)
30	Loan repayments	5,000,000	5,000,000
31	<u>PROJECTED (SURPLUS) / DEFICIT FOR THE YEAR</u>	0	0

Appendix 5 - Proposed HRA Capital Budget 2018/19

Item		2017/18 Budget	2018/19 Proposed Budget
		£	£
	<u>HRA Capital Schemes</u>		
1	Capital Projects (including vehicle replacement) and Planned Maintenance Programme	15,700,000	15,542,000
2	Carried forward from previous year's Programme	0	0
	Antipated spend on Regeneration Programme	0	
3	Anticipated spend on Acquisition Programme (Budget £17m)	5,000,000	6,000,000
	Anticipated spend on Housing Development Programme	10,000,000	10,000,000
5	Total Capital Programme	30,700,000	31,542,000
	HRA Capital Funding Applied		
6	Funding available for Capital Investment - transfer to MRR	16,528,000	15,538,000
7	In year Capital receipts	0	0
8	S106 Funding	0	0
9	In year resources available	16,528,000	15,538,000
	HRA Capital Reserves		
10	Usable Capital Receipts		
11	Prudential Borrowing		
12	HCA Funding		530,000
13	RTB Funding Used	1,500,000	1,800,000
14	HRA Capital Reserves	18,865,900	6,193,900
15	In year resources available	20,365,900	8,523,900
16	Total HRA Capital Funding	36,893,900	24,061,900
	<u>RTB retained funding</u>		
17	Brought forward	4,011,400	5,011,400
18	Used in year	(1,500,000)	(1,800,000)
19	Additional funding from in year sales	2,500,000	2,700,000
20	Resources carried forward	5,011,400	5,911,400

Appendix 6 - Proposed 5 year Capital Programme

Element	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Components #	8,724.0	4,987.0	4,937.0	8,730.0	8,788.0
Vehicle Replacement Programme	250.0	250.0	250.0	250.0	0.0
Refurbishment High-Rise Blocks	100.0	6,000.0	6,000.0	3,000.0	0.0
Contingent Major Repairs	625.0	575.0	575.0	575.0	575.0
Cyclical Planned Maintenance	2,273.0	2,030.0	2,030.0	2,030.0	2,030.0
Major Adaptations	1,250.0	1,250.0	1,250.0	1,250.0	1,250.0
Exceptional Extensive Improvements	1,750.0	0.0	0.0	0.0	4,000.0
	570.0	550.0	550.0	550.0	550.0
Regeneration, acquisition & New Build					
Grand Total	15,542.0	15,642.0	15,592.0	16,385.0	17,193.0

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

All budgets are shown at 2017/18 prices.

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

Appendix 7 - Proposed HGF Rents & Service Charges **2017/18**

	Current Charge 2017/18	Proposed Charge 2018/19
<u>Hay Lane Traveller & Gipsy Site</u>	£	£
Caravan Site Pitch Rent	51.26	53.83
Caravan Site Workpen Rent Size 1	4.36	4.58
Caravan Site Workpen Rent Size 2	8.73	9.16
Caravan Site Workpen Rent Size 3	10.91	11.45
Caravan Site Workpen Rent Size 4	13.08	13.73
Caravan Site Workpen Rent Size 5	1.09	1.15
<u>Christopher House, Marlowe Avenue</u>		
Service Charge	11.43	11.74
<u>David Murray John Building</u>		
Heating charge - 1 bed property	9.89	0.00
Heating charge - 2 bed property	11.63	0.00
Service charge - 1 bed property	22.70	19.71
Service charge - 2 bed property	26.71	23.19
<u>PSL rents</u>		
1 Bed	103.44	106.54
2 Bed	127.51	127.51
3 Bed	157.56	157.56
4 Bed	198.11	198.11
Private Sector Landlord Rents have been reduced in response to Government removing the previous weekly management fee. The fee has been replaced by a new Flexible Homeless Support Grant that is not ring-fenced to Homelessness and has only been made available in 2017/18 and 2018/19.		

Appendix 8 - Comparison of Business Plans showing the impact of changes made as part of the budget setting for 2018/19 over the next 4 years

Current 17/18 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 2018.19	41,781	(707)	41,074	7,716	48,790	(24,806)	(4,020)	19,964	(5,000)	14,964	
2 2019.20	41,910	(710)	41,200	7,945	49,145	(25,551)	(3,854)	19,740	(5,000)	14,740	
3 2020.21	41,882	(709)	41,173	8,181	49,354	(26,317)	(3,688)	19,349	(5,000)	14,349	
4 2021.22	42,628	(722)	41,906	8,424	50,330	(27,107)	(3,522)	19,701	(5,000)	14,701	
Totals	168,201	(2,848)	165,353	32,266	197,619	(103,781)	(15,084)	78,754	(20,000)	58,754	
Revised 18/19 HRA Business Plan											
Income						Expenditure		Net Available for Investment			
Year	Rental Income	Voids & Bad Debts	Net Rental Income	Other income	Total Income	Total expenses	Debt Interest	Net Operating Expenditure	Debt Repayment	Available for Capex	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
1 2018.19	41,890	(1,220)	40,670	7,841	48,510	(24,123)	(3,845)	20,542	(5,000)	15,542	
2 2019.20	42,111	(1,227)	40,884	7,979	48,863	(24,542)	(3,679)	20,642	(5,000)	15,642	
3 2020.21	42,351	(1,234)	41,117	8,200	49,318	(25,212)	(3,513)	20,592	(5,000)	15,592	
4 2021.22	43,405	(1,264)	42,141	8,492	50,632	(25,901)	(3,347)	21,385	(5,000)	16,385	
Totals	169,757	(4,945)	164,812	32,512	197,324	(99,777)	(14,385)	83,161	(20,000)	63,161	
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 2018.19	109	(513)	(404)	125	(280)	683	175	578	0	578	
2 2019.20	201	(517)	(316)	34	(282)	1,009	175	902	0	902	
3 2020.21	469	(525)	(56)	19	(36)	1,105	175	1,243	0	1,243	
4 2021.22	777	(542)	235	68	302	1,206	175	1,684	0	1,684	
Totals	1,556	(2,097)	(541)	246	(295)	4,004	699	4,407	0	4,407	

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Pay Policy Statement 2018 / 2019

Cabinet

Date: 7th February 2018

Author: Cabinet Member Cabinet Member for Corporate Services and Digitalisation,
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 2018 / 2019 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 regard to economy, efficiency and effectiveness.

2. Recommendations

Cabinet is recommended to:

- 2.1 Review the Council's Pay Policy Statement for 2018 / 2019, as set out in Appendix 1 to the report,
- 2.2 Recommend the Pay Policy Statement to the Council for approval, and
- 2.3 If approved by Council, authorise the Director of Human Resources & Organisational Development to update the salary information on 1st April 2018 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 2017 / 2018 has been updated for 2018 / 2019 and must be approved by Full Council before the 31st March 2018. 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;

Further information on the subject of this report can be obtained from Sonia Grewal, Direct Dial Telephone Number: 07823 525459 E-mail: sgrewal@swindon.gov.uk.

Pay Policy Statement 2018 / 2019

Cabinet

Date: 7th February 2018

- 3.1.3 The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers; and
 - 3.1.4 The Pay Policy Statement does not cover or include school employees and is not required to do so.
 - 3.2 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 local taxpayers. 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.
 - 3.3 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, consideration 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.
 - 3.4 The Pay Policy Statement is broadly the same as that published for 2017 / 2018, with the following changes and updates having been made:
 - 3.4.1 **Pages 3 - 6: Structure Overview**, – this section has been amended to reflect the changes to the organisation.
 - 3.4.2 **Exit Payments Cap** – as the upcoming legislation on public sector exit payments has not been implemented, this section has been removed from the Pay Policy Statement.
 - 3.5 The proposed Pay Policy Statement 2018-19 is attached as Appendix A. The Statement sets out the Council’s policies in relation to pay of its workforce, particularly its Chief Officers.
 - 3.6 The Statement aims to ensure the Council’s approach to pay and reward attracts and retains a high performing workforce whilst ensuring value for money. The Council has previously published information on pay as part of its responsibilities under the Code of Practice for Local Authorities on Data Transparency.
 - 3.7 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.
 - 3.8 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
-

Further information on the subject of this report can be obtained from Sonia Grewal, Direct Dial Telephone Number: 07823 525459 E-mail: sgrewal@swindon.gov.uk.

Pay Policy Statement 2018 / 2019

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internet in April. The majority of these are already available to Members and employees via the intranet.

4. Alternative Options

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

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

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

Legal and Human Rights Implications

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

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

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

Diversity Impact Assessment

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

Risk Management

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

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports. The Pay Policy Statement has been consulted on with the trade unions.

Pay Policy Statement 2018 / 2019

Cabinet

Date: 7th February 2018

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

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

- 9.1 This is not a Key Decision for the Council (as adoption is by the Council) and is included in the Cabinet Work Programme and Forward Plan for January 2018.

Swindon Borough Council

Pay Policy Statement: April 2018

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 2018/19. Information on the Council's workforce will be published after 1st April 2018 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 Head of People Development at sgrewal@swindon.gov.uk.

Structure Overview

As of 1st October 2017 the Council employs **2710** 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 2017:

- **On 1st April 2017**, 1 individual was transferred to the Council from the HIV Prevention Centre.
- **On 1st April 2017**, 8 individuals were transferred to the Council from Community Meals.
- **On 1st April 2017**, 9 member of staff were transferred from Child Health Services to the NHS South Central and West Commissioning Support.
- **On 18th September 2017**, 17 individuals were transferred to the Council from the Quarriers.

- **On 1st November 2017**, 5 members of staff from the Adoption Team are to be transferred to Thames Valley Regional Adoption Agency (RAA).

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 Chief Executive is the lead policy advisor to the Council and supports Councillors to make decisions on behalf of the community, and to develop plans for the future of Swindon. The Chief Executive has the overall responsibility for directing the Council so that it is focussed on our Vision for Swindon and delivering the priorities set for us by the Leader of the Council and elected members. Further information about the [Chief Executive](#) can be found on the Council's website.

The Internal Audit team report directly to the Chief Executive.

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, Regulatory Services & Heritage, Housing Management & Community Safety and Highways.

Until November 2017, the Board Director for Communities & Housing was also the Managing Director for Public Power Solutions Ltd, which is the wholly owned Council Company, which focuses on waste to energy and renewable energy.

Resources & Growth

Resources & Growth are the enabling function of the Council with overall responsibility for the Council's support services functions.

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

The service areas that support Resources & Growth include Law & Democratic Services, Finance, Human Resources & Organisational Development, Economy & Regeneration, Performance Organisational Improvement and Communications and Digital Services & Corporate Programmes.

Adult Services

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

Public Health supports Adult Services.

The Director of Adult Services holds the statutory obligation for the Director for Adult Social Services (DASS).

Children's Services

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

The service areas that support Children's Services include Education Services and Routes to Employment.

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

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

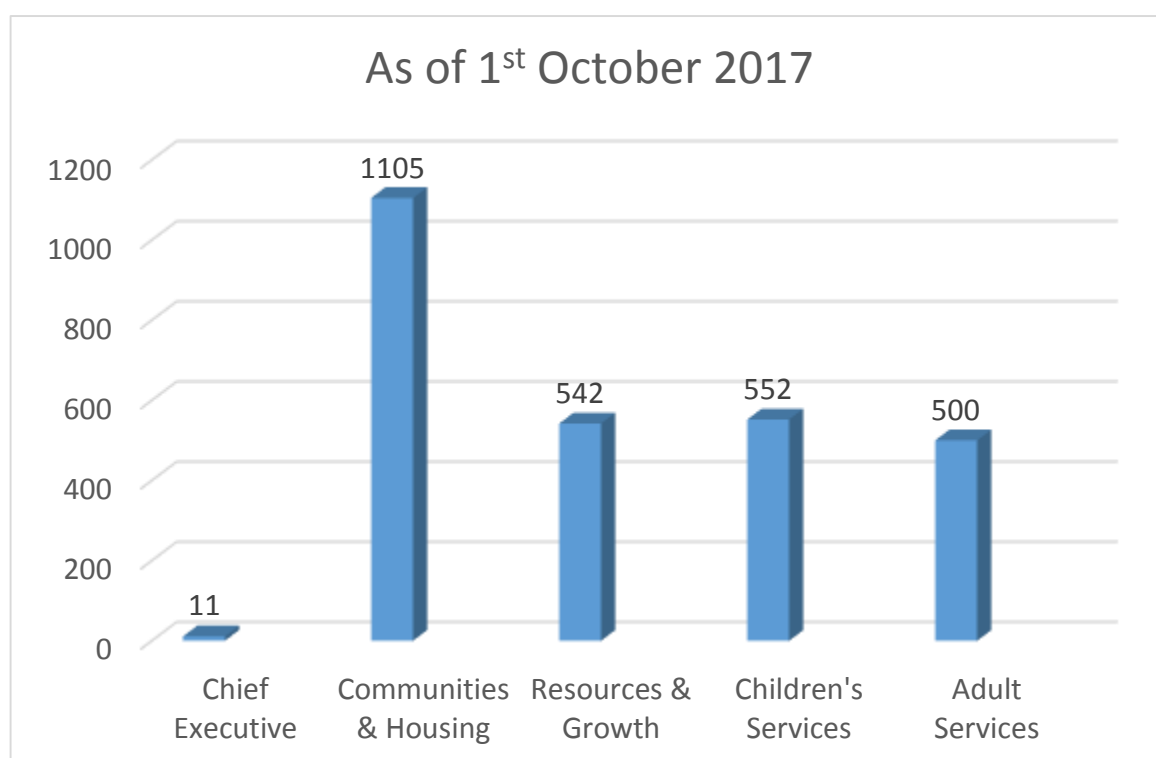


Figure 1: Number of staff in each directorate

As a team member of Corporate Management Team, the 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
 - Corporate Director – Resources & Growth (Chief Financial Officer)
 - Director of Children's Services (DCS)
 - Director of Adult 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 2017):

Level	Salary Range	
	From	To
CEO	£150,363	£187,392
Board Director	£117,516	£140,774
Director 5	£98,952	£116,189
Director 4	£81,680	£97,807
Director 3	£67,529	£80,847

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 can be found on the Council's website.

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

Pay Relationships

This section provides information on the following:

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

Gender Ratio (as of 1st October 2017)

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

Salary (FTE)	Male	Female	Total	Total % of workforce
£0 - £15,000	10	9	19	0.70%
£15,001 - £20,000	313	624	937	34.58%
£20,001 - £25,000	192	309	501	18.49%
£25,001 - £30,000	208	255	463	17.08%
£30,001 - £40,000	143	372	515	19.00%
£40,001 - £50,000	66	116	182	6.72%
£50,001 - £60,000	20	31	51	1.88%
£60,001 - £70,000	13	10	23	0.85%
£70,001 - £80,000	1	1	2	0.07%
£80,001 - £90,000	4	2	6	0.22%
£90,001 - £100,000	2	2	4	0.15%
£100,001 - £120,000	1	1	2	0.07%
Over £120,000	3	2	5	0.18%
Total	976	1734	2710	100%

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

Salary Band by Ethnic Group (as of 1st October 2017)

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	3	15	1	19
£15,001 - £20,000	119	652	166	937
£20,001 - £25,000	53	387	61	501
£25,001 - £30,000	42	348	73	463
£30,001 - £40,000	58	398	59	515
£40,001 - £50,000	17	152	13	182
£50,001 - £60,000	4	44	3	51
£60,001 - £70,000	0	20	3	23
£70,001 - £80,000	0	2	0	2
£80,001 - £90,000	1	4	1	6
£90,001 - £100,000	0	2	2	4
£100,001 - £120,000	0	1	1	2
Over £120,000	1	3	1	5
Total	298	2028	384	2710

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, £15,106 pa (£7.83 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 2017)
16 – 18 *	£3.50 per hour
19 – 24	£7.05 per hour
Over 25	£7.50 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	£164,240
Mean Pay	£26,622.39
Median Pay	£23,380
Lowest Pay	£15,106
Ratio of Mean to Highest	1: 6.2
Ratio of Median to Highest	1: 7
Ratio of Lowest to Highest	1 : 10.9

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

The Hutton Review raised concerns about multiples in the order of 1:20 or higher, between the lowest and the highest paid employees in local authorities. The Council’s current ratio of lowest to highest is 1:10.9 and so is well below that level.

Pay Increases and Pay Progression

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

National Pay

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

Local Pay

Due to financial constraints, the Council is mindful not to offer any additional pay increases for the 2017 / 2018 financial year.

Executive Contracts

Pay progression for those on Executive Contracts is outlined in the [Executive Pay Strategy](#).

Terms and Conditions

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

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

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

Job Evaluation

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

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

Hay

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

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

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

National Joint Council (NJC) Evaluation Scheme

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

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

Pay Policies and Processes

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

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

Allowances

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

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

In early 2017 the Council consulted with all employees on mileage rates. It was agreed that the Council's mileage rates will be paid in accordance with HMRC guidelines with effect from 23rd July 2017. Employees who use their car for business purposes can claim mileage using the current HMRC rates.

A copy of the [Allowances Guidance](#) can be found on the Council's website.

Reimbursement of Subsistence or Other Expenses

In accordance with the requirements of the National Conditions of Service, the Council makes provision for the reimbursement of approved expenses. The Council has produced guidance for employees on travel and subsistence and this applies equally to all staff, irrespective of grade.

A copy of the [Travel and Subsistence Policy](#) can be found on the Council's website.

Flexible Retirement, Early Retirement and Redundancy Payments Policy

On termination, redundancy payments and any discretion exercised in relation to retirement or redundancy will be paid in line with the Council's Policy on [Flexible Retirement, Early Retirement and Redundancy Payments Policy](#). A copy of which can be found on the Council's website.

The Council may, in certain circumstances, also apply its discretionary powers in relation to premature retirements and redundancies for Chief Officers. This approach is in line with

Part 4 paragraph 85 of the Chief Officers of Local Authorities, Constitution Conditions of Service Salaries which states that “Authorities should bear in mind the possible application of discretionary powers of premature retirement and permissible enhancements of benefits or redundancy payments”.

Termination Payments

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

Relocation Expenses

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

A copy of the [Relocation Policy](#) can be found on the Council’s website.

Honorariums and Acting-up Pay

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

A copy of this policy can be found on the Council’s website.

Election Payments

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

Market Factor Supplements

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

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

The relevant labour market may include another local authority or elsewhere in the public or private sectors. Market factor supplements are not linked to an individual’s actual or

anticipated performance within the role. They are linked to the difficulty in recruiting to certain posts requiring specific skills or qualifications. The Council has produced guidance for employees on [Market Factor](#) Supplements which can be found on the Council's website. The policy is not applicable to Chief Officers.

Pensions

This section includes information the following:

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

Auto Enrolment

Due to legislation ([The Pensions Act 2011](#)) there is a requirement for all employers in the UK to automatically enrol their workers into a qualifying pension scheme where they are not currently a member. Employees, who meet the criteria below (as of 1st April 2017) 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 £10,00 per year (or pro-rata pay period) (April 2017);
- 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 2017 / 2018</th><th>Contribution Rates</th></tr><tr><td>Up to £13,700</td><td>5.5%</td></tr><tr><td>£13,701 - £21,400</td><td>5.8%</td></tr><tr><td>£21,401 - £34,700</td><td>6.5%</td></tr><tr><td>£34,701 - £43,900</td><td>6.8%</td></tr><tr><td>£43,901 - £61,300</td><td>8.5%</td></tr><tr><td>£61,301 - £86,800</td><td>9.9%</td></tr><tr><td>£86,801 - £102,200</td><td>10.5%</td></tr><tr><td>£102,201 - £153,300</td><td>11.4%</td></tr><tr><td>More than £153,301</td><td>12.5%</td></tr></table>	Pay Bands 2017 / 2018	Contribution Rates	Up to £13,700	5.5%	£13,701 - £21,400	5.8%	£21,401 - £34,700	6.5%	£34,701 - £43,900	6.8%	£43,901 - £61,300	8.5%	£61,301 - £86,800	9.9%	£86,801 - £102,200	10.5%	£102,201 - £153,300	11.4%	More than £153,301	12.5%	
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£102,201 - £153,300	11.4%																																						
More than £153,301	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.

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

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

Pay Scales 2017 / 2018

NJC Pay Grades			New Rate (FTE)	Hourly Rate
Grade	Point	Payroll Point		
J	1	1	£15,106	£7.83
	2	2	£15,327	£7.94
	3	3	£15,648	£8.11
K	1	4	£15,914	£8.25
	2	5	£16,253	£8.42
	3	6	£16,652	£8.63
	4	7	£16,915	£8.77
	5	8	£17,317	£8.98
	6	9	£17,539	£9.09
	7	10	£17,920	£9.29
L	1	11	£18,292	£9.48
	2	12	£18,585	£9.63
	3	13	£19,152	£9.93
	4	14	£19,458	£10.09
	5	15	£20,009	£10.37
	6	16	£20,329	£10.54
	7	17	£21,202	£10.99
	8	18	£21,726	£11.26
M	1	19	£22,121	£11.47
	2	20	£22,475	£11.65
	3	21	£23,013	£11.93
	4	22	£23,380	£12.12
	5	23	£23,902	£12.39
	6	24	£24,284	£12.59
	7	25	£24,792	£12.85
	8	26	£25,189	£13.06
	9	27	£25,684	£13.31
N	1	28	£26,161	£13.56
	2	29	£26,580	£13.78
	3	30	£27,066	£14.03
	4	31	£27,500	£14.25
	5	32	£27,970	£14.50
	6	33	£28,418	£14.73
	7	34	£28,874	£14.97
	8	35	£29,336	£15.21
	9	36	£29,778	£15.43

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

Executive Pay Scales

Level	Salary Range	
	From	To
CEO	£150,363	£187,392
Board Director	£117,516	£140,774
Director 5	£98,952	£116,189
Director 4	£81,680	£97,807
Director 3	£67,529	£80,847

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Creation of a Swindon Music Trust

Cabinet

Date: 6th February 2018

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

1. Purpose and Reasons

- 1.1 This report seeks Cabinet's approval to create an independent charity to run Swindon Music Service (SMS).
- 1.2 Transferring this service from the council to an independent entity would provide protection to the council in terms of liability and secure the future of the Music Service.
- 1.3 Council Vision's Priorities and Pledges, Corporate Strategy, One Swindon, Strategic Objectives, Plans and Policies.
 - 1.3.1 **Priority 2:** *"Offer education opportunities that lead to the right skills and right jobs in the right places":*
 - 1.3.3 **Pledge 17:** *"Improve educational attainment, in particular at ages 16 – 19 so that we are above the average in England within five years".*
 - 1.3.4 **Pledge 29:** *"Work with all of the 1270 families in Swindon who are in most need of support by 2020 in phase 2 of the Troubled Families Programme":*

2. Recommendations

Cabinet is recommended to:

- 2.1 Agree to the Swindon Music Service becoming an independent charity by September 2018 or as soon as is practicable thereafter.
- 2.2 Authorise the Corporate Director of Children Services and the Head of Education, in consultation with the Director of Law and Democratic Services and the Cabinet Member for Children Services and School Attainment, to take such steps as are required to create the charity.
- 2.3 If recommendations 2.1 and 2.2 are approved, authorise the Head of Property Assets, in consultation with the Director of Law and Democratic Services, the Cabinet Member for Economy and Skills and the Cabinet Member for Children's Services and School Attainment, to negotiate an initial 2-year lease of The Platform to help the new charity establish itself. Swindon Borough Council (SBC) to review and define its property with a report to come back to Cabinet in the spring of 2020.

Further information on the subject of this report can be obtained from Peter Clark, Telephone Number: 01793 401752, pclark@swindon.gov.uk.

Creation of a Swindon Music Trust

Cabinet

Date: 6th February 2018

- 2.4 If recommendations 2.1 and 2.2 are approved, Swindon Music Service to be authorised to carry over into the new financial year, a sum of money (no more than £15k) from its earned income towards the legal costs of establishing the new charity.

3. Detail

Music Services context

- 3.1 Until 2011, the Department for Education (“the DfE”) provided funds to local authorities to deliver music services. In November 2011, the government issued a report announcing a change in approach to music services: the *National Plan for Music Education*. In 2016, the DfE announced that there would be £300m national funding for music hubs in England to cover the period April 2016 – March 2020. This would be rolled out at £75m each year.
- 3.2 As a result of central government actions to restore responsibility to the nation’s public finances, there have been reductions in local authority funding. A significant number of music services are considering establishing (or have already established) an independent structure to deliver all or part of their music service.
- 3.3 The council currently retains central support (HR, legal, finance) for SMS to support any change in status; however, any further reduction in funding may limit the council’s capacity to support change.
- 3.4 Across England, the most popular legal structure for new independent entities running music services and receiving the transfer of service from the local authority is the charitable company limited by guarantee, with a commercial trading arm to pursue commercial activities.
- 3.5 It is proposed that SBC would agree to the music service establishing an independent charity. This would create long-term financial and organisational security for the music services we offer to schools and the local community of Swindon. These are the services that we are required to deliver through the National Plan for Music Education as set out by the DfE. As an independent charity we believe that we will be able to provide improved financial systems for our key users i.e. schools. This will be achieved by creating online ordering, invoicing and payment systems which are not currently available through SBC systems. This will be both efficient for us and more convenient for our users. Independence would free the service to explore other income streams, as well as relevant tax incentives. Furthermore, independence would not imply a complete break with the council, but would bring about a change in legal status. The option to retain the council as a trustee of the new entity would secure the council’s role in the governance of the service. SMS would wish to retain its partnership with SBC under any new structure.
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Further information on the subject of this report can be obtained from Peter Clark, Telephone Number: 01793 401752, pclark@swindon.gov.uk.

Creation of a Swindon Music Trust

Cabinet

Date: 6th February 2018

- 3.6 SMS would continue to be a good brand for Swindon; it is well respected by schools, parents and other services within the borough.

Governance of the Charity

- 3.7 The type of governance that will support the new charity will be based on an oligarchy model. In the oligarchy model each individual appointed as a trustee is automatically appointed as a member. The first three individuals will be selected by interested parties according to their skill and experience or by some other process. Further trustees will be appointed by the existing board, again according to skill and experience through an open and transparent process.
- 3.8 The board of trustees will be jointly and severally responsible for the overall governance and strategic direction of the charity, its financial health, the probity of its activities and developing the organisation's aims, objectives and goals in accordance with the governing documents, legal and regulatory guidelines.
- 3.9 Provision will be made for the board to include the Chief Executive, a staff representative and other key stakeholders such as the local authority and schools. This would provide a greater balance in involvement of the various key stakeholders. The staff representative will be elected by the staff whilst the Chief Executive will be an ex officio position. This model is simpler to manage and administer and, to date, the majority of the music services that have spun-out of the LA have been set up with this governance structure. A job specification has been written and a copy can be obtained from the report author.

The Platform and opportunities for future use

- 3.10 To have a better chance of ensuring current levels of quality, stability and diversity in its provision for young people, SMS would prefer to retain The Platform for at least an initial 2-year period as the town's music centre. The next financial year (2018-19) will see SMS taking on all running costs of The Platform in its contribution to cost savings forecast to SBC.
- 3.11 The new charity would wish to continue to offer, at a reduced competitive rate, The Platform for hire to the local community. It would also be able to look to market corporate hire rates.
- 3.12 The terms of any lease would need to be negotiated as a part of the agreed process of the music service spinning out to protect the borough's best interests. Issues that would need to be addressed include, among others: duration of lease; type of lease (fabric of the building etc.); get out clause dependent on continued funding from DfE.
- 3.13 The Platform, as SBC's contribution to the Music Education Hub for Swindon, would enable and enhance the music service to continue with applications for

Further information on the subject of this report can be obtained from Peter Clark, Telephone Number: 01793 401752, pclark@swindon.gov.uk.

Creation of a Swindon Music Trust

Cabinet

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funding to ensure the C&YP in Swindon can continue to flourish in terms of musical opportunities.

- 3.14 The music service has in place the infrastructure to be able to manage the building and to offer the local community the opportunity to use the facility in the future.

4. Alternative Options

- 4.1 Cabinet could choose to retain the music service within the council. However, with the demands on the council's resources, the degree to which the current range of services could be maintained could be in doubt.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 Costs in support of the spin-out process will be met by earned income generated through the SMS. We have identified some income from this financial year that will be accrued across to the next financial year.
- 5.2 Estimated legal costs quoted by Bates, Wells & Braithwaite (BWB) are between £20,000 and £25,000 (exclusive of VAT).
- 5.3 Pension costs legal fees range from £5,000 to £7,000 (exclusive of VAT).

Legal and Human Rights Implications

- 5.4 Legal and Human Rights considerations have been taken into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention Rights.

All other implications (including staff, sustainability, health, rural, crime and disorder)

- 5.5 Safeguarding of Children and Vulnerable Adults in the new proposed charity: SMS will continue to ensure all staff receive enhanced DBS checks and that relevant safeguarding policies are in place.
- 5.6 The four SBC staff working for SMS have been and will continue to be consulted all the way through this process and support the spin out. All other staff engaged through Pertemps will continue to work in the same way.
- 5.7 The social implications of the spin out include: ensuring that diversity and inclusion remain central to the new charity's core values; continuing to provide a range of cultural opportunities within music; working with school communities to make best use of resources and influence decision-making.

Further information on the subject of this report can be obtained from Peter Clark, Telephone Number: 01793 401752, pclark@swindon.gov.uk.

Creation of a Swindon Music Trust

Cabinet

Date: 6th February 2018

- 5.8 Community music includes young people from rural communities; all Swindon schools would continue to be served by the new charity (including rural schools).

Diversity Impact Assessment

- 5.9 A Diversity Impact Assessment has been completed. No adverse impact or significant issues were found. A copy of the DIA can be obtained from the report author.

Risk Management

- 5.10 A risk assessment has been completed and the risks and their mitigation can be found in the business plan risk register. A copy of the risk assessment can be obtained from the report author.

6. Consultees

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

7. Background Papers

- 7.1 Unpublished documents used as reference: BWB paper outlining the proposed due diligence and options available for creating a new entity.

8. Appendices

- 8.1 Appendix 1: BWB Paper for Swindon Music Service. *(The appendix is available online at the Council's website or on request from Committee and Member Services).*

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2018.

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Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

Author: Cabinet Member for Housing and Public Safety
Director of Public Health

Wards: Old Town, Eastcott,

Parishes Affected: Central Swindon South

1. Purpose and Reasons

- 1.1 This report asks Cabinet to declare an Air Quality Management Area (AQMA) within the Borough of Swindon by way of an Air Quality Management Area Order. Following a review and assessment of air quality within the Borough of Swindon, the Department for Environment, Food and Rural Affairs (DEFRA) objectives for Air Quality, with respect to Nitrogen Oxides (NOx), are not being achieved in the Kingshill area.
- 1.2 By virtue of Section 83, Environment Act 1995, the Council is obliged to declare an Air Quality Management Areas (AQMA) and prepare an Air Quality Action Plan (AQAP) setting out the measures it intends to put in place in pursuit of the objectives. The report's recommendations would initiate the process of responding to the issues that will result from the declaration of an AQMA.
- 1.3 This report supports the Council's Vision and Outcome 5 of the Swindon Health and Wellbeing Strategy: Creation of sustainable environments in which communities can flourish. This action would also support the Council's Vision for Swindon Plan 2016-2020, Priority 1: "Improve infrastructure and housing to support a growing, low-carbon economy".

2. Recommendations

Cabinet is recommended to:

- 2.1 Authorise the Director of Law and Democratic Services, in consultation with the Director of Public Health, to make the Air Quality Management Area Order, under the Environment Act 1995 Part IV Section 83(1), as set out in Appendix A to this Report.
- 2.2 Authorises the Director of Public Health in consultation with the Cabinet Member for Housing and Public Safety, to establish an Air Quality Steering Group and develop an Air Quality Action Plan in accordance with DEFRA's 2016 Policy Guidance (*PG16*) – *Local Air Quality Management*.

3. Detail

- 3.1 The Environment Act 1995, together with DEFRA's Policy Guidance (*PG16*) – *Local Air Quality Management*, requires Local Authorities to monitor local air quality and report on progress in keeping pollutants below thresholds to DEFRA.

Further information on the subject of this report can be obtained from Ayo Oyinloye, extension 7074, AOyinloye@swindon.gov.uk.

Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

This is with a view to meeting objectives (i.e. not exceeding these target levels) in relation to a number of pollutants. The most common pollutant is Nitrogen Dioxide (NO₂). The target is that the long-term, annual average, concentration of NO₂ at relevant receptors should be less than 40µg/m³. The data are calculated as an annual average of readings and not point estimates.

- 3.2 Regular monitoring of NO₂, together with detailed assessment using additional monitoring and information, indicates that the following discrete location is currently in breach of the annual average air quality objective of 40µg/m³,
 - 3.2.1 Kingshill Road: The section of the A4289 eastwards from grid reference 414635E 183838N on Kingshill Road to its junction with Okus Road. Continuous monitoring of this site suggests this is due to the volume of traffic.
- 3.3 The recommendations in this report build on the Joint Strategic Needs Assessment on Air Quality in Swindon and on the Council's Annual Status Report (ASR) on Air Quality in Swindon 2016 submitted to DEFRA.
- 3.4 Air pollution, if not addressed, is associated with a number of adverse health effects. It is recognised as a contributing factor in the onset of heart disease and cancer. Additionally, air pollution particularly affects the most vulnerable in society: children and older people, and those with heart and lung conditions. There is also often a strong correlation with equalities issues, because areas with poor air quality are also often the less affluent areas. The annual health cost to society of the impacts of particulate matter alone in the UK is estimated to be around £16 billion (Defra, May 2013).
- 3.5 The Swindon Air Quality Joint Strategic Needs Assessment (JSNA) shows that no direct effect on health on Swindon residents has been observed as a result of poor air quality, the actual health impact in Swindon is difficult to isolate using local data. Although, poor air quality is a contributor to ill health it is often not the sole cause of disease.
- 3.6 At this identified location, Kingshill Road, current estimates are that NO₂ levels at relevant receptors, based on the calendar year 2017 monitoring data, are likely to be in the order of 51-µg/m³.
- 3.7 In light of this evidence, it is recommended that Cabinet authorise the declaration of an Air Quality Management Area Order and the creation of an Air Quality Management Steering Group. This Group would consist of a range of stakeholders including highways and transport, public health, environmental health and the Cabinet Member for Housing and Public Safety. This Group would develop and oversee the implementation of the Air Quality Action Plan for Swindon along with working to improve Air Quality across the borough.

Further information on the subject of this report can be obtained from Ayo Oyinloye, extension 7074, AOyinloye@swindon.gov.uk.

Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

- 3.8 The Air Quality Management Steering Group would produce an Air Quality Action Plan following a consideration of the data on air quality at the Kingshill location within an 12 month period as set out in The Environment Act 1995, and in line with DEFRA's Policy Guidance (*PG16*) – *Local Air Quality Management*. It would engage and consult with ward members and residents on the plan produced. The group would also be responsible for the implementation of the final approved plan and regular monitoring of the impact.
- 3.9 As the principal issue is that of traffic volumes in close proximity to homes, highways and planning actions this would inevitably form the main emphasis of the Action Plan. At this stage, it is estimated that traffic volumes would need to reduce by around 30% at the Kingshill Road site in order to meet the target values, but this would be subject to further study and modelling following declaration. It will be important to ensure that any actions taken do not impact negatively on other areas of the borough.
- 3.10 A communication programme would be developed that would ensure that ward councillors, property owners, residents and other key stakeholders are made aware of the issues and concerns and are kept informed of the progress and the council's actions. The information would also be published on Swindon Borough Councils (SBC's) website once the Order is in place. There is a requirement to formally consult on the Action Plan, and this would be undertaken in accordance with best practice guidance.
- 3.11 The Cabinet Member intends to establish a Cabinet Member Advisory Group (CMAG) as the method of seeking advice and information in progressing the development of the action plan and improving air quality in Swindon.
- 3.12 SBC is not unique with experiencing air quality issues. Table 1 gives a list of identified comparator Local Authorities to SBC, the number of AQMAs declared and the levels of NO₂ recorded
- 3.13 The effect of declaring an AQMA on house prices is not known. Experience from other local authorities with Air Quality Management Areas does not show a sustained loss of house price values over the longer term.
- 3.14 A number of neighbouring authorities to Swindon have declared AQMAs including Wiltshire County Council (8 areas), West Berkshire Council (4 areas), South Gloucestershire Council (3 areas) and Vale of the White Horse District Council (3 areas).
- 3.15 In declaring an AQMA the Council would be able to apply for additional funding from DEFRA to address the Air Quality Management Plan.

Further information on the subject of this report can be obtained from Ayo Oyinloye, extension 7074, AOyinloye@swindon.gov.uk.

Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

Table 1 Comparator Local Authorities to SBC and number of AQMAs declared

Local Authority Comparable to SBC (ONS- Expanding areas)	Number of AQMA declared	Range (µg/m3)
Bedford	5	26-53
Corby	0	-
Crawley	1	44
Milton Keynes	1	53
Northampton	11	17-60
Rugby	1	41-56
Rushmoor	2	13-45
Watford	11	15-71
Wellingborough	0	-

Source: DEFRA 2017

- 3.16 An interactive Map can be explored at <https://uk-air.defra.gov.uk/aqma/maps> which shows the locations of the AQMAs across the UK and which local authorities have AQMAs declared.

4. Alternative Options

- 4.1 Declaration of an AQMA is a statutory requirement where it is considered that an air quality threshold is being, or is likely to be, breached, and as such, there is no “do-nothing” alternative to this.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 Declaring an AQMA would allow the Council to be able to apply for additional funding from DEFRA to address the Air Quality Management Plan.
- 5.2 The declaration of an AQMA would mean that the Council has to consider what steps it would implement to improve air quality in these areas, producing an

Further information on the subject of this report can be obtained from Ayo Oyinloye, extension 7074, AOyinloye@swindon.gov.uk.

Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

Action Plan. There may be additional costs associated with the additional study and modelling required to inform the Action Plan. Further to this, potentially significant costs may arise in putting in place identified highways and other measures in order to remedy the issues. These costs and how they are funded will be addressed as part of developing the action plan.

Legal and Human Rights Implications

- 5.3 Failure to declare an AQMA would leave the Council in breach of a legal duty. There is no known history of DEFRA resorting to any form of intervention where local authorities have failed in this duty, however it is known that DEFRA has 'named and shamed' those authorities who have not complied with their duties in terms of air quality management.
- 5.4 It is also likely that this may now become more pronounced as the UK is facing censure and charges from the European Union for failing to meet the stringent air quality objectives, particularly in terms of Nitrogen Dioxide. Public interest in air quality matters is inevitably also increasing in response to the higher profile given to it nationally in the media.
- 5.5 Other legal and human rights implications have been taken into account in preparing this report. It is considered that the recommendations are compatible with Convention Rights.

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

- 5.6 This action would positively impact on the health of residents by improving the location of poor air quality that are linked to traffic pollution.

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 affect service delivery or impact on any of the protected characteristics. However, any action plan that is developed would be supported by the appropriate DIA.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) were consulted in respect of all reports.
- 6.2 The ward members of the affected area have been consulted with.

7. Background Papers

- 7.1 Air Quality Annual Status Report 2016.

Further information on the subject of this report can be obtained from Ayo Oyinloye, extension 7074, AOyinloye@swindon.gov.uk.

Air Quality Management Area Declaration

Cabinet

Date: 6th February 2017

8. Appendices

8.1 Appendix A Draft Order

9. Key Decision/Decision in Cabinet Work Programme

This is a Key Decision and is included in the Cabinet Work Programme for February 2018.

Appendix A Draft AQMA Order

Environment Act 1995 Part IV Section 83(1)



Air Quality Management Area Order No 1

Swindon Borough Council, in exercise of the powers conferred upon it by Section 83(1) of the Environment Act 1995, hereby makes the following Order.

1. This Order may be cited/referred to as the Swindon Borough Council Air Quality Management Area No 1, and shall come into effect on [date].
2. The area shown on the attached map in red is to be designated as an air quality management area (the designated area). The designated area incorporates the section of the A4289 eastwards from grid reference 414635E 183838N on Kingshill Road, to its junction with Okus Road. The map may be viewed at the Council Offices.
3. This Area is designated in relation to a likely breach of the nitrogen dioxide (annual mean) objective as specified in the Air Quality Regulations 2000.

This Order shall remain in force until it is varied or revoked by a subsequent order.

The Common Seal of Swindon Borough Council was hereto affixed on [date] and signed in the presence of /on behalf of said Council.



Swindon Borough Playing Pitch Strategy

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Strategic Planning and Sustainability
Cabinet Member for Communities and Place
Acting Director for Communities and Housing

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To seek approval for the adoption of the Swindon Borough Playing Pitch Strategy (SPPS), as part of the evidence base to inform future planning policy (including the Local Plan Review), and to assist as a material consideration in the determination of planning applications where appropriate.
- 1.2 Paragraph 73 of the National Planning Policy Framework (NPPF) requires the Council to base Local Plan policies on robust and up-to-date assessments of the needs and opportunities for open space and recreation. The Local Plan Review is at an early stage and the SPPS will be used to inform it. It will also directly support the implementation of the adopted Local Plan policies ensuring that appropriate protection is given to existing playing pitches, and new and improved pitches and facilities can be secured through the planning process.
- 1.3 The SPPS is closely aligned to the One Swindon Priority, “Everyone is enjoying sport, leisure and cultural opportunities”. It will particularly deliver against the following outcomes: “Improve health and wellbeing for all by increasing and widening participation in sports, leisure and culture” and “More young people are supported to take part in sports, leisure and culture”.

2. Recommendations

Cabinet is recommended to:

- 2.1 Approve the Swindon Borough SPPS and Assessment Report, and to publish it in accordance with the arrangements set out in paragraph 3.22.
- 2.2 To approve the SPPS Steering Group, comprising of Council Officers, representatives from the sport’s National Governing Bodies, Sport England and local league representatives for the grass sports, to oversee implementation of the Strategy.
- 2.3 Authorise the Head of Planning, Regulatory Services and Heritage and the Director of Law and Democratic Services to undertake further work to support implementation of the SPPS and make any minor changes, in consultation with the Cabinet Member for Strategic Planning and Sustainability and the Cabinet Member for Communities and Place prior to publication.

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

Cabinet

Date: 7th February 2018

- 2.4 Authorise the Head of Planning, Regulatory Services, and Heritage to carry out any consultation that may be required for a future review of the SPPS and bring a report in respect of the review to Cabinet for consideration.

3. Detail

- 3.1 A Playing Pitch Strategy is a document which plays a number of important roles in sports, leisure and planning terms. It provides a strategic framework for the provision and management of outdoor sports and is capable of informing planning decisions, supporting funding applications and ensuring on-going monitoring and review of outdoor sport to meet strategic objectives e.g. physical activity participation, volunteering and engagement.
- 3.2 A strategy is required for the following reasons:
- 3.2.1 to provide robust evidence to protect existing playing pitches and playing fields where this is justified by consistently applied evidence;
 - 3.2.2 to help improve the quality of offer and provision by identifying and quantifying issues relating to the quality of pitches and ancillary facilities;
 - 3.2.3 to support applications for funding by clubs, teams and pitch providers for the improvement of the quality, quantity and accessibility (the 'usability') of provision;
 - 3.2.4 to help to defend against inappropriate development or loss of pitches without appropriate alternative provision;
 - 3.2.5 to inform planning policy development;
 - 3.2.6 to provide a strategic view and options for the provision of pitches during the strategy period; and
 - 3.2.7 to inform decision making in relation to Community Infrastructure Levy (CIL) and S106 agreements.
- 3.3 This Swindon Borough SPPS would replace the last strategy produced in 2007 and would cover the period to 2021. The Council has worked with Sport England to analyse the currently available provision and develop a series of actions to ensure unmet and future demand can be met. A copy of the Strategy is included as **Appendix 1**.
- 3.4 The strategy focuses on football, rugby union, cricket and hockey pitches (and on both grass and artificial surfaces) and also provides a brief assessment of the needs of other, less played sports in the Borough of rugby league, American football and softball.

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

Cabinet

Date: 7th February 2018

- 3.5 The SPPS is a technical document which has been shaped and overseen by a steering group, which includes Council officers from Parks, Leisure, and Planning, representatives from the relevant National and County sports governing bodies, Sport England, Wiltshire and Swindon Sports Partnership, and the Swindon Sports Forum.
- 3.6 The Strategy has been informed by a comprehensive Playing Pitch Assessment Report which presents information on the ownership, management, distribution, availability and current use of sports pitches and facilities throughout the Borough. The information used in the assessment was collected by Borough Council officers over a period of 12 months during 2016 to ensure that data could be captured for all sports and pitch types during the season when the sports are played. On-site quality assessments were undertaken on all pitches, both public and private, in accordance with sport-specific criteria set out in Sport England's guidance. Ward Members have been sent the draft report, and given the opportunity to comment. One response was received from Councillor Milner-Barry, Ward Councillor for Old Town and East Wichel. Full details of the comments, alongside the officer response and any changes made to the Strategy in response to the comments is contained within **Appendix 3**.
- 3.7 The Assessment Report also sets out an analysis of trends in participation and population growth, and includes a summary of club consultation and the key issues for each particular sport. Due to its size, the Assessment Report and its related appendices is available to view on the Council's website as part of the Cabinet agenda.
- 3.8 The main findings for each sport are summarised below:

Football

- 3.8.1 Supply currently meets demand although there is increasing reliance on unsecure community use pitches. There are a number of grass pitches that suffer from a high number of match cancellations due to waterlogging of the pitch/poor drainage during periods of wet weather.
- 3.8.2 There is a lack of full size 3G pitches with secure community use which could support match play/training and reduce damage to traditional grass pitches during periods of wet weather, with all secure community use 3G pitches being small or half size.

Hockey

- 3.8.3 Supply currently meets demand from Swindon's two clubs, albeit on unsecure community use Artificial Grass Pitches (AGPs). This presents a risk to certainty of future use. One pitch currently used by one hockey club is of poor quality (Isambard).

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

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Cricket

- 3.8.4 Taking current demand into account and comparing to supply, there is some spare capacity on secure use grass pitches, however secure use artificial pitches are currently overused. There is a desire for teams to move use from unsecure to secure sites.

Rugby Union

- 3.8.5 There are currently significant levels of overplay on secure community use pitches used by the two clubs (Swindon Supermarine RFC and Swindon RFC) with their own home ground. One club, Swindon Old Boys RFC, are without a permanent home ground on a secure community use site.

Other Sports

- 3.8.6 Both American Football and Rugby League share use of rugby union pitches and do not have a permanent sole use ground. At present, Softball's needs are catered for at their current site.
- 3.9 The Assessment Report has been translated into a Strategy providing the Council with a series of strategic recommendations which provide a framework for the improvement and maintenance of existing playing pitch stock, and provision of additional pitch sites to meet demand going forward.
- 3.10 The strategic recommendations made by the SPPS fall into one of three categories:
- 3.10.1 Protect - for example through protective planning policies and securing the tenure of sports clubs;
- 3.10.2 Enhance - for example pitch improvement measures such as drainage, improvements to the quality of changing and other ancillary facilities, and securing CIL monies towards the upgrade and management of existing outdoor sports and recreation provision; and
- 3.10.3 Provide - for example remarking of pitches to increase capacity, securing long term community usage at sites not currently available for community use, and (subject to relevant planning policy) the development of new pitches such as 'hub' sites.
- 3.11 The Strategy also provides a series of sport by sport recommendations which provide a strategic framework for sport led improvements to provision. A summary of the findings and recommendation for each sport is included as **Appendix 2** to this report.

Swindon Borough Playing Pitch Strategy

Cabinet

Date: 7th February 2018

Consultation

- 3.12 Consultation is a key part of the Strategy's development, and has been undertaken in line with the advice given in the Sport England guidance. In addition to ongoing communication with members of the Steering Group, early in the process online and paper surveys were sent to clubs, pitch owners, pitch managers and pitch providers (including Parish Councils, schools and private providers) to ascertain baseline information about quality, accessibility, demand for pitches and ancillary facilities and other important issues of concern. Face-to-face meetings were also undertaken with some of the larger sports clubs, and on-site meetings with those managing and maintaining sites during the pitch audit process. Furthermore, wider email contact was undertaken with neighbouring authorities to ascertain any cross-boundary demand.
- 3.13 As the Strategy development progressed, some pitches have been subject to possible transfer from Swindon Borough Council to newly formed Parish Councils. The Assessment Report and Strategy have sought to recognise the most up-to-date position on the possible transfer through early engagement with the new Parishes after their formation.
- 3.14 The draft Strategy and associated documents were also circulated as part of a targeted consultation exercise with all parties who were engaged as part of the data collection, as detailed above, as well as all Ward Councillors and the Council's Public Health Officers. This targeted consultation took place over a six week period between the 30th August and the 11th October 2017.
- 3.15 A total of six responses were received on the draft SPPS. Full details of these comments, alongside the officer response and any changes made to the Strategy in response to the comments is contained within **Appendix 3**.
- 3.16 In order to meet future demand, the Strategy identifies locations where the quantity and quality of provision can be enhanced to meet current and future demand for each sport, for example through securing community use on unsecure sites or sites with no current community use and improvements to pitches/ancillary facilities. The Strategy also identifies opportunities for 'hub' sites (larger quality multi-sport sites) through improvements to existing multi-pitch sites, for example at Moredon Recreation Ground, and/or strategic development allocations where they generate a need for strategic outdoor sports. Specific site recommendations can be found in section 10-15 of the Strategy.
- 3.17 The Strategy sets out a direction of travel with a number of detailed actions and recommendations which will need to be planned for, delivered and monitored during the strategy period. The strategy cannot do the work necessary, for example, logistical, feasibility and viability work, required to confirm actions and make things happen on the ground, which is the task of the many stakeholders

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

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and bodies which may be responsible for delivery of pitches and facilities following the strategy's adoption.

- 3.18 The Strategy does not suggest that the Council should fill any identified shortfalls or fund and/or deliver and/or maintain future pitch provision. The Council would work with delivery partners and stakeholders to help plan for and facilitate the delivery of new pitches and facilities across the Borough where this is appropriate. The Strategy therefore requires the Steering Group members each to continue to play an important role in helping to deliver the strategy's recommendations.

Next Steps

- 3.19 The formal adoption of the SPPS by the Council would mark the final step of its development stage in accordance with Sport England's Guidance. Adoption of the SPPS would ensure its status is recognised across all relevant departments and will aid its delivery, giving it sufficient weight in related decisions affecting the future of playing pitches.
- 3.20 Subject to the Cabinet's decision, the next stage would be to publicise the adoption of the documents on the Council's website.
- 3.21 Following adoption, it is proposed that the existing partnership Steering Group is continued to govern the delivery of the Strategy. Liaison with other local facility providers, such as parishes and local education establishments, will also be required where appropriate.
- 3.22 Details within the Strategy and site by site assessments can quickly change due to a variety of factors such as sports clubs moving or folding or the progression of site improvements. This Strategy should therefore be considered to be a "live" document and subject to regular review. This is a requirement of Sport England and the relevant National Governing Bodies. It is recommended that the Strategy is reviewed after a period of three years, or before, if substantive changes take place that may influence supply or demand during the strategy period.

4. Alternative Options

- 4.1 The Borough Council could choose not to adopt the SPPS. However, failure to adopt a SPPS would limit the ability of the Council to secure developer contributions and funding to support the development and delivery of playing pitch provision in the Borough.

Swindon Borough Playing Pitch Strategy

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5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The Council commissioned external consultants Stuart Todd Associates to write the Strategy on its behalf and the costs of this have already been committed to the Forward Planning budget.
- 5.2 There are no direct financial implications as part of the SPPS itself. The Strategy provides an ongoing planning document that allows the strategic improvement and development of sports pitches to be delivered by a multitude of partners and funding bodies. It will be for the Steering Group to work with local clubs, sports associations, town and parish councils to support developments, developers to recognise the strategic need for their developer contributions, and for the Council to identify the best use of S106 and CIL funding and therefore secure the appropriate contributions from developers.
- 5.3 In the future, there may be requests for contributory funding for individual projects as they are developed. Any investment required to deliver any recommendations identified in these documents will need to be further assessed on a case by case basis and subject to the standard project feasibility / business case protocols and considered against available funding before being agreed.
- 5.4 There may be additional financial costs for the future review and update of the data which underpins the strategy. The frequency and extent of this will need to be determined through liaison with Sport England, the responsible body for determining the validity of local playing pitch strategies.

Legal and Human Rights Implications

- 5.5 Planning applications must be determined in accordance with the Development Plan unless material considerations, including national policy, indicate otherwise. The formal adoption of the SPPS as a material planning consideration will enable the Strategy to carry significant weight in future planning decisions under the Town and County Planning Acts and as evidence for the emerging Local Plan Review.
- 5.6 Other legal and human rights implications were taken into account in preparing the report. It is considered that the report's recommendations are compatible with Convention Rights.

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

- 5.7 Once adopted, the SPPS will have a positive effect on sustainability in Swindon Borough, providing a framework for protection, enhancement and provision of playing pitches in the Borough for the next five years. It will also provide a good

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

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Date: 7th February 2018

foundation for the ongoing consideration of playing pitches through future updates to the Strategy.

- 5.8 The Borough's playing pitches support high levels of both sport and physical activity and as such contribute significantly to the health and wellbeing of the population.
- 5.9 The SPPS is a key evidence base document for the review of the Local Plan. The Council has a duty to ensure that the preparation of the Local Plan is in accordance with the sustainability principles of the National Planning Policy Framework.
- 5.10 The Local Plan Review will be subject to a Sustainability Appraisal incorporating Strategic Environmental Assessment and Health Impact Assessment to ensure that the impact of proposals can be minimised, with the least negative impact possible on the Plan area.

Diversity Impact Assessment (DIA)

- 5.11 Sporting activity can help to break down barriers that exclude individuals and communities from achieving their potential. The provision of the right sporting facilities (right location and right quality) will increase the participation of Swindon residents in sport with benefits for both health and equalities objectives of the Council.
- 5.12 A Diversity Impact Assessment has been completed. Potential adverse impacts on low income groups were identified, on the basis that sites with a mix of different providers may involve more commercial arrangements being adopted. This will be mitigated through the Council closely monitoring and managing outcomes to ensure all services remain accessible to the community. No adverse impacts were identified on the basis of age, disability, sex, gender, race, religion, sexual orientation, marital/civil partnership status or pregnancy/maternity. A copy of the DIA with more detailed information can be obtained from the report author.

Risk Management

- 5.13 A delay in adopting the SPPS will result in the Council failing to utilise the most recent and up to date evidence available to it. This may result in the Council determining planning applications and formulating policy on out of date information and evidence. Planning application decisions and draft planning policies are likely to be considered inadequate by Planning Inspectors if based on old information.
- 5.14 A delay in the adoption of the SPPS may also have detrimental implications in the securing of funding opportunities and developer contributions for new/improved pitch based sports facilities.

Further information on the subject of this report can be obtained from Phil Smith, 01793 466443, psmith@swindon.gov.uk.

Swindon Borough Playing Pitch Strategy

Cabinet

Date: 7th February 2018

6. Consultees

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

7. Background Papers

- 7.1 None.

8. Appendices

- 8.1 Appendix 1: Swindon Borough Playing Pitch Strategy (*The appendix is available online at the Council's website or on request from Committee and Member Services*).
- 8.2 Appendix 2: Summary of Sport by Sport Findings and Recommendations (*The appendix is available online at the Council's website or on request from Committee and Member Services*).
- 8.3 Appendix 3: Consultation Comments with Recorded Changes (*The appendix is available online at the Council's website or on request from Committee and Member Services*).

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is not a Key Decision.

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Special Educational Needs and Disability (SEND) Capital Investment Strategy

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Children Service's and School Attainment
Corporate Director Children's Services / Head of Education

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 The report sets out the strategy for the allocation of capital funding specifically for provision that serves children with Special Educational Needs and Disability in Swindon.
- 1.2 The report is necessary to approve the investment strategy following consultation in order to comply with the Department for Education requirements to access the first tranche of funding on the 1st April 2018.
- 1.3 This report supports the Priority Two of the Vision to "Offer education opportunities that lead to the right skills and right jobs in the right places".

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the analysis of the consultation attached at Appendix 2,
- 2.2 Approve the Special Educational Needs and Disability Capital Investment Strategy attached at Appendix 1, and
- 2.3 Authorise the Head of Education, in consultation with the Cabinet Member for Children's Services and School Attainment, to implement the actions in the Capital Investment Strategy.

3. Detail

Background

- 3.1 The Children and Families Act 2014 places important statutory responsibilities on Local Authorities to support children and young people with special educational needs and disabilities (SEND).
- 3.2 Swindon currently has 1752 children and young people receiving support in education provision through an Education, Health and Care plan (EHCP), which equates to 3.7% of the total school population (compared to 2.7% nationally).
- 3.3 Proportionately this is a high level of EHCP's, therefore the priorities for the funding are to promote inclusion into mainstream schools. The table below

Further information on the subject of this report can be obtained from Gareth Cheal, 01793 465802, gcheal@swindon.gov.uk.

Special Educational Needs and Disability (SEND) Capital Investment Strategy

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shows the type of education provision where these children and young people have been supported over the last 2 years that could apply for the Special Capital Fund.

Type of provision	2016	2017
Mainstream school	38.8%	38.2%
Special Resource Provision (SRP) established within a mainstream school	12.1%	8.6%
Special School	35.1%	38.3%
Out of Borough placement	2.9%	1.5%
Post-16 Further Education establishment	5.9%	8.7%
Education Other than at School (EOTAS)	2.6%	1.0%
Educated Elsewhere	2.4%	3.7%

- 3.4 To support this responsibility on the 4th March 2017 the Department for Education (DfE) announced an allocation specifically for capital investment in provision for pupils with Special Educational Needs and Disability. Swindon was allocated £977,620 over three years from April 2018 (£325,873 per year).
- 3.5 The Special Provision Capital Fund is intended to support Local Authorities invest in provision for children and young people with SEND aged 0-25 to improve the quality and range of provision available to the Local Authority. It is intended for the children and young people with Education, Health and Care plans (EHCP) for whom the Local Authority is responsible.

Consultation

- 3.6 Following the request to Cabinet in December 2017 (Cabinet Minute 64 2017/18 refers) consultation on the draft SEND Capital Investment Strategy commenced on the 19th December 2017 and ran until 26th January 2018.
- 3.7 The groups consulted included children and young people, parents, schools, colleges and independent providers. An analysis of the consultation results is attached at Appendix 2, but in summary the feedback was supportive of the draft strategy.
- 3.8 There was negative feedback regarding the proposal for 50/50 match funding and the suggested split was 25% provider funding with 75% from the SEND Capital Investment Fund. Originally, the strategy envisaged schools working together collaboratively to meet the proposed 50% provider costs, but it has been felt that the level of provider investment would be prohibitive for small schools. Therefore, the strategy has been amended following the consultation to reflect

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Special Educational Needs and Disability (SEND) Capital Investment Strategy

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this feedback, although as a consequence the SEND Capital Investment Fund will deliver fewer schemes.

- 3.9 The consultation with Children and Young People was positive and suggested priorities for spend from the group on support for future careers, apprenticeships and life skills will be incorporated into the scoring criteria within the SEND Capital Investment Strategy.

Priorities for funding

- 3.10 Therefore in summary, the SEND Capital Investment Strategy will retain £40,000 of the Special Provision Capital Fund as an access fund for the Local Authority to commission low level adjustments to schools in order to support a placement proposed in the EHCP.
- 3.11 The SEND Capital Investment Fund the Local Authority will to invest in as many schemes as possible that meet the priorities to enable a greater proportion of children with SEND to benefit from this fund.
- 3.12 Therefore, the Local Authority will open a bidding round for match funded projects in order to increase the overall level of investment in SEND provision, but also meet as wide a range of needs as possible. The bids are proposed to be considered against the following criteria, which are linked to current priorities:
- 3.12.1 Social Emotional and Mental Health by promoting inclusion in mainstream schools resulting in a reduction of fixed term exclusions and increased attendance levels, for example a nurture provision.
- 3.12.2 Physical Disability by promoting inclusion in mainstream schools so the needs of pupils with physical disabilities can be met, for example, lifts, ramps or any building adjustments.
- 3.12.3 Projects that promote greater inclusion of pupils with Education Health and Care Plans into mainstream school settings.
- 3.12.4 Early intervention with the aim to either strengthen earlier interventions on the graduated response and/or improve attainment and progress outcomes.
- 3.12.5 Greater weight within each category will be given to joint schemes of more than one provider, where the improvements can be shared across a wider base and cohort.
- 3.13 The minimum level of the bid at £2,000 and the maximum £50,000, in addition the projects should be match funded by the provider at least 25%. Bids will be invited from providers between 2nd April 2018 and 4th May 2018 in order to try
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Further information on the subject of this report can be obtained from Gareth Cheal, 01793 465802, gcheal@swindon.gov.uk.

Special Educational Needs and Disability (SEND) Capital Investment Strategy

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and approve some schemes required for the September 2018 intake. However, remaining funding can be allocated outside of this initial bidding window on a rolling basis and additional windows will be communicated to education providers when available.

Requirements to access funding

- 3.14 The DfE require the Local Authority to complete and publish a plan that sets out how they intend to invest their allocation, which is visible to parents, carers and other local groups. The plan for Local Authorities' SEND capital provision allocations should sit coherently with their wider plan. Therefore the SEND Capital Investment Strategy will be published on the Swindon local offer page.

4. Alternative Options

- 4.1 No alternative options have been proposed as the investment strategy is required on order to access DfE capital funding.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The Government allocates each school a sum of capital to enable them to carry out minor capital works to their school premises or for the purchase of IT equipment. The funding provided through this programme will ensure that schools are able to achieve further improvements by using it as match funding for the SEND grant outlined above.

Legal and Human Rights Implications

- 5.2 The Council has a responsibility to ensure that there are sufficient school places available. The Education and Inspections Act 2006 requires Local Authorities to promote choice and diversity when carrying out their strategic duties in relation to the provision of new school places.
- 5.3 Human rights considerations have been taken into account fully in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

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

- 5.4 Implications relating to sustainability and health are included within the criteria included in the draft strategy.

Special Educational Needs and Disability (SEND) Capital Investment Strategy

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Diversity Impact Assessment

- 5.5 A DIA for the School Place Planning Strategy was attached to the September 2016 Cabinet report, and this is applicable to the proposals in this report. A copy of the report is available on request from the report author. No implications have been identified.

6. Consultees

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

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Draft SEND Capital Investment Strategy (Appendix 1)
- 8.2 Consultation Analysis (appendix 2) (*The appendix is available online at the Council's website or on request from Committee and Member Services*).

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

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2018.

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Special Education Needs and Disability Capital Investment Fund – Draft for approval

Priorities for investment

Proportionally, Swindon has a large number of specialist school places and a high percentage of EHCP's compared to other Local Authorities. Although there is growth in the Borough, the SEND Capital Fund will not provide an adequate budget to create new specialist provision. Therefore, given the breadth of provision that already exists and is planned for the future the Local Authority proposes that this investment fund should be focused on providing better access and improvements to existing places.

The special educational needs and disabilities (SEND) strategies and emerging reviews have identified the areas where investment in creating new or improving existing provision would support the strategic commissioning aims of the Local Authority, Providers, Parents and Pupils.

Background

The Children and Families Act 2014 places important statutory responsibilities on local authorities for supporting children and young people with special educational needs and disabilities (SEND). This is a vital role that local authorities retain in an increasingly school-led education system and one that requires long-term strategic planning, informed by detailed local knowledge enhanced through consultation with parents and carers, and good relationships with local schools. Local authorities must ensure there are sufficient good school places for all pupils, including those with SEND.

To support this responsibility on the 4th March 2017 the Department for Education (DfE) announced capital allocations specifically for capital investment in provision for pupils with Special Educational Needs and Disability. Swindon was allocated £977,620 over three years from April 2018 (£325,873 per year).

Whilst the investment from central government is welcome, it is recognised that the level of funding allocated would not stretch to create, improve and update the provision for SEND required across the Borough.

Swindon has invested significantly in the provision exclusively for SEND by committing £11.6m since 2011 on a number of capital projects. In addition the Local Authority has supported the creation of a new secondary age Autistic Free School opening in September 2018. Therefore, in this context the SEND Capital Investment Fund from the DfE will only stretch to a number of smaller schemes to try and widen the reach of this investment.

The capital fund is to support local authorities to invest in provision for children and young people with SEND aged 0-25 to improve the quality and range of provision available to the local authority. It is intended for the children and young people with education, health and care plans for whom the local authority is responsible. It is entirely legitimate for the local authority to spend some of the capital funding on provision that happens to lie outside the local authority's boundaries, if the local authority places children and young people there and believes that the capital investment will improve the quality and range of provision available.

This funding can be invested in mainstream schools and academies, special units, special schools and academies, early years settings, further education colleges or to make other provision for children and young people aged from 0 to 25.

Local authorities can invest their share of the special provision capital fund in:

- Creating new (additional) places at good or outstanding provision

- Improving facilities or developing new facilities

This can be through:

- Expansion(s) to existing provision including at the same site or at a different site.
- Reconfiguring provision to make available the space for the additional places or facilities.
- Re-purposing areas so that they meet the needs of pupils with special educational needs and disabilities.
- Other capital transactions that result in new (additional) places or facilities' improvements
- Investing in provision that is located in another local authority where this supports providing good outcomes for children in their area.

The DfE will require the Local Authority to complete and publish a short plan that sets out how they intend to invest their allocation, which is visible to parents, carers and other local groups. The plan for local authorities' SEND capital provision allocations should sit coherently with their wider plan. Local authorities are required to take the following steps to access their funding.

Before receiving the funding, local authorities need to:

- Consult with parents and carers of children with SEN and disabilities and young people with SEN and disabilities.
- Work with education providers to agree how the capital can best be targeted.
- Fill in the short plan template, confirming that the requirement to consult with parents, carers and young people has been met, and including information about the other groups that they have consulted.
- Publish a plan on their local offer page showing how they plan to invest their funding, before the deadline specified below.

In 2017 the Local Authority commissioned a High Needs Review to investigate value for money and recommendations for the how the High Needs funding block should be prioritised. The review is an emerging document, but been used to inform this SEND Capital Investment Strategy.

In addition the Local Authority is producing a SEND Joint Strategic Needs Assessment (JSNA) to understand Swindon's changing population, the factors that affect education, health and wellbeing and the implications for future services that are vital in setting priorities and planning future services to improve the outcomes for children and young people with SEND.

The SEND Performance Improvement Plan and the SEND Joint Action Plan have also been used to inform this SEND Capital Investment Strategy.

How funding will be allocated

In recognising the comparatively low level of the SEND Capital Investment Fund the Local Authority would want to invest in as many schemes as possible that meet the priorities to enable a greater proportion of children with SEND to benefit from this fund.

Therefore, the Local Authority propose to open a bidding round for match funded projects in order to increase the overall level of investment in SEND provision, but also meet as wide a range of needs as possible.

A minimum level of the bid is £2,000 and the maximum £50,000, in addition the projects will be match funded by the provider at 25%. Funding will be allocated to projects in criteria order until the

funding limit has been reached. The bid will be scored against the following criteria (out of 100 points), which are linked to the priorities:

- Social Emotional and Mental Health by promoting inclusion in mainstream resulting in a reduction of fixed term exclusions and increased attendance levels, for example a nurture provision (30 points).
- Physical Disability by promoting inclusion so the needs of pupils with physical disabilities can be met, for example, lifts, ramps or any building adjustments (30 points).
- Projects that promote greater inclusion of students with Education Health and Care Plans into mainstream school settings (20 points).
- Early intervention with aim to either strengthening earlier interventions on the graduated response and/or improve attainment and progress outcomes (10 points)
- Supporting evidence of the proposal and its potential to support future careers, apprenticeships and life skills (5 points)
- Supporting evidence of the proposal in the form of plans and/or quotes to support the allocation of funding and proof of deliverability (5 points)

Greater weight within each category will be given to joint schemes of more than one provider, where the improvements can be shared across a wider base and cohort.

The criteria should not put off applications for the capital fund as allocations will be based on the level of funding available, in addition applications will enable the Local Authority to collect information on provision required for SEND investment to inform potential future allocations.

It is proposed to retain £40,000 of the investment strategy as an access fund for the Local Authority to commission low level adjustments to schools in order to support a placement proposed in the EHCP. The responsibility for identification of projects will rest with the Head of SEND, the Commissioner for SEND and the Commissioner for Education Place Planning. Any surplus from the access fund will be carried forward into the following years bidding round.

Academies (who have a lease) carrying out works will need to refer to their Lease and apply for a Licence to Alter from Property Assets (if appropriate) before undertaking any works, the costs for undertaking the administration works for the Licence is charged to the Academy.

Maintained schools carrying out works will need to complete a Proposed Alterations form before undertaking any works.

Timescale and decision making

Bids will be invited from providers between 2nd April 2018 and 4th May 2018 in order to try and approve some schemes required for the September 2018 intake. However, remaining funding can be allocated outside of this initial bidding window on a rolling basis and additional windows will be communicated to education providers when available.

Bids will be scored against the criteria and considered by a SEND Capital Panel. It is proposed that the Panel will include representatives from Education, Health and Social Care. The Local Authority will also request parental representation through the Contact service.

The final allocation of funding and the decision on all schemes will be approved by the Director of Children Service's delegated authority and then published on the Local Offer website. Legal advisors will be instructed to enter into contract before the release of funding.

Superfast Broadband Extension Programme

Cabinet

Date: 7th February 2018

Author: Cabinet Member for Strategic Planning and Sustainability
Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report seeks to inform Cabinet about the work being undertaken to provide superfast broadband to rural parts of the Borough and to update Cabinet on securing ultrafast broadband to support the local economy.
- 1.2 The report is a response to Council's resolution of 13th July 2017 as well as an opportunity to report progress towards achieving part of the Council's Vision, Priorities, and pledges.
- 1.3 This report relates specifically to Pledge 1 of the Council's Vision: 'Deliver the Government standard Superfast Broadband coverage to all commercial and domestic premises in the Borough by 2017'. It also contributes to the corporate policy goal to secure 'right skills, right jobs in the right places'.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the report and the progress being made towards achieving the Vision Pledge.
- 2.2 Authorise the Corporate Director, Resources and Growth, in consultation with the Cabinet Member for Strategic Planning and Sustainability:
 - 2.2.1 To facilitate the deployment of the 20th base station to complete the coverage of the 4GLTE network
 - 2.2.2 To issue a letter of variation to BDUK that will encompass the contract change concerning the reduction in the number of base stations to be used in North Swindon and the associated reduction in the value of the contract
- 2.3 Authorise the Cabinet Member for Strategic Planning and Sustainability to inform Council about the response to its resolution as soon as is practicable.

Further information on the subject of this report can be obtained from Andrew Woods, Tel 01793 46 3714, awoods@swindon.gov.uk.

Superfast Broadband Extension Programme

Cabinet

Date: 7th February 2018

3. Detail

Background

- 3.1 In May 2015, following an open tender process the Superfast Broadband Extension Programme Contract was awarded to UKB Networks (UKBN) for a value of £1.9m, funded equally by the Council and BDUK. The outcome required from the Contract is to provide superfast broadband (above 25mbps) to over 19,500 homes that could not access superfast speeds.
- 3.2 In September 2015, the Council adopted a Vision including the specific pledge to secure access to the government standard superfast broadband across the Borough (Council Minute 33, 2015/16 refers).
- 3.3 At the Council meeting of 13th July 2017, Members resolved (Council Minute 21, 2017/18 refers):

“This Council:

Notes that:

- a) A modern, vibrant economy needs access to fast broadband, and
- b) Before the Council signed the contract with UK Broadband Networks Ltd there was no direct interest in expanding fibre networks across Swindon from the private sector.

Welcomes:

- a) That hundreds of residents now have access to faster broadband;
- b) That decisive action from the Conservative Council has stimulated the market;
- c) The investment made by Virgin and BT in rolling out fibre broadband thanks to the support of local residents, Conservative Councillors and Conservative MPs over many years; and
- d) The exciting news that Swindon is a test bed for both G-Fast and 5G broadband.

Council asks the Cabinet Member for Strategic Planning and Sustainability to bring a report to Cabinet:

- (a) Setting out the costs and benefits so far, particularly in rural areas, and the additional activity by the private sector to provide broadband since the Council's decision; and

Further information on the subject of this report can be obtained from Andrew Woods, Tel 01793 46 3714, awoods@swindon.gov.uk.

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(b) Detailing how Swindon can make progress in securing the ultrafast broadband so that local companies remain as competitive as those in rival locations.”

Update on the UKBN Project

- 3.4 The project governance is dictated by the BDUK Grant conditions and includes the establishment of joint Operations and Strategic Boards, with representation from BDUK, UKBN and the Council.
- 3.5 A project website www.superfastswindon.com has been created. The website provides details of the project, technical solution, areas that will be covered by the UKBN network (if residents are not in scope which alternative suppliers can provide coverage), and the opportunity to register for updates to the project. Residents can also register to become a broadband champion and support the promotion of the project within their community.
- 3.6 The project payment schedule is based on delivery of specific milestones. The final milestone requires a take up of 9% of the target homes to be achieved. UKBN and the Council have a marketing plan in progress that includes the production of newsletters, social media content, broadcast media and ‘pop up’ events at appropriate locations with high footfall or where local events are taking place.
- 3.7 In making the decision to appoint UKBN, Cabinet was mindful of the preference for a fibre solution that large numbers of residents of North Swindon would be likely to express. Whilst this was recognised, on balance it was felt the additional coverage and low cost of the UKBN proposal offered better value for Swindon as a whole. Since then reaction has been mixed, with rural communities generally welcoming the opportunity to benefit from superfast technology and vocal objections remaining to the UKBN solution in some other areas.
- 3.8 Progress with the project has been slower than anticipated; this has been due to the challenges of finding appropriate locations for masts. UKBN have now identified the necessary target sites for all masts.
- 3.9 The locations of the North Swindon sites were refined following guidance from the Councils Planning Department and submitted for planning consent January 2016. The design solution for the deployment of base stations in North Swindon has been reduced to a single site to provide the required coverage from Cassini Drive Swindon. Despite removing the other 5 sites the design maintains the 99.4% coverage target. The other sites will be retained as potential capacity upgrade sites that can be deployed as customer take-up requires.
- 3.10 This change in design is subject to a contract change request that is currently under consideration by UKBN legal team. The proposed change will create a financial saving to the project to be shared between BDUK and SBC. The value

Further information on the subject of this report can be obtained from Andrew Woods, Tel 01793 46 3714, awoods@swindon.gov.uk.

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of the saving will depend upon the take up across the area as the capacity sites might still be required to reach the Milestone 3 take up target. However, the saving is likely to reduce the Council's contribution from £950K to £865K over the project.

- 3.11 This last mast is due to be in place by the end of first quarter 2018, marking the completion of the project's initial deployment phase.
- 3.12 The current provision via 19 of the proposed 20 LTE base stations has already allowed UKBN to make available Superfast broadband products to 91,670 customer premises, which includes 13,894 of the whitelist premises (those sites that have no alternative superfast provision). The erection of the 20th base station will bring this up to the target of 19,936 whitelist premises (99% of the list).
- 3.13 A recent intensification of the marketing by Relish (UKBN's direct sales company) has led to an increase in the take up of the provision. The campaign included Sponsorship of Swindon Town FC, posters at the railway station and on bus stops, local radio and online social media. At the end of December the number of premises that have signed up passed 1,000. The campaign was paused over the Christmas period, a time when broadband signups are expected to slow, but will restart at the beginning of February.

4. Alternative Options

- 4.1 Not agreeing to sign off the lease for the final base station would further delay the deployment and possibly necessitate the return to the earlier deployment plan of 26 base stations.
- 4.2 Not issuing the letter of variation would prevent the completion of the contract change and would force the contractor to revert to the earlier deployment plan of 26 base stations.
- 4.3 Reverting to the 26 base station design would also mean reverting to the earlier cost model and the council contribution of £950K.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no financial implications from this report as no decisions are recommended.

Legal and Human Rights Implications

- 5.2 All legal and human rights considerations were taken into account when preparing this report

Further information on the subject of this report can be obtained from Andrew Woods, Tel 01793 46 3714, awoods@swindon.gov.uk.

Superfast Broadband Extension Programme

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

- 5.3 There are none

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has been completed for this project and a copy is available from the report author. In essence the DIA states that the current Superfast Broadband coverage does not discriminate against any particular equality groups, being purely to geographic factors. However arguably the financial economic status of households can be affected by their ability to access superfast broadband. For this reason, investment in superfast broadband is felt to advance equality of opportunity for residents.

Risk Management

- 5.5 The Strategic Board involving BDUK, UKBN and the Council and involving the Corporate Director Resources and Growth, maintain a full risk register.

6. Consultees

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

7. Background Papers

- 7.1 Not applicable

8. Appendices

- 8.1 Not applicable

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