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Slough Borough Council

Growing a place of opportunity and ambition

Date of issue: Monday, 28 February 2022

MEETING:	**OVERVIEW & SCRUTINY COMMITTEE** (Councillors Gahir (Chair), Matloob (Vice Chair), Basra, Dhaliwal, Hussain, Kaur, Malik, Sharif and Smith)
DATE AND TIME:	TUESDAY, 8TH MARCH, 2022 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	NICHOLAS PONTONE 07749 709 868

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.

JOSIE WRAGG
Chief Executive

AGENDA

PART I

AGENDA ITEM	REPORT TITLE	PAGE	WARD
APOLOGIES FOR ABSENCE			
CONSTITUTIONAL MATTERS			
1.	Declarations of Interest	-	-

All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 9 and Appendix B of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.

sustainable forest

Press and Public

Attendance and accessibility: You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

AGENDA ITEM	REPORT TITLE	PAGE	WARD

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Covid-19: To accommodate social distancing there is significantly restricted capacity of the Council Chamber and places for the public are very limited. We would encourage those wishing to observe the meeting to view the live stream. Any members of the public who do wish to attend in person should are encouraged to contact the Democratic Services Officer.

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Overview & Scrutiny Committee – Meeting held on Thursday, 13th January, 2022.

Present:- Councillors Gahir (Chair), Matloob (Vice-Chair), Dhaliwal, Kaur, Malik, Sharif and Smith

Also present under Rule 30:- Councillors Ajaib, Bains, Hulme, Mann, Minhas, Swindlehurst and S Parmar

Apologies for Absence:- Councillor Basra

PART I

16. Declarations of Interest

No declarations were made.

17. Minutes of the Last Meeting held on 4th November 2021

Resolved – That the minutes of the meeting held on 4th November 2021 be approved as a correct record.

18. Member Questions

No Members Questions had been submitted.

19. Presentation from the Thames Valley Police and Crime Commissioner and Chief Constable

The Committee welcomed to the meeting the Thames Valley Police & Crime Commissioner (PCC), Matthew Barber; the Chief Constable John Campbell QPM of Thames Valley Police (TVP); and Superintendent Lee Barnham, the LPA Commander for Slough.

The PCC gave a presentation on his work over the past year and key aspects of the Thames Valley Police and Criminal Justice Plan 2021-2025. It was noted that:

- There were five priorities in the Police & Criminal Justice Plan: strong local policing, fighting serious organised crime, fighting fraud and cyber-crime, improving the criminal justice system and tackling illegal encampments. Progress in each area was summarised.

- There had been a net increase of 269 Police officers since September 2019 and the headcount as of June 2021 was 4,519, which was said to be the highest number of officers ever. The target uplift was more than 600 officers from the September 2019 baseline.

- The key partnership work with local authorities was summarised, which included the Violence Reduction Unit that had attracted more than £4m additional funding from the Home Office.

- The PCC had introduced a new funding formula for the Community Safety Fund (CSF), with three-year funding deals to help local areas plan. The PCC acknowledged that CSF funding for Slough would be reduced as a result of the new formula, although it was emphasised that there was a very strong relationship with the Safer Slough Partnership and work continued on a number of other joint bids and opportunities such as the Safer Streets funding.

The Chief Constable and Superintendent Barnham then gave a detailed overview of the work of TVP in the past year. The key points noted included:

- The variety of challenges in the past year including significant Royal events in Windsor and the enforcement and activity in response to the Covid-19 pandemic.

- There had been a reduction in certain offences across the Thames Valley with a 45% reduction in residential burglary, 20% reduction in knife crime and 18% reduction in serious violence. Covid restrictions had had significant impacts on some crime trends, for example fall in burglaries was partially attributed to more home-working and changes to lifestyles.

- Members were informed of several key initiatives such as Project Vigilant which focused on preventing sexual violence and the greater use of digital technology to enhance investigative work and support policing services.

- The average time taken to answer a 999 call was 6 seconds in December 2021 and the average time to answer a 101 call was 1 minute 56 seconds over the past 12 months. The Chief Constable recognised that 101 response times had risen in more recent months and needed to be improved.

- The profile of people joining the police force was changing with a positive action and engagement team seeking to promote recruitment from ethnic minorities. 23% of DHEP course were from Black, Asian and Minority Ethnic groups, and this figure had been increasing.

- The local priorities for Slough were tackling all violence, particularly knife crime, and reducing residential burglary and robbery. There had been no knife related homicides since January 2020 and the number of offences was consistently trending down with partnership work being a key contributory factor in the progress that was being made.

- The Committee noted the work to target Organised Crime Groups (OCGs) in Slough with action taken against four groups being reported, resulting in arrests, prosecutions and asset seizures.

- TVP was shaping neighbourhood policing in Slough to reflect the SBC localities model from April 2022 with the aim of early identification of problems, some co-location and greater involvement of communities. Future local priorities included the continued focus on driving down serious violence and a renewed focus on violence against women and girls.

The Chair thanked the PCC, Chief Constable and Superintendent Barnham for their presentations and thanked them and all Police officers and staff for the work they were doing in Slough to protect our communities, particularly in view of the challenges during Covid-19. The Panel asked a wide range of questions and commented on a number of aspects of the presentations. Councillors Hulme, Bains, Mann, Ajaib, Minhas and Satpal Parmar also spoke under Rule 30. The discussion is summarised as follows:

- Police & Criminal Justice Plan priorities – a Member queried whether young people should be a priority in the plan. The PCC commented that the priorities in the plan cut across all age groups, and key elements had a strong focus on young people, for example the work of the Violence Reduction Unit.

- Crime figures – the Committee welcomed the reductions in crime across the Thames Valley as reported by the Chief Constable in terms of residential burglary, knife crime, personal robbery and serious violence. However, Members were concerned that certain types of crime such as burglary and theft were higher in Slough than the rest of Berkshire. In response, it was highlighted that statistical comparisons could be misleading given the different characteristics of small, urban boroughs such as Slough with larger rural areas in other parts of Berkshire. The key priority was understanding crime issues in Slough and working in partnership to address the problems.

- Police numbers – a Member asked how many of the extra Police officers had been allocated to Slough. It was responded that of the uplift since September 2019, the figure was 22 more officers in Slough and there was additional local benefit from access the more specialist officers operating across the whole force area. A Member asked what impact the cuts the TVP budgets since 2010 had had. The Chief Constable stated that the impact of austerity in that period was a reduction of circa 700 officers and 700 other police staff. The recent uplift was welcome in rebuilding police numbers although it would take time to train new recruits and for them to be fully operationally effective.

- Police recruitment – several Members highlighted the importance of ensuring that TVP reflected the communities they served. The current phase of Police recruitment provided an opportunity to increase the

number of officers from ethnic minority backgrounds and councillors present set out some of the barriers to such recruitment. The Chief Constable set out his commitment to increasing recruitment from ethnic minorities and stated that there were encouraging signs that the proactive work being undertaken was working. Councillors had a role to play as community leaders in encouraging applications. Members also commented on the importance of improving Police culture and practice, for example ensuring fairness and equality in disciplinary processes, to promote the retention of officers from ethnic minority backgrounds.

- Localities strategy – the Committee welcomed the commitment of TVP to align neighbourhood policing with the Council's localities model. Work was well underway for this to come to come into effect from April 2022.

- 101 response times – a Member commented that residents had reported significantly longer response times of up to 30 minutes when calling 101. The Chief Constable stated the average times were much lower as reported earlier in the meeting. The public was also encouraged to report non-emergencies online.

- Community Safety Fund – several Members expressed significant concern that the new funding formula had reduced the Community Safety Fund spend in Slough over the next three years. The PCC explained the rationale for the new funding formula and defended the decision on the basis that it was now a fair formula across the Thames Valley which took into account population, crime levels and issues such as anti-social behaviour (ASB). Members were concerned about the cuts to Slough's allocation given it's relatively high levels of crime and pointed out that a significant proportion of ASB was reported to the Council rather the Police which may therefore underestimate the level in Slough, although the PCC commented that this was likely to be a factor across all authorities and was therefore unlikely to impact the formula. Members stated that Slough needed more resources given the challenges it faced, although in response it was noted that the Fund was a relatively small amount of the overall resources allocated to Slough. Mr Barber emphasised his commitment to continued close working with the Safer Slough Partnership including on initiatives such as the Safer Streets Fund. He also invited councillors to suggests alternatives to the formula that could be considered the next time it was reviewed.

- Community Fund – Members asked for more information about the Community Fund. The PCC stated that it was a £200,000 fund for projects to support priorities set out in the Police & Criminal Justice Plan e.g. diversionary activity, CCTV etc. The fund was usually significantly over-bid so strong proposals were required.

- Cyber-crime – the PCC was asked for more information about the work in Slough to tackle cyber-crime. The PCC responded that the majority of activity was Thames Valley wide and including education programmes, working with trading standards teams on scams, training programmes for Police officers on identifying cyber-crime risks.

- Anti-social behaviour – some Members expressed concern at the lack of enforcement on ASB such as street drinking and drug issues in 'hot spots' such as Chalvey, despite the fact there had been a Public Space Protection Order in place. Superintendent Barnham recognised the issues and summarised the work TVP had undertaken with the Council and other partners in places such as Chalvey. He encouraged the public to continue to report ASB as gathering information, intelligence and evidence was important to tackle the issues. The Chief Constable underlined the importance of working closely with communities and commented that the feedback loop to local people could be further improved. Councillors emphasised the importance of more local data and ongoing engagement between ward councillors and neighbourhood policing teams.

- Anti-drug strategy – Members highlighted the importance of working closely with schools and young people to promote anti-drug messages and the Chief Constable outlined the extensive engagement TVP had with schools.

- Violence against women and girls – Members welcomed the priority being given to tackling the issue of violence against women and girls but expressed concern that the project was due to end in March 2022 and asked if it could be extended. It was noted that it was Home Office funded and an extension could not be guaranteed. It was an issue that would be best raised with the Safer Slough Partnership. The Committee, PCC and TVP recognised that the issue of women's safety was a key priority that went beyond individual projects and needed a whole series of actions both in terms of community safety and policing and also in the criminal justice system to increase the number of prosecutions.

- Council Tax precept – a councillor commented on the fact that the Police & Crime Commissioners Council Tax precept had risen 6.94%, which was above the 2% assumed in the medium term financial strategy. The PCC was asked how the increase was justified and what the level was likely to be in future years. The PCC stated that 2% in the financial plan was a budgeting assumption included prior to the Home Office decision to permit a rise in the precept of £15 (6.94%). PCCs across the country were increasing the precept by that amount to support Police resources. In future, the financial planning assumption would be 0% and any increase in Council Tax precept would therefore be based on the case made by the Force for additional resources.

At the conclusion of the discussion, the Chair thanked the PCC, Chief Constable and Superintendent Barnham for attending the Committee and reiterated his thanks for the dedicated and skilled work of police officers and police staff in Slough. The presentations were then noted.

Resolved – That the presentations of the Police & Crime Commissioner and Thames Valley Police be noted.

20. Forward Work Programme

The Committee considered a report on the work programme for the remainder of the municipal year. The next meeting would scrutinise the revenue budget, capital programme and treasury management strategy. It may be necessary to move the date from 17th February and Members would be advised in due course if this was necessary.

The following was noted:

- Nova House – to be scheduled for the meeting in March 2022.
- Section 106 Update a report was suggested, although it was noted this issue had also been raised by the Audit & Corporate Governance Committee and Planning Committee and it may be more appropriate for those committees to be updated prior to any scrutiny.
- Post-Covid recovery of primary care services – it was agreed to keep this in the work programme and schedule for a future meeting.

Other items in the work programme, such as the IT update and annual report on Slough Children First, would be brought to the appropriate meetings. A suggestion was also made for scrutiny of the Section 114 Notice. It was noted that detailed reports on the Council's financial recovery were being put to each ordinary meeting of full Council. Further consideration would therefore be required on the specific areas of additional scrutiny over and above the comprehensive reporting process in place to full Council.

Resolved – That the Forward Work Programme be agreed, subject to the points noted above.

21. Members' Attendance Record 2021/22

Resolved – That the record of Members' attendance be noted.

22. Date of Next Meeting - 17th February 2022

The date of the next meeting was scheduled to be 17th February 2022, although it was noted it may need to be held at a later date if there were any changes to the budget timetable.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 9.12 pm)

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

SECTION 25 REPORT

1 SUMMARY AND RECOMMENDATIONS

1.1 This report provides detail of the Director of Finance's report under section 25 of the Local Government Act 2003 and advises the Committee of the Director of Finance's recommendations to Cabinet including the risks when considering the 2022/23 budget.

1.2 This report is made under section 25 of the Local Government Act 2003, which Council is required to have regard to when making decisions in accordance with s.31A of the Local Government Finance Act 1992.

2 RECOMMENDATIONS

The Committee is requested to note and comment on the following recommendations to Cabinet on 9th March 2022:

2.1 The seriousness of the Council's financial position cannot be understated. It faces a financial deficit of £223.1m up to the end of the current financial year and a further estimated £84.1m for 2022/23. The current estimates for 2022/23 show that the budget requirement is 78 per cent greater than sources of funding. It is only with confirmation of significant financial support for the Council from the Department for Levelling Up, Communities and Housing that I can provide members with some assurance on the robustness of the budget estimates and the adequacy of reserves.

2.2 It must also be acknowledged and understood that Slough's position is precarious. Whilst I have been able to give some assurance on the financial position, this is based on the inclusion in the capitalisation directions of sums for general balances, some earmarked reserves and contingencies. The delivery of the budget and its associated savings still requires both members and officers to maintain focus to ensure the budget and agreed savings are delivered throughout the year and in future years.

2.3 On the basis of the risks and issues raised in paragraphs 2.1 and 2.2 and the rest of this report, in my opinion as Director of Finance, Cabinet is recommended to approve the budget on the basis that:

a) the proposed level of Council reserves are adequate to support the budget for 2022/23 having regard to an assessment of current financial and other risks set out extensively in this report and assuming these risks do not increase beyond those that

can be contained by the Council. It should also be noted that matters will continue to be identified and will change throughout the coming financial year and beyond

b) the estimates are robust for the calculation of the budget within the confines of the many risks noted throughout this report. Particular attention is drawn to the following specific conditions and risks:

(i) the recommended level of general balances, for 2022/23 is £20m, although this is the bare minimum as a percentage of Net Revenue Expenditure, and places the Council in the lowest quartile in comparison to similar authorities

(ii) the budget which has levels of contingency and conditions built in to reflect the considerable risks the Council is facing and is predicated on continuing support from DLUHC ;

(iii) agreement of the Capitalisation Directive for 2022/23 and future years as proposed to DLUHC in February 2022 at estimated figures of £223m to 31/3/22 and £84m for 2022/23

(iv) agreement by DLUHC that they will agree to capitalisation directions or other support to equal the actual figures for the outstanding, current and forthcoming years as the accounts for the years are closed

(v) agreement by DLUHC that they will agree to capitalisation directions or other support to equal the estimated figures for future years as the budgets are prepared for these future years

(vi) agreement by DLUHC that they will agree to capitalisation directions or other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed. Further that they will agree to finance/support on a recurrent basis any recurrent gap that would arise if the £20m annual level of savings was not achieved in a sustainable manner

(vii) the current level of Council general reserves outside of the support from DLUHC relating to specific risks and specific initiatives is currently nil. These reserves will be established and built up over time once a more stable finance base has been created.

(viii) as at the end of December 2021, the Council has a small amount of earmarked reserves of £14m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and cannot be used for general purposes

	£m
Better Care Fund	1.3
Grants for closed businesses	5.3
Business Support Grant	4.3
Outbreak Management Fund	1.4
Other	2.1
Total	**14.4**

(ix) as the Council has no complete and fully accurate accounts since 2015/16 and will not have these complete up to 31/3/22 until well into the financial year 2022/23 the financial position is subject to considerable potential change which may impact on the robustness of the budget

(x) the Council embeds the good practise now being designed but notes that this will take time to fully develop and thus as with the accounts the various estimates will be subject to change

(xi) the Council has a major dependency on asset sales which will significantly impact on the budget for 2022/23 and beyond and which will thus again affect the level of robustness of the budget

Reason:

The recommendation enables the Director of Finance (s151 officer) to meet his statutory responsibilities.

Commissioner Review

On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.
Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be

achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government

3 INTRODUCTION

3.1 In coming to a view on the robustness of the estimates there are a wide range of factors to take into account, including:

- the Slough Council context
- local risks impacting Slough's budget setting for 2022/23
- risks affecting the sector
- inherent risks
- Slough Council's financial management including the availability of support from the Department of Levelling Up, Communities and Housing (DLUHC)

4 SLOUGH BOROUGH COUNCIL CONTEXT

4.2 In March 2021 the Council requested Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department for Levelling Up, Housing & Communities (DLUHC)) in respect of the financial year 2021/22 to help it balance its budget. MHCLG agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond

4.3 The Director of Finance, as statutory Chief Finance Officer under s.151 issued a report under s114 of the Local Government Finance Act 1988 in July 2021, outlining the then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. As recognised by CIPFA in its report in October 2021, there was a high likelihood that this figure could grow, and this has proven to be the case. The latest forecast is that the Council will need an unprecedented level of support of a capitalisation direction of circa £479m to 2028/29 in order to place it on a sustainable financial footing for the future, of which £223m is required to deal with historic issues and £84m for 2022/23 to enable the Council to deliver a legal budget for 2022/23. These figures assume that the Council can deliver circa £20m per annum of recurrent incremental savings. This will be very challenging and the required capitalisation direction would increase substantially, would be beyond the potential asset sales that the Council could generate and would leave the Council with a significant unfunded recurrent annual gap 2028/29 if this level of savings was not achieved.

4.4 On 1 December 2021, the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial strategy, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements.

4.5 In the medium to longer-term the Council cannot become a financially self-sustaining council without considerable Government support. The availability of significant future support is a key assumption underpinning the 2022/23 budget and will be for several future years.

4.6 The Council's financial position has been the subject of regular briefings to members and DLUHC throughout 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed. Whilst the current request of Government is unprecedented it has to be noted that the accounts and audits of the 2018/19 (including eight prior period adjustments and four in-year adjustments), 2019/20, 2020/21 and 2021/22 are yet to be completed, and it is very likely that more amendments may be uncovered during the continuing closure of the accounts process. It should also be noted that in the scale of the many issues identified and that continue to be identified and the financial impact that these have had to date it has not been possible and will not be possible to secure a fully compliant, secure and stable position for some years. Issues will continue to be identified that will affect the financial position particularly during 2022/23

4.7 The 2022/23 budget needs to be seen in this context and on the back of the actions taken by various bodies in response to the identification of these serious financial failings, which have included:

- the identification of an extensive range of issues by the finance team throughout 2021/22
- the issue of statutory and non-statutory recommendations from the external auditor in May 2021
- a significant number of recommendations from internal audit including a Head of Internal Audit Annual Opinion in August 2021 which concluded the system for internal controls, governance and risk management was inadequate
- reports from both Department for Levelling Up, Housing and Communities (DLUHC) and Chartered Institute of Public Finance and Accountancy (CIPFA), both of which identified significant weaknesses in financial management processes, governance and internal control

- as referred to above, a statutory direction by the Secretary of State including the appointment of Commissioners to remain in force until 30 November 2024, unless amended

4.8 The Council's very serious financial challenges have arisen over a period of several years and represent the combined impact of a wide range of issues. Examples to note are as follows:

- inadequate minimum revenue provision - the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 is £70m, with a further £29m needed for 2022/23

- inadequate provisions estimated at £25m (of which £11m is for bad debts) in a range of areas including bad debts such as adults social care, sundry debts and insurance

- incorrect capitalisation of revenue costs totalling £48m, the majority of this is for the period to 2021/22 which includes £22m of costs incorrectly capitalised relating to transformation funding, £8m for incorrectly recognised overage costs and £16m for incorrectly capitalised costs of property and IT staff to projects

- non receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£21m

- inadequate budget estimation and failure to deliver planned cost savings

4.9 As a result at the time of the s114 notice the Council effectively had no unallocated general reserves and a very significant general fund deficit

4.10 The Council has for several years suffered greatly from a lack of:

- understanding of and transparency about its true financial position

- corporate (at all levels) and financial ownership, drive and leadership of the problem as it understood it

- professional financial standards at all levels

- tight financial management by budget holders

- skilled project management

- development and leadership of the Council's finances and finance team

- financial drive, control, positive attitude, ownership at all levels and roles

- evidenced based decisions set within a context of value for money

4.11 All of which led to:

- no (complete and accurate) accounts for 5 years

- no proper management of its budgets
- poor financial systems
- effectively no general reserves
- the need for an astonishing level of capitalisation direction that exceeds any in the Country from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse internal and external reviews with very little response from the Council up to May 2021

4.12 These problems are now being addressed but designing, implementing and embedding new processes together with the required changes to organisational financial management culture and process will take an estimated 4 years to achieve. More detailed assessments of the improvement timeframe will only become possible as the situation in Slough develops locally and will inevitably vary. Realistically the Medium-Term Financial Strategy will need to outline the actions required over the next decade in order to set the Council on a firmer and more sustainable financial footing

5. LOCAL RISKS IMPACTING SLOUGH'S BUDGET SETTING FOR 2022/23

5.1 In addition to the general risks affecting the sector as a whole, which are set out in section 5 onwards, there are a number of specific local risks that need addressing in order to develop a sustainable financial strategy, as follows:

- commitment from the Department of Levelling Up, Housing and Communities to the approval of a capitalisation direction of £307m necessary for setting a legally balanced budget for 2022/23. The approval of future capitalisation directions is also fundamental to allow the Council to set legal budgets in 2023/24 and beyond. Without these directions the Council cannot set a budget

- identification and delivery of up to £600m asset disposals and recognition of capital receipts. This needs to be undertaken with the support of expert advice in order to obtain best value for the Council

- the Council's Dedicated Schools Grant deficit has continued to grow. The overall deficit has grown from £4.9m in 2015/16 to £20.6m at 31 March 2021, and could potentially grow to £43m by 2024/25 if no further action is taken. This is now being addressed but given the size of the deficit and the previous lack of action, agreement of a statutory override in order to enable the deficit management plan to be enacted will be required as repayment becomes due during 2023/24.

- the Slough Children First Company remains in a challenging financial position and will need to manage its budget very robustly to meet its statutory responsibilities and remain a going concern. A revised business plan was considered at the previous Cabinet agenda and the Council have raised

significant concerns about the ability of the company to deliver its planned savings of £4.7m on its £40m gross budget. It has previously overspent its budget and is currently projecting a £1.3m overspend in 2021/22

- the Council and the Children's Company do not have a track record of delivering savings. In order to achieve the financial recovery plan targets, very significant annual revenue savings will be required, subject to support from DLUHC and DfE

- the Council's 2018/19 (including eight prior period adjustments), 2019/20, 2020/21 and 2021/22 accounts have yet to be prepared/finalised and signed off. It is expected that the audit for each of these year's accounts will be completed by winter 2022 thus allowing greater certainty on which to base the future financial strategy. However, any issues arising from these audits will potentially impact the budget and MTFS

- the current finance team is heavily dependent on interim support, particularly at the senior level, which is unsustainable in the medium term. Whilst a re-structure of the department and a major recruitment exercise is being planned this will not begin to have a sustained impact until 2023/24

- the financial issues faced by the Council over the past 12 months have highlighted weaknesses across all aspects of the function and the Council including financial reporting, controls and financial oversight. These areas are being improved through the implementation of the finance recovery action plan but this will take time to fully implement and embed

5.2 There are areas of risk that remain subject to **volatility.**

- **Capital Receipts** - In certain areas, such as capital receipts the planned receipts estimated to the Council can be volatile depending on both the prevailing local economic conditions and timing and this has an adverse impact on the financing of the Capital Programme. This risk has been exacerbated by the impact of the Covid-19 pandemic. However, the Council has procured experts to assist it generate the necessary receipts

- **Fees and charges** The Council is currently budgeting to collect approximately £45.9m (2022/23) in fees and charges including rents from commercial properties, fees in respect of contributions to adult care costs, payments for social care from the NHS, planning fees, car parking charges, building control and planning fees etc. These are closely monitored and are sensitive to local economic conditions. Variances are reported through the General Fund revenue budget monitoring reports to Cabinet. The Government have provided grant funding to compensate councils for the loss of income as a result of the Covid-19 pandemic which has mitigated some of this risk

- **Demand Led Budgets** - Adults and Children's Social Care budgets are demand led. The impact of high-profile national cases can lead to a significant increase in safeguarding concerns and the subsequent referrals and demand for placements within Children's Services. Demand for Adult Social Care is increasing with an ageing population living longer and with more complex

needs. Whilst future years' estimates have been made based on cost and volume assessments there is a risk that these assessments may be exceeded particularly in respect of Slough Children's Services. There is also the risk of provider failure as prevailing market conditions may deteriorate. The Council, however, has invested significantly in social care in recent years including additional social workers to assist in managing these risks given the considerable demand and price pressures

- **Council Tax Collection** - There is a risk that future local economic conditions will deteriorate and that the current projected levels of council tax collection will fall leading to a deficit on the Collection Fund. This risk has increased since 2013/14 with the localisation of council tax benefits and welfare reform. The risk has been exacerbated by the Covid-19 pandemic. The Council has budgeted on the basis of collecting 98% of 2022/23 Council Tax. The total business rate base has been set at £103.9m for 2022/23. The performance against these collection rates will be monitored on a monthly basis and the Council has a good track record of managing this risk

5.3 The Council has been in continual discussion with DLUHC about a significant package of support through a Capitalisation Directive and other matters which may allow the Council to develop a sustainable medium term financial strategy. Even with additional support, improving the Council's underlying financial position will take several years to rectify. The support has yet to be confirmed but may come with additional conditions.

6 RISKS AFFECTING THE SECTOR

Continuing uncertainty due to the COVID pandemic

6.1 The Covid pandemic has had a significant social and economic impact at all levels: international, national, local and individual and its repercussions, whilst as yet unquantifiable, will undoubtedly be felt over the medium term in the guise of recession, increased demand for mental health and social care services and children's attainment levels and life chances. Those least well-off will sadly be hit the hardest putting increased pressure on the Council's budget

Short Term nature of the Local Government Finance Settlement and Fair Funding Review

6.2 The forthcoming year, 2022/23, will be the third year where local authorities will only receive a single-year finance settlement. The October 2021 Spending Review was the first multi-year Spending Review since the end of 2019 with single year Spending Rounds in October 2019 and 2020. Despite the October 2021 Spending Review projecting public sector resources to 2024/25, local authorities have continued to only receive a single settlement for 2022/23. The Council's funding beyond 2022/23 will be determined by the outcome of the Review of Relative Needs and Resources (previously the Fair Funding Review) and the reforms to the Business Rates Retention System under the Levelling Up agenda. At this time there is no indication of future funding levels, and the Council is unable to financially plan with any certainty beyond 2022/23

6.3 The Government have recompensed local authorities for in-year costs and injected significant amounts of money into the economy as well as announcing additional limited support for Covid pressures in 2022/23 as part of the Local Government Finance Settlement. Together with Brexit, the impact of which is also continuing to be felt, means the Council and local government more generally faces significant uncertainty over the medium term in terms of future funding levels. Where possible these uncertainties have been estimated in the ask to Government

Legislative Changes/Burdens

6.4 There have been a number of major legislative changes/burdens that go back in some cases some time but given Slough's particularly fragile financial state continue to potentially impact on Council funding in future years. These include:

- **The introduction of the Business Rates Retention System** from 2013/14 represented a significant transfer of financial risk from central government to local government, as business rate income is volatile and subject to some local variation based on such factors as the prevailing economic conditions and levels of appeals. Since 2013/14, local government has had to bear the cost of 50% of any losses in business rate income including those arising from successful appeals. Business Rates income is considered to present a high risk due to a number of factors including, the level of business rates appeals, the current restructuring within the retail sector, and the potential ongoing impact of Brexit. The Covid-19 pandemic and subsequent economic contraction has only added to this inherent risk

- The **Check, Challenge and Appeal (CCA) system** was introduced from 1 April 2017 by the Ministry for Housing Communities and Local Government (MHCLG). The CCA system is intended to manage the flow of cases through the system in a structured and transparent way, and each step in the application process must be fully completed in sequence to submit an appeal. The Council has made a provision of £8.2m for business rate appeals and this is considered sufficient based on the current information available to the Council. However, the retail sector is currently going through significant change with many retail businesses restructuring how they engage with their customers by moving more to on-line channels rather than having physical stores. This could potentially have a significant impact on business rates income. The economic impact of the Covid-19 pandemic and any ongoing impacts from Brexit will also hit business rates income as a result of the economic downturn.

- **Welfare Reform and the localisation of Council Tax Benefit.** As part of the previous Government's welfare reforms programme, localisation of Council Tax Benefit was implemented in 2013/14. The Government reduced the amount spent in 2013/14 on Council Tax Benefit by 10% nationally. Pension age claimants were protected from any reduction in help with Council Tax Benefit meaning that reductions in support could only be applied to working age claimants. If the Council had passed on the full reduction in funding this would have equated to a cut in help to working age low-income households of around 17%. Funding for Council Tax Support is incorporated within the

Business Rates Retention System and an element of it is now funded via Revenue Support Grant and/or Top Up Grant. This means that as these grants are cut, the amount available to fund Council Tax Support is also cut and local authorities must either pass on this reduction to claimants or find alternative savings to offset the reduction and any change in demand. For 2022/23 the Council has approved an increase to the income bands within its Council Tax Support Scheme and will therefore continue to provide additional help for working age citizens and because the scheme protects residents from the cost of living increase, this lowers the risk assessment.

- A further direct impact of welfare reform was the impact of the **introduction of Universal Credit**, and the move of Housing cost support for low income, working age citizens which will, in the future, be administered by the Department for Work and Pensions (DWP) rather than the local authority. The natural migration to Universal Credit is ongoing and as at December 2021 the current HB caseload is 11,000. The Council retains responsibility for pensioner, temporary and supported accommodation claims as well as responsibility for the administration of Council Tax Support. Due to the impact of the pandemic the planned 'managed migration' of the remaining working aged housing benefit claimants to Universal Credit has been put on hold and Government has yet to confirm when it will resume. The pandemic has also seen an increase in demand for Council Tax reduction, rises in temporary accommodation claims and increases in the number of changes in income experienced by existing claimants which has increased the administrative burden on the service. The Council will continue to look at ways in which it can reduce its administration costs in order to mitigate any loss in Housing Benefit Administration grant received by the Council

- **Better Care Fund** - The Government has continued its commitment to an alignment of funding for health and social care which is to be shared between the NHS and local authorities with social care responsibilities. The Spending Review 2021 confirmed that the BCF grant will continue in 2022 to 2023 and be maintained nationally at its current level (£2.077bn).

- **The Disabled Facilities Grant** will also continue and will be worth £573m nationally in 2022 to 2023. The CCG contribution will again increase by 5.3% in line with the NHS Long Term Plan settlement. The Policy Framework and Planning Requirements will be published in early 2022. The estimated amount of Better Care Fund for the Council in 2022/23 is £7.2m (revenue element). However, this is not new money to the Berkshire health and care economy, but rather represents a requirement to focus existing resources towards more integrated out-of-hospital services, including social care and to develop a clear focused action plan for managing delayed transfers of care (DTOC) in line with the NHS Five Year Forward View. The local flexibility to pool more than the mandatory amount will remain and plans for the 2022/23 Better Care Fund in Berkshire will require agreement from the Health and Wellbeing Board, with local plans signed-off by the local authority and Clinical Commissioning Group. Whilst the funding is certain for the Better Care Fund for 2022/23, funding in 2023/24 and future years has yet to be agreed between the partnership. The recent NHS White Paper proposes to bring health and care services closer together and will mean a period of change and some uncertainty.

- **Inflation** has been applied to various budgets, specifically to pay, energy and some contract budgets. Whilst Government announced a pay increase of 2 per cent for public sector workers this is separate from the negotiation in respect of Local Government. Some inflation assumptions are necessarily based on estimates at a point in time (e.g. energy costs). These markets are currently very volatile and remain largely driven by international factors that are difficult to predict with any certainty. The risk assessment puts a figure to the potential for a higher level of inflation that would not seem to be unreasonable to include in the budget as it may materialise

- **Borrowing** - In an environment of extremely low interest rates and to ensure that the Council has a degree of flexibility whilst being able to obtain value for money from its activities the use of short-term temporary borrowing (short term rates being lower than long term fixed rates at present) has proved beneficial. For the purposes of the 2022/23 budget the Treasury Management Policy will recommend minimising interest costs by taking on short term debt using the intra-authority market (where good value can still be obtained) and consideration of longer term PWLB debt where prudent and in order to maintain a balanced debt position. As the overall strategy is to reduce the total debt burden through a range of means then a degree of flexibility through the use of temporary loans is felt appropriate

- **Investments –** The Council is currently revising its Treasury Management strategy to reflect its current position**.** The Treasury Management Policy identifies the security of capital as the main priority; with liquidity and yield as lesser priorities. To maintain security the Council adopts robust credit criteria and applies this to all investment counterparties. Potential future longer-term investment opportunities will be considered on the fundamental principles of security, risk and yield.

- **Other investments** The Council has made a number of investments in which it anticipates it will make a financial return such as the £95m investment property portfolio. Future economic conditions may be such that there is a risk that forecast returns on these investments might not materialise. The relative risk assessment against these investments is therefore high. These risks will be managed through robust due diligence throughout the investment lifecycle.

7 INHERENT RISKS

7.1 As a Unitary authority the Council provides the broadest possible range of services and has an inherently higher level of risk than many other authorities simply due to the complexity and nature of the services it provides. Additionally, the Council has taken policy decisions to establish several alternate delivery models including wholly owned companies and PFI arrangements which whilst potentially having advantages also have the potential to increase the Council's risk profile.

7.2 Other inherent risks include the:

- Significant staffing shortages within the department and the potential difficulties in recruiting sufficient qualified staff given the Council's financial position and reputation

- risk of grant clawback including Government and European funding and housing benefit subsidy

- Council's risk as an employer which has and will require the Council to budget for the cost of severance packages incurred in the delivery of the required budget savings, service transformation and restructuring. The Government have indicated that they may introduce exit cap regulation which would make workforce restructuring more difficult. There are further risks from other employee related claims

- full effects of any economic measures with the potential for higher demands on services e.g. social care for both Children's Services and Adults Services and falling income levels

- risk of major litigation, both currently and in the future

- risk of claims arising from the Council's ownership of land and property and potentially historic service failings

- need to retain a general contingency to provide for any unforeseen circumstances, which may arise

8 SLOUGH COUNCIL FINANCIAL MANAGEMENT

8.1 The extensive issues in Slough's financial management across the many elements of this report have been well analysed, documented and reported on to the Council and elsewhere within the corporate body.

8.2 There are many aspects to this and much remains to be done. Fundamentally putting the other related issues to one side at the budget level the robustness of the estimates depends on the quality of the budget setting process, the detailed, rigorous and quality assured back up to the savings proposals, likewise the review of all existing estimates and the basis of these, adopting a zero-based approach, the ownership of estimates by all concerned, and the agreed imperative of living within the approved estimates or finding equal value alternative options.

8.3 Slough has begun the process of designing what is needed eg functional capacity and capability assessments, business cases, and action plans. However, embedding these fully across the Council will take another two years. Zero Based Budgeting as a technique for delivering savings, for example, will require a great deal of data cleansing and analysis to provide a fit for purpose base to work from. Attitudes of all departments in working to agreed budgets will similarly take time to embed culturally.

8.4 The 2022/23 and very likely the 2023/24 budgets will contain inherent but in the longer term reducing financial management risks. Mitigations to minimise this

position have operated as far as possible during 2021/22 and will develop further in 2022/23.

Preparation for 2022/23

8.5 The Council has taken a much improved approach to developing its Medium-Term Financial Strategy (MTFS) given the challenging circumstances in which it finds itself. The first fundamental review of departmental budgets has begun, and the budget has taken place in the light of the S114 notice issued in July 2021 and the on-going discussions with DLUHC as to the level of support that may be forthcoming including the conditions attached to that funding. All savings and pressures previously identified within the 2021/22 budget have been reviewed and where appropriate have been amended.

8.6 All aspects of the Council's budget, efficiency savings, additional income, service reductions and pressures have been subject to review, with Directors, Assistant Directors and Group Managers being required to review the plans they put forward in previous years and confirm delivery of the proposals. This work will continue in 2022/23 to ensure that a high standard of budgeting is developed over the coming year. Budget proposals have subsequently been reviewed by:

- the Finance Business Partnering Team
- Executive Directors (Corporate Leadership Team)
- Lead Councillors

8.7 The Council's HRA and Capital Programme is undergoing a similar review process alongside a review of all the Council's companies.

8.8 The assumptions on which the budget is based are contained within the main budget report presented elsewhere on the agenda, however, key assumptions include:

- agreement of the Capitalisation Directive for 2022/23 and future years as proposed to DLUHC in February 2022 at estimated figures of £223m to 31/3/22 and £84m for 2022/23
- agreement by DLUHC that they will agree to capitalisation directions or other support to equal the actual figures for the outstanding, current and forthcoming years as the accounts for the years are closed
- agreement by DLUHC that they will agree to capitalisation directions or other support to equal the estimated figures for future years as the budgets are prepared for these future years
- agreement by DLUHC that they will agree to capitalisation directions or other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed. Further that they will agree to finance/support on a recurrent basis any recurrent gap currently estimated to be £41m and effective as at 2028/29 in a sustainable manner
- Council Tax increase – at 2.99% per annum

- finance settlement – the figures are as per the Governments Final Settlement announcement

- pay assumptions – 2% per annum

- inflation – non pay budgets have been increased where necessary in order to maintain service levels by either CPI (assumed at 2%) or as contractually specified – most notably energy price inflation is significantly above CPI

- reserves and provisions – that the reserves and provisions identified as needed as the accounts are closed and budgets prepared will be added into future years capitalisation direction and supported by DLUHC

- asset sales and capital receipts of up to £600m across the longer term are planned and to finance the capitalisation direction and reduce borrowing

- the Council has scaled back its Capital Programme to a minimum in the light of its financial situation. Over the next five years it will carry out projects totalling £165m (£73m General Fund and £92m Housing Revenue Account). The net cost of which (after the application of specific grants and contributions) will be predominantly funded from borrowing. The Council's external borrowing is projected to reduce to significantly over the period from asset sales. The associated capital financing costs together with the revenue implications of the specific schemes are provided for within the capitalisation directive and relevant revenue accounts

8.9 It should also be noted that to deliver the Council's policy priorities and a balanced budget in each year of its MTFS 2022/23 to 2028/29 very significant savings in the order of £20m will be required per annum in addition to further capitalisation directions. The £20m per annum savings will require cost cutting to a degree not seen anywhere else as the Council basic net revenue funding is £107m and of this debt charges will total circa £ 32m or 30% of net revenue for 2022/23 (excluding investment income). In addition, the deficit on the Pension Fund is £5m or 5% of net revenue. In essence 35% of basic net revenue is committed before savings can be made.

8.10 The continued need to deliver a high level of savings poses an inherent risk to the delivery of a balanced budget position as over time they become more complex and difficult to deliver. Consequently, it is important there is an absolute continued focus on savings delivery to ensure they are identified and delivered as planned.

8.11 To provide some resilience to the 2022/23 budget and future position, a contingency has been included in the Capitalisation Directive for 2022/23 and beyond to allow for and to mitigate any potential shortfall or slippage in the delivery of higher risk savings.

8.12 The longer-term position will need continual review given the magnitude of the position the Council finds itself in, the uncertainties associated with that and the inability at this stage to advise on the long-term going concern of the Council.

8.13 In order to allow the Council to set a budget for 2022/23 and to start to plan for 2023/24 and beyond the following mitigations will be needed during 2022/23:

- all budgets approved by Council as at the 1/4/22 are cash limited, including all Companies, and all Departments and Companies will have to manage within those sums for the whole of 2022/23

- a level of contingency as funded from the capitalisation direction will be held centrally against unforeseen events and risks and will be used to increase the council's reserves as at 31/3/23 if not required

- no sums can be released from those contingencies except in extreme circumstances and only then with the approval of Cabinet following a report by the Director of Finance and appropriate Executive Director

- all expenditure of whatever type and funded by whatever means will be subject to approval by an expenditure control panel,

- any expenditure incurred outside of this process will be reported to Cabinet as part of the budget monitoring process

- a review will be undertaken of all estimates as part of the ongoing work of the finance department, along with the continued work on the accounts

- continuous budget meetings will be held with Executive Directors to review issues, savings, mitigations, and delivery of efficiencies.

- thematic reviews of budgets covering types of expenditure, income, and contracts in order to assess the potential for savings.

Adequacy of Reserves and Balances

8.14 The prudent level of reserves a Council should maintain is a matter of judgement. The consequence of not having adequate reserves can be significant. In normal circumstances the Council would be setting its budget and identifying reserves and provisions in a systematic manner. However, in the current circumstance the setting of the level of general fund and earmarked reserves is much less secure due to the extreme circumstance in which the Council finds itself. As at 31 March 2021 the Council effectively has no general fund balances to call upon to manage the risks highlighted above. An initial estimate has been included in the submission to DLUHC for £20m to assist in managing any issues during 2022/23. The medium-term financial plan also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment

8.15 As the financial situation improves and the Council becomes more capable of managing its finances then the Council will look to create a range of general and specific earmarked reserves in order to manage future risks. These reserves will be determined having regard to a risk-based assessment. Within this assessment it is to be noted the risk to the Council's finances associated with funding reductions from Central Government and other external funding bodies is high, and this is compounded by the effects of major legislative changes as described earlier in this report. The impact of the Covid-19 pandemic has significantly worsened the future economic outlook for the UK and worldwide and the economic impact of Brexit remains uncertain

8.16 In setting the budget for 2022/23, estimates were made at the time of the required level of reserves and provisions, and this was included in the submission to DLUHC as part of the capitalisation directive. Provisions relate to known events, which have occurred and that have given rise to a liability for the Council, where the exact amount or timing of the payment is not clear. As a result of the forensic investigation of the accounts during 2021 amounts have been requested from Government as part of the capitalisation directive to ensure adequate provisions are in place for items such as bad debts, insurance claims and other known liabilities. Others may well be identified and further needed as part of this process

8.17 In addition to known liabilities, the budget also has regard to various risk issues where at the time of setting the budget there is no contractual liability but there is a possibility that payment may be required at some point in the future; in these cases earmarked reserves are normally created. These reserves are established to cover specific risk issues as highlighted in the Council's risk registers. For 2022/23 no earmarked reserves have been set due to the nature of the anticipated on-going support from Government. As a benchmark the lower quartile for similar authorities would be an expectation of general fund balances and earmarked reserves to be at around 25 per cent of Net Revenue Expenditure. In Slough's case this would mean an additional £15m would need to be set aside

8.18 In reviewing the adequacy of reserves, the Director of Finance recommends the level of the General Fund Balance to be £20m in 2022/23 having regard to the risks set out in this report and the request for financial support being discussed with Government. The Director of Finance is of the view that the level of reserves is adequate solely for 2022/23, having regard to the risks identified and the level of contingency in the budget. The revised Medium Term Financial Strategy will in the future identify in greater detail the plans for replenishing reserves

8.19 CIPFA (Chartered Institute of Public and Finance and Accountancy) in its review of financial resilience within councils have stated that there should be no imposed limit on the level or nature of balances required be held by an individual Council. However, in light of recent high-profile failures and funding concerns being raised by authorities they launched a financial resilience index which uses a basket of 15 indicators to measure individual authorities' financial resilience compared to their comparator group. Key indicators include:

- the level of reserves held as a percentage of net revenue expenditure
- the average change in reserves over the last three years
- the reserve "burn rate"
- the cost of adult social care as a percentage of net revenue expenditure
- the average cost of children's social care as a percentage of net revenue expenditure
- OFSTED rating

- the auditors value for money conclusion

8.20 It is anticipated that the requirement to formally report on these indicators will be incorporated into a new Financial Management Code and the Council will identify and consider these as it develops its MTFS.

9 CONCLUSION

9.1 Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a 10 year £479m problem, potentially rising well beyond this if £20m of additional, recurrent annual savings are not delivered

b) has changed continuously throughout 2021/22 as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/22 are prepared and audited and the budget for 2023/24 worked up in detail

d) is of a magnitude which has not been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

9.2 In these circumstances it is impossible to give an assurance that is normally required within a S25 report. The best that can be said is that:

a) the Council is now beginning to utilise well designed processes which will take time to embed and operate fully across all areas and which need to be supplemented by further improved processes

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within a budget, taking appropriate financial decisions and operating sound governance

c) is better able to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will do so in the future

e) given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2022/23.

In providing this statement, the Director of Finance will maintain an on-going and robust review of all risks, including those associated with the delivery of budget savings decisions and report throughout the financial year.

Steven Mair
Director of Finance (Chief Finance Officer)

10. Implications of the Recommendations

10.1 Financial implications

10.1.1 The recommendation to Cabinet has a direct financial impact on the setting of the Council's budget for 2022/23 and the Medium-Term Financial Strategy.

10.2 Legal implications

10.2.1 The Council is required to take account of the Section 25 report as part of its budget setting deliberations.

10.3 Risk management implications

Summary of risks.

Category	Risk/Opportunity	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	The Council is fully appraised of the Director of Finance's views on the robustness of the budget setting process.	Inclusion of all Executive Directors in detailed planning and agreement of the budget.	6	Budget monitoring process and regular reporting on achievement of budget and savings.
Financial	The Council is fully appraised of the Director of Finance's views on the adequacy of reserves.	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.

10.4 Environmental implications

10.4.1 No specific environmental implications arise from this decision.

10.5 Equality implications

10.5.1 The budget is subject to an equality impact assessment which is reflected in this report.

10.6 Procurement implications

10.6.1 There are no procurement implications of this report

10.7 Workforce implications

10.7.1 There are no workforce implications of this report

10.8 Property implications

10.8.1 This report has no direct implication on properties.

11. Background Papers

None – detailed report added as Section 3 above.

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8th March 2022

SUBJECT: 2022/23 Budget

CHIEF OFFICER: Steven Mair, Director of Finance (s151 Officer)

WARD(S): All Wards

PART I
FOR COMMENT & CONSIDERATION

2022/23 REVENUE BUDGET

The Overview & Scrutiny Committee is requested to scrutinise the report and make any comments to Cabinet ahead of its meeting on 9th March 2022.

1 Executive Summary

Financial Overview

1.1. Fundamentally the Council's position is extremely serious as it:

- faces a financial deficit of £223m up to the end of the current financial year and
- a further £84.1m for 2022/23
- has a 2022/23 budget requirement of £191.7m compared to sources of funding totalling £107.6m, that is some 78% greater than its sources of funding
- faces a potential longer-term deficit of £479m and
- requires DLUHC support to this value to enable the S151 officer to provide some assurance on its position as set out in Appendix H

1.2. Included within the capitalisation direction is provision to build the General Balance to £20m and provides for some earmarked reserves to enable risks to be managed.

1.3. It must be acknowledged and understood that Slough's position is very precarious

1.4. Whilst the S151 officer has been able to give some assurance on the position, given the inclusion in the capitalisation directions of sums for the General Balance and some earmarked reserves and contingencies, the delivery of the budget and its associated savings requires both members and officers to maintain focus throughout the year to ensure the budget is delivered within the identified resources

Issues Overview

1.5. It has become apparent in the last 10 months that the Council has for several years suffered greatly from a lack of:

- understanding of and transparency about its true financial position
- corporate (at all levels) and financial ownership, drive and leadership of the problem as it understood it
- professional financial standards at all levels
- tight financial management by budget holders
- skilled project management
- development and leadership of the Council's finances and finance team
- financial drive, control, positive attitude, ownership at all levels and roles
- evidenced based decisions set within a context of value for money

1.6. All of which led to:

- no (complete and accurate) accounts for 5 years
- no proper management of its budgets
- poor financial systems
- effectively no general reserves
- the need for an astonishing level of capitalisation direction that exceeds any in the Country from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse internal and external reviews with very little response from the Council up to May 2021

Key Financial Requirements

1.7. In order to manage this scale of issue and to put Slough on a sustainable financial footing the Council will have to:

- deliver all of the savings set out in this report in 2022/23 in full
- dispose of assets/generate capital receipts of up to £600m
- identify, plan for and deliver £20m of additional recurrent revenue savings every year from 2023/24 up to and including 2027/28

- which will require a radical change in the Council's size, functions and approach

- operate much higher standard of business planning, report writing, financial management (across all disciplines)

- have a very heavy focus on budget management throughout all year

Key Financial Budgetary Issues

1.8. The report recommends:

- an increase in council tax of 2.99%

- savings of £19.959m, see appendix A4

- growth of £8.178m, see appendix A5 and para 3.8.19

2 Recommendations:

The Committee is requested to consider the following recommendations and make any comments to Cabinet on its meeting to be held on 9th March 2022.

1.9. Cabinet is requested to:

1.10. Recommend to full Council the following:

1. Approval of the 2022/23 budget to enable the Council Tax for 2022/23 to be set;

2. Approval of the Model Council Tax Resolution 2022/23 as set out in Appendix B;

3. Delegate authority to the Director of Finance, to place a notice in the local press of the amounts set under recommendation 2 within a period of 21 days following the Council's decision;

4. Approve the Medium-Term Financial Strategy (MTFS) as based on the estimated financial deficit in the Capitalisation Direction and to be funded by capitalisation of:

   a. £223.1m up to 2021/22
   b. £84.1m for 2022/23
   c. £171.1m for beyond 2022/23

5. Approve the Capital Receipts Flexibility Strategy as agreed in 2021/22.

6. Approve the overall General Fund revenue budget of £191.7m, to include:

   a. growth for pressures for contract inflation and pay inflation of £8.178m
   b. proposed savings by directorate of £19.959m

1.11. To note the following:

7. The balanced budget position for 2022/23 requiring savings of £19.959m and the projected financial deficit between 2023/24 to 2028/29

8. The inclusion within the Capitalisation Direction of £1m per year from 2022/23 onwards as a means to rebuild the General Fund and Earmarked Reserves balance

9. The intention to increase Council Tax by 1.99% in 2022/23

10. The intention to increase Council Tax by a further 1% in 2022/23 in respect of the Adult Social Care Precept

11. The assumed funding for the protection of social care 2022/23 through the Better Care Fund

12. that due regard has been had to the s.25 report by the Director of Finance at Appendix H

1.12. To agree the following:

13. Approval of the Fees and Charges Policy Framework, with a recommendation that Council approve this for non-executive functions

14. Approval of the Members Allowances Scheme for 2022-23 at Appendix I

Reason:

This report is required to enable the Council to set a legally, balanced budget for 2022/23 which is set out in the context of the overall capitalisation direction.

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability. Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government."

APPENDICES: The following appendices accompany this report:

Appendix	Description
A1	2022/23 General Fund Budget Summary
A2	2022/23 General Fund Budget Build
A3	2022/23 Directorate Budget Summaries
A4	2022/23 Proposed Savings
A5	2022/23 Growth to Directorates for Pressures and Inflation
B	2022/23 Council Tax Resolution
C	2022/23 Dedicated Schools Grant
D	2022/23 Housing Revenue Account Budget and Business Plan
E	Fees and Charges Policy
F	Expenditure Control
G	Equalities Impact Assessments
H	Section 25 Report
I	Members Allowances Scheme 2022-23

3 Report

1.1. Policy Context

1.1.1. Prior to 2020/21, the Council as with other local authorities operated in a challenging environment where funding from Government had reduced year on year and demands for services was increasing.

1.1.2. The Covid-19 pandemic compounded these issues and also resulted in unprecedented changes across the whole of the public sector as a means to manage the pandemic.

3.1.3 Since the approval of the 2021/22 capital and revenue budgets, there have been exceptional financial developments which have been extensively reported to Council. These developments, namely the S114 notice and subsequent emerging issues and others that will undoubtedly continue to be identified, will have lasting implications for 2022/23 and beyond and which will have consequences for all

aspects of the Council including its finances, planning and future delivery of services. The Council:

- is seeking a capitalisation direction of £307.1m up to 31/3/23 at this stage, although it is possible this figure will change as work continues to identify all the issues. Further capitalisation directions will be needed beyond this period
- is planning asset sales in the region of £600m
- requires annual additional recurrent revenue savings/income of circa £20m per annum to be delivered
- is carrying borrowing that has risen from £170m in 2016/17 to £760m in 2021/22
- is dealing with an extensive range of further adverse financial management issues
- has a large number of statutory and other audit recommendations to address
- has series of recommendations from the Governance and CIPFA reviews to respond to
- likewise has a large number of statutory directions from the Secretary of State to action, and these may increase over time

3.1.4 The cumulative impact of the above proportionately exceeds the scale of issues faced by any other Council by a considerable margin. In 2022/23 alone, the extent of the capitalisation direction means that without it, the authority would overspend by 78%. All of these issues have to be successfully dealt with, will radically change the focus, service delivery and size of the Council's services going forward and will significantly impact on residents and staffing within the Council. Good progress is being made in many areas but there remains a great deal to be done which will take some considerable time to conclude.

3.1.5 The scale and severity of the challenge now facing the Council cannot therefore be understated. This report proposes recommendations to Cabinet for approval by Full Council that will enable the Council to set a legally, balanced budget for 2022/23 and as means to fundamentally address these issues beyond 2022/23.

3.2 Insights into Slough

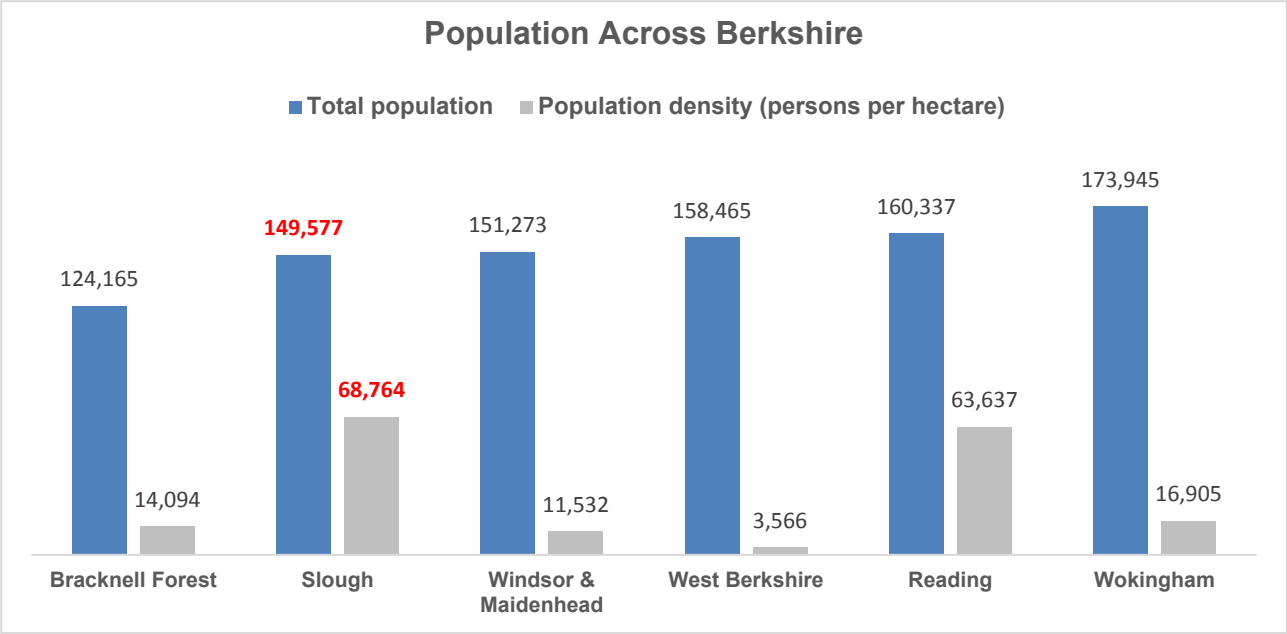
3.2.1 Separate to the pressures from the Covid-19 pandemic and the issues referred to above, Slough operates in a unique environment that presents a challenge to providing services. This section will present some highlights to contextualise the ongoing challenge for the Council.

Population

3.2.2 Slough is home to 149,000 people and rising and is one of the most diverse places in the country. Slough's population continues to grow, reaching 149,577 in mid-2020, and is one of the most ethnically and religiously diverse in the UK. Approximately 120 different languages are spoken in our schools. 40% of

residents were born outside the UK and half the babies born here in 2016 had both parents born outside the UK.

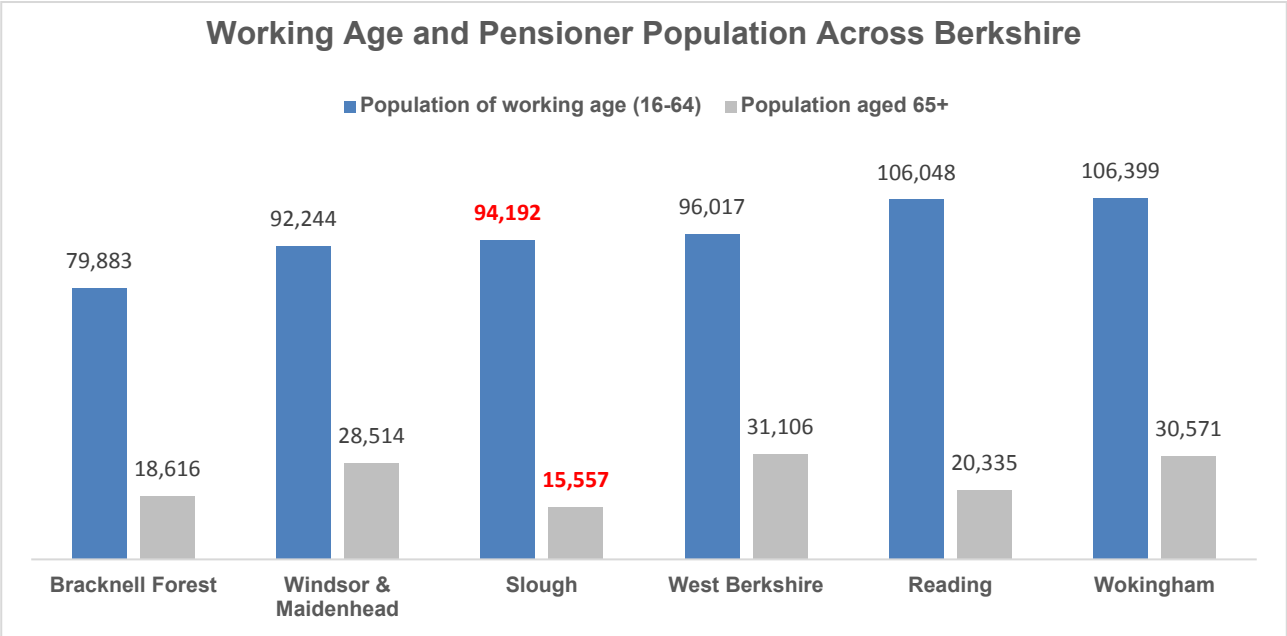
3.2.3 Slough has the second smallest population within Berkshire, but it is also the most densely populated by a noticeable margin:



Source: ONS Population Estimates, 2020, Berkshire Data Observatory

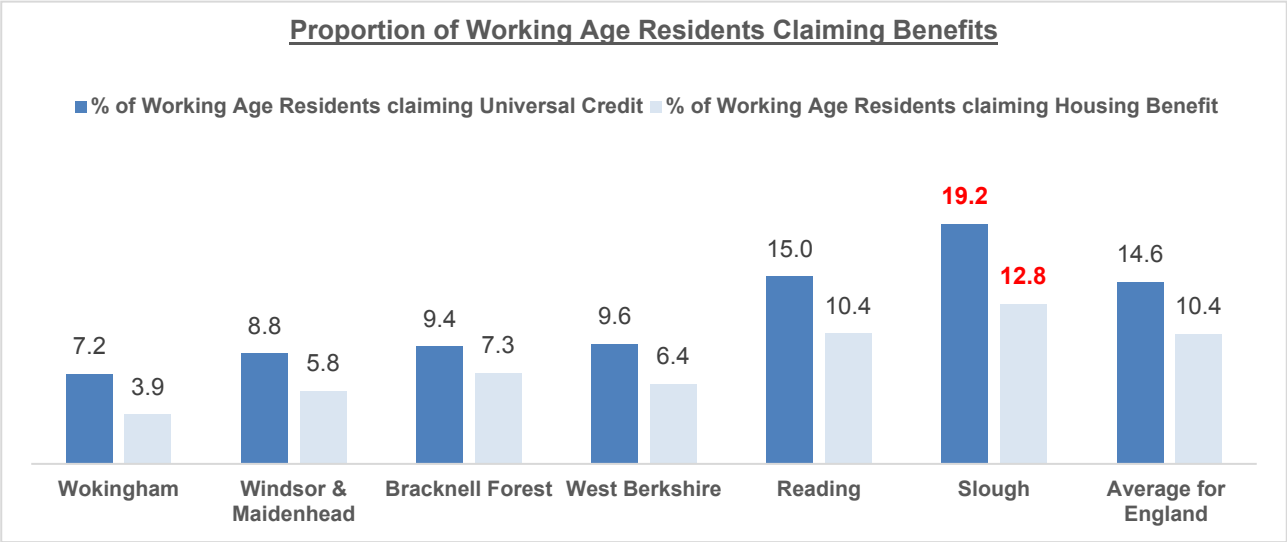
3.2.4 The population structure is younger than the national average and includes many families, a high proportion of children, and working age adults. In 2020, there were an estimated 12,415 infants (aged 0 to 4), 34,362 children and young people (aged 5 to 19) and 87,243 adults (aged 20 to 64). While proportionally lower than other areas, the older population (15,577 adults), is growing.

3.2.5 Within Berkshire, Slough has the 3rd lowest proportion of working age residents (aged 16-64) and the lowest proportion of residents aged 65 or over:



Source: ONS Population Estimates, 2020, Berkshire Data Observatory

3.2.6 Compared to the working age population in Berkshire and average for England, Slough has the highest proportion of such residents claiming Universal Credit and Housing Benefits:



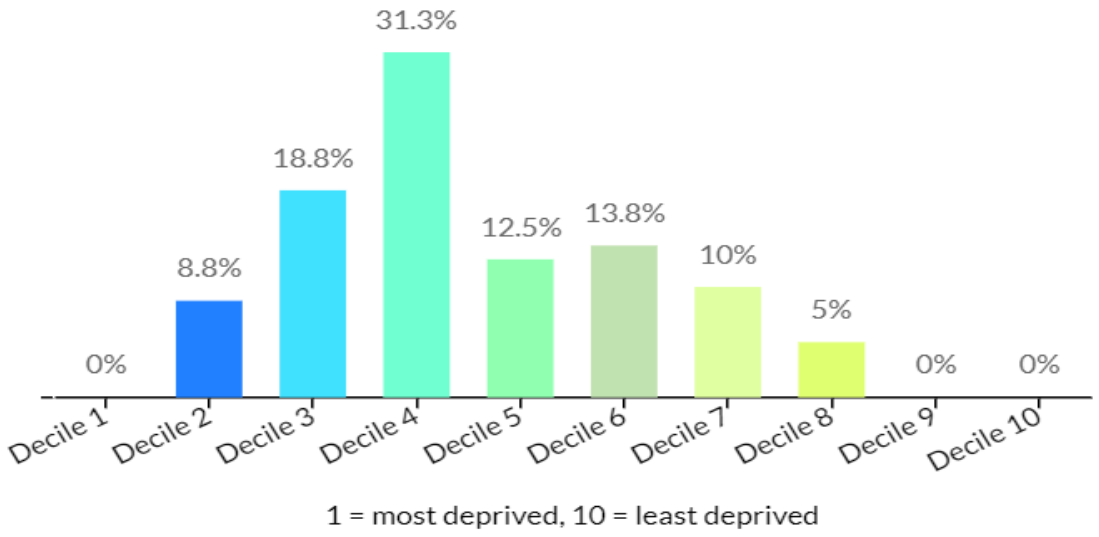
Source: Department for Work and Pensions, May 2021 (HB) and September 2021 (UC)

Deprivation

3.2.7 Slough remains the most relatively deprived area within the Thames Valley, followed by Reading and Milton Keynes, coincidentally the three areas with the highest levels of serious violence in 2020/21. The pandemic has affected Slough particularly badly with increases in claims for unemployment-related benefits, with the average rate of claimants across LSOAs increasing fourfold and with an average rate of 89 in 1,000 persons aged 16-64 claiming unemployment support

3.2.8 Based on the 2019 Indices of Multiple Deprivation, Slough has above average levels of deprivation. This is the case in the domains of:

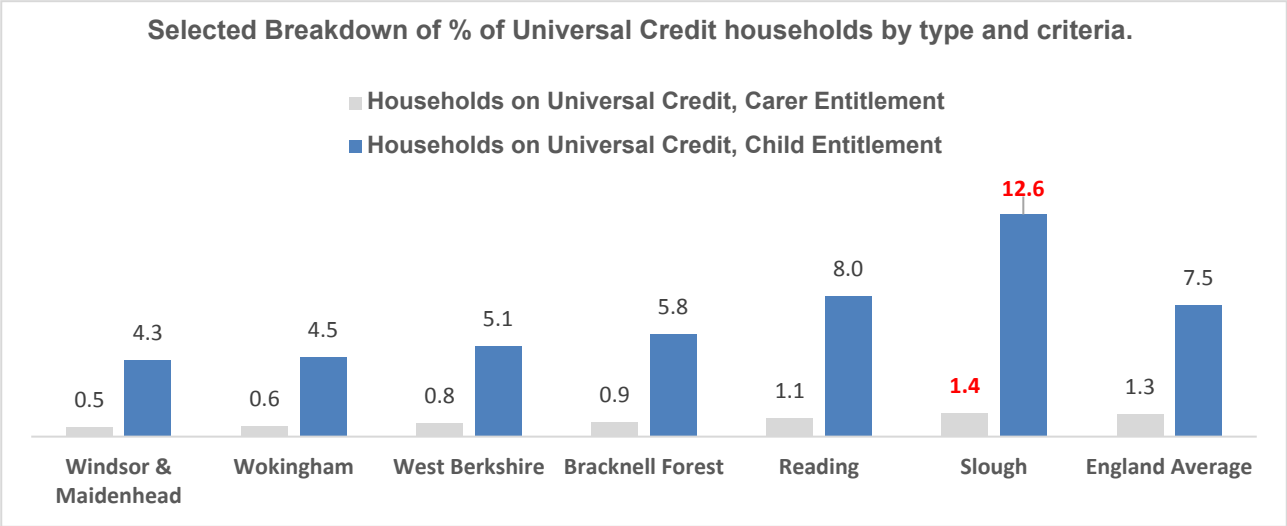
- Income
- Education (young people and adult skills)
- Housing affordability
- Physical and mental health
- Crime



Source: Overall Index - Slough, Indices of Multiple Deprivation, 2019

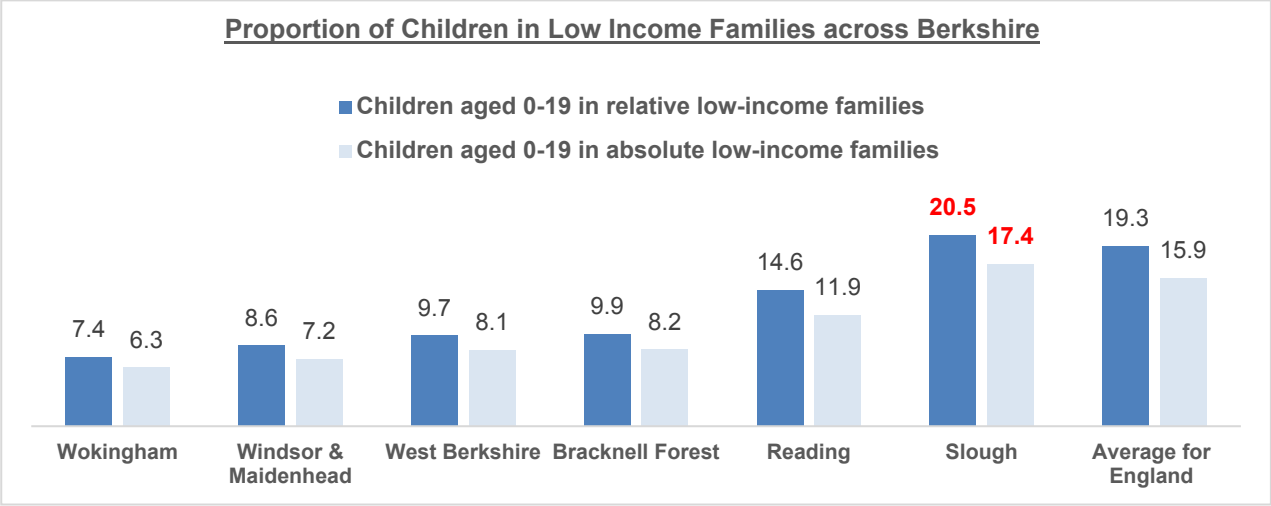
3.2.9 Life expectancy varies between wards with men expected to live on average, up to 78.4 years of age and women up to 82.5 (both approximately 1 year less than the England average). Healthy life expectancy for both men and women are lower than the England average: women on average can expect to live the last 24 years of their life in poor health (compared to 20 years in England), while men can expect to live the last 18 years of life in poor health (compared to 16 years in England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

3.2.10 Compared to the average for Berkshire and England, Slough also has a higher proportion of claims from households for the child and carer's entitlement of UC.



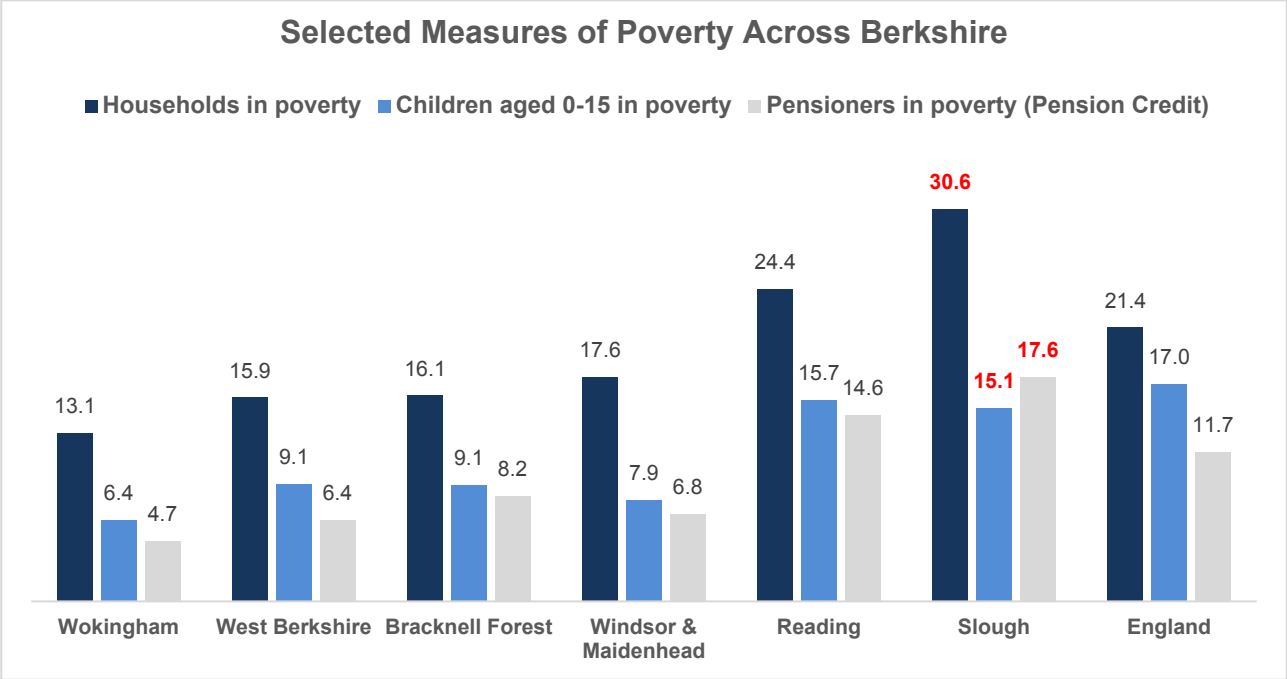
Source: Department for Work and Pensions, August 2021

3.2.11 Along with the higher proportions of households claiming child entitlement for UC and the higher numbers of lone parent households in Slough, there are higher proportions of children (aged 0-19) in low-income households.



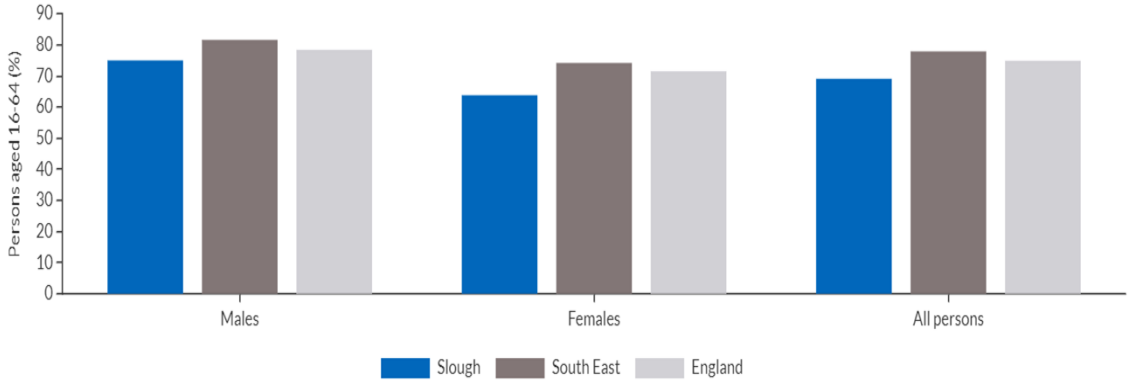
Source: Department for Work and Pensions, Annual Data 2019/20

3.2.12 The proportion of other households and residents in Slough classed as being in poverty is also high when compared to neighbouring authorities and the average for England:



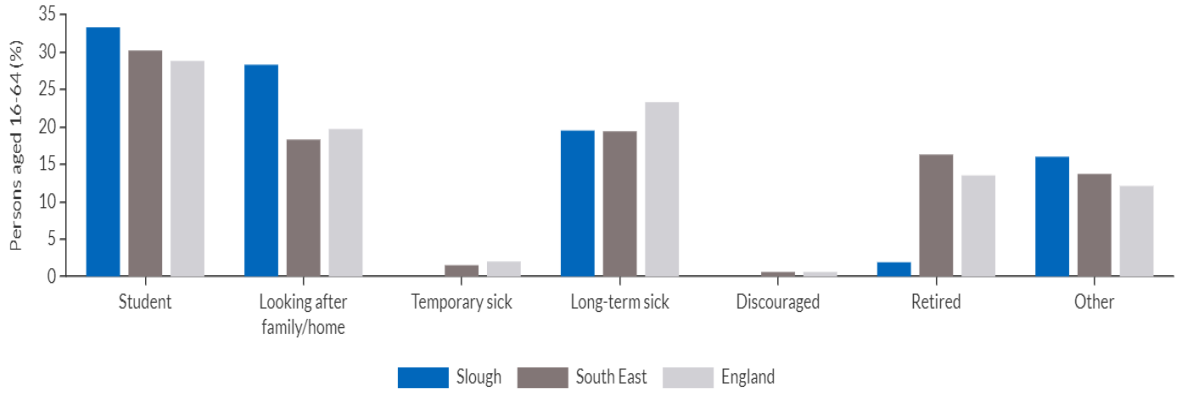
Economic Activity

3.2.13 Slough's economically active population is lower than the average in the South-East and in England as a whole. This is the case for males and females, with the female economically active rate gap larger than that for males. This economic activity gap will be a drive of low income and poverty in the borough.



Source: Office for National Statistics Annual Population Survey, September 2021, Berkshire Data Observatory

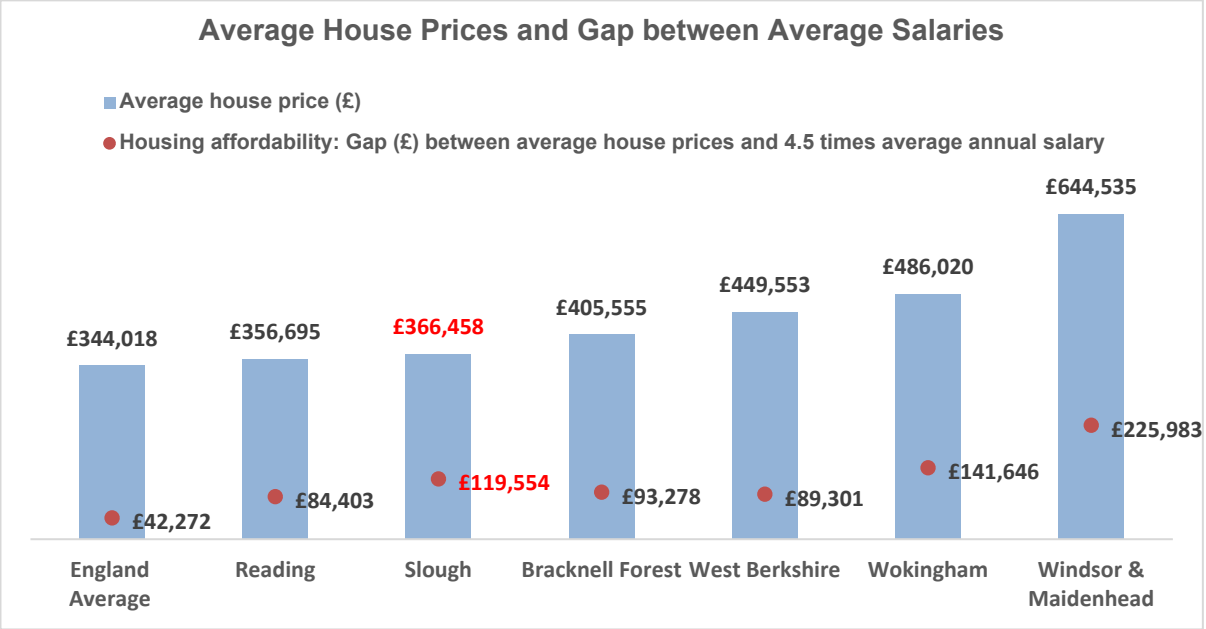
3.2.14 Slough has a relatively high proportion of residents who are economically inactive due to caring responsibilities at home and for wider family members.



Source: Office for National Statistics Annual Population Survey, September 2021, Berkshire Data Observatory

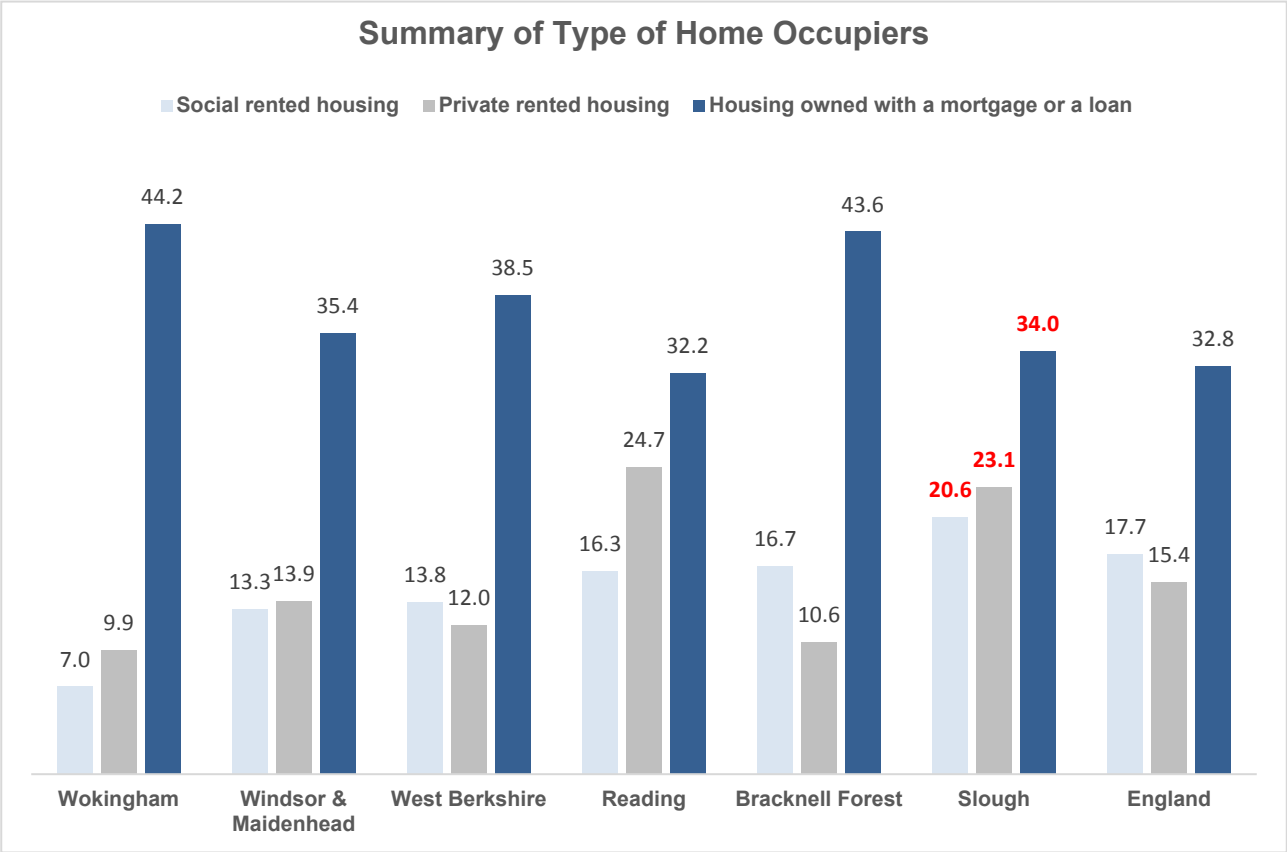
3.2.15 Slough residents were relatively heavily reliant on government support during the pandemic. For example, In April 2021, 23.0% of the working aged population in Slough were claiming government-based benefits due to the pandemic (a combination of 10.9% on the Job Retention Scheme (JRS), 6.2% on the Self-Employment Income Support Scheme (SEISS) and a 5.9% unemployment claimant count increase since March 2020).

3.2.16 Whilst the average house price in Slough is the 2nd lowest in Berkshire, the relatively higher levels of poverty and low income illustrated above means that the housing affordability (i.e. the gap between average house price and 4.5 times average annual salary) is disproportionately higher than in neighbouring authorities



Source: Valuation Office Agency, 2020

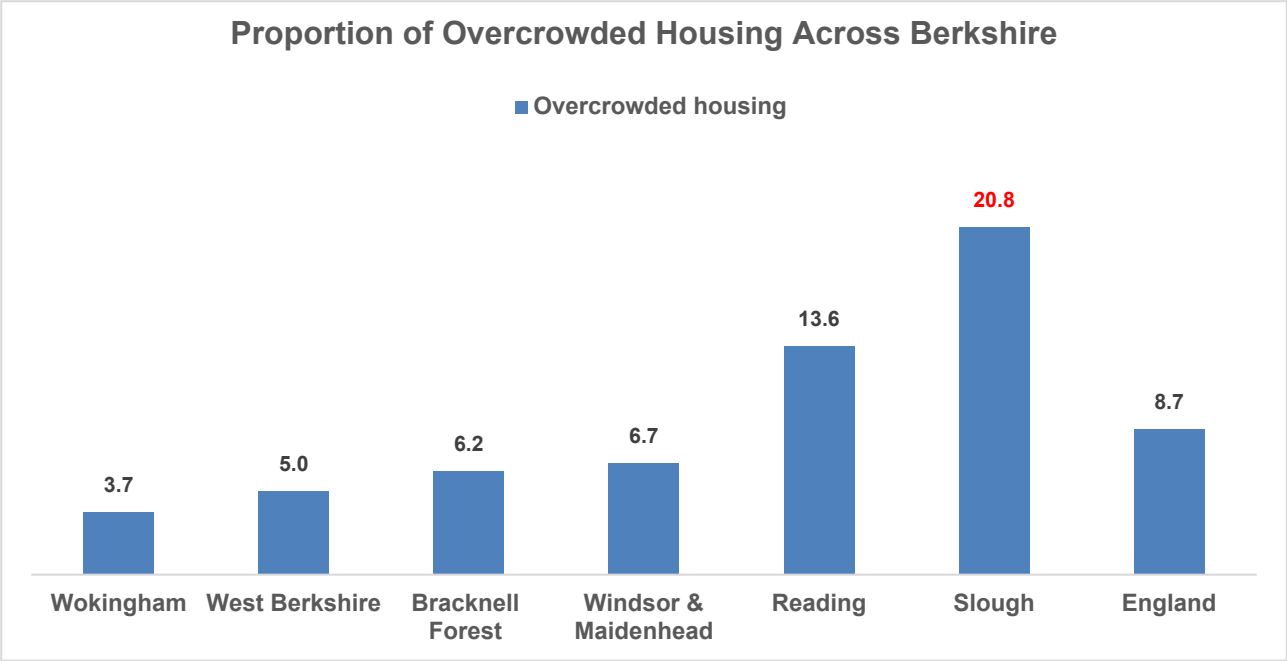
3.2.17 Compared to neighbouring authorities in Berkshire, Slough has a lower proportion of residents who own their own homes and a higher rate of socially or privately rented accommodation. The level of socially rent accommodation (defined as being rented from a Local Authority, Housing Association or Registered Social Landlord) is particularly high when compared to neighbouring authorities and the average across England



Source: Census 2011, Office for National Statistics

3.2.18 Slough has 54,880 dwellings and the second highest average household size in the country (2.8 people per household)

3.2.19 Slough has the highest proportion of overcrowded housing compared to neighbouring authorities and a level significantly higher than the average for England. A household is defined as overcrowded if there is at least one room fewer than needed for household requirements using standard definitions. [NB: the Census 2021 data releases begin in May 2022)



Source: Census 2011, Office for National Statistics

Core Spending Power

3.2.20 The Core Spending Power is a measure used by the Government to assess an authority's ability to spend based on Settlement Funding Assessment, grants and Council Tax assumptions. In comparison to neighbouring authorities in Berkshire, the Council's measure of Core Spending Power (adjusted to remove Council Tax) is the highest in the region.

3.2.21 This will partly be due to the way grants such as the new Services Grant and Social Care and Improved Better Care fund are allocated based on the statistics highlighted above results in the Council receiving higher allocations than neighbouring authorities where such pressures are less severe in comparison. These statistics and ongoing pressures in Slough are further evidenced by the lower amount of reward-based funding such as the New Homes Bonus received by the Council compared to neighbouring authorities

3.3 Corporate Plan Update

3.3.1 The Council's current corporate plan is the 2020-2025 Five-Year Plan. A draft plan for 2021-26 was approved by Full Council in March 2021, however, the emerging financial issues have rendered it redundant, and it was subsequently not published on the Council's website.

3.3.2 The Five-Year Plan made extensive commitments and the five priority outcomes which comprised its core are no longer fit for purpose. A new corporate plan is required to recognise the scale and severity of the challenges facing the Council and to provide the basis for a new strategic framework for the Council.

3.3.3 Services have recently completed Functional Capability Assessments, as required by the DLUHC directions. These will feed into a new, three-year corporate plan which will lay out SBC's strategy for its recovery and establish new priority outcomes for the council.

3.3.4 The development of this new plan will be overseen by the Recovery & Improvement Board. It is anticipated that the plan will be drafted in early April, before being presented to Cabinet and Full Council for approval in May 2022.

3.4 <u>Post-March 2021 Full Council</u>

3.4.1 Following the approval of the 2021/22 Budget and MTFS at March 2021 Full Council, a Section 114 (s114) notice was issued on 2 July 2022 and presented at a meeting of Full Council on 22 July 2021. The background to this, subsequent events and decisions are briefly discussed below to contextualise the proposals in this report for 2022/23 and beyond.

Original Capitalisation Direction – December 2020

3.4.2 In December 2020, under the previous Director of Finance, a capitalisation direction from DLUHC was provisionally secured for up to £15.2m to balance the 2021/22 General Fund revenue budget. This was a short-term and grossly understated measure using one-off resources that required the Council to either generate capital receipts or undertake further borrowing (and liabilities) to finance the capitalisation. This measure means additional savings would need to be identified in 2022/23 to bring the Council's net expenditure back within its limit from ongoing funding sources.

Section 24 Statutory Recommendations – May 2021

3.4.3 The previous Director of Finance left the organisation in May 2021, the current Director of Finance took up the post at this time and issued a s114 in July 2021. the Council's external auditors, Grant Thornton also issued a report under Section 24 of the Local Audit and Accountability Act 2014. Section 24 (s24) of this Act grants auditors the power to issue statutory recommendations and make written recommendations.

3.4.4 At a meeting of Full Council on 20 May 2021 and 22 July 2021, Grant Thornton issued their s24 report which highlighted the following inadequacies in:

- capacity and skills within the finance department
- preparation of financial statements
- general and earmarked revenue reserves
- financial governance and monitoring over its outside groups and companies
- address the S114 report (22/7/22)
- improve governance in the Council (22/7/22)

3.4.5 Under s24 of the Act, the Council has a responsibility to respond to these recommendations by:

- considering the recommendations in a meeting held within one month of the recommendations being sent to the Council

- at that meeting decide whether the recommendations are to be accepted, and what actions are to be taken in response to the recommendations

3.4.6 These recommendations were responded too at a meeting of Full Council on 22 July 2022 with an agreement to implement them all.

Issues Identified April to July 2021

3.4.7 Since the approval of the 2021/22 budget in March 2021, numerous financial issues have been identified and were reported in the S114 notice that meant that the Council would not be able to balance its budget even with the then capitalisation indicative permission from DLUHC.

3.4.8 The final decision on this further capitalisation was dependent on two independent reviews one by CIPFA on the Council's financial management and one on Governance of the Council by Jim Taylor. Both commissioned by DLUHC and both of which commenced in July 2021. The challenges facing Slough not being just budgetary ones, but also approaches to financial decision-making, leadership and management, processes, quality assurance and review etc were equally not robust and so highly detrimental to the Council.

3.4.9 The ongoing review of the Council's finances led by the new Director of Finance and s151 Officer identified a range of issues, some of which relate to previous years and which if known at the time would have severely affected the Council's ability to set a legal, balanced budget in 2019/20, 2020/21 and 2021/22. Some of these are summarised below.

Issue	Comment
Minimum Revenue Provision (MRP)	MRP has been incorrectly calculated since 2016/17 by over stating asset lives, incorrectly using capital receipts and omitting some expenditure from the calculation
Borrowing / Debt	Borrowing has quadrupled from circa £180m to £760m over the same period with a consequential revenue impact
Provisions and Reserves	There are effectively no unallocated general reserves
Accounting Treatment	Revenue costs have been incorrectly charged to capital, e.g. IT projects, has been charged to capital and will need to be reversed
Other	There are a range of other financial pressures and issues facing the Council.
Treasury Management	The Treasury Management strategy did not link accurately to the capital programme, and the risks associated with high levels of borrowing and in particular high levels of temporary borrowing. This had not been explained to Members nor a plan proposed to address the risk
Financial Reporting	The Statement of Accounts for 2018/19 are yet to be signed off by external audit and 2019/20 and 2020/21 audits are not yet complete. General Fund reserves reduced to £550k at 31.03.19 as a result of the audit with further changes expected
Controls/Governance	Governance and financial management processes in relation to Council-owned companies are weak. Some of these companies require ongoing financial support and others involve contractual arrangements which expose the Council to significant financial risk.
Controls/Governance	Weak financial processes, reporting and internal controls. Improvements are needed to budget monitoring, more accurate data input is needed and bank balances and control accounts need to be reconciled more regularly
Provisions and Reserves	Inadequate provisions including for NNDR exposing the Council to risk of pressures on their budget. No insurance reserve or PFI sinking fund, with balances used to fund previous years' budgets and revenue spending,

Issue	Comment
Poor Planning	The Council's MTFS, Treasury Management and the Capital Programme approved by Council in March 2021 were all flawed, in several respects and require considerable improvement The HRA 30-year business plan was not updated for the 2021/22 budget.
Poor Planning	Estimates of local tax income and collection rates, critical to budget estimates, have not been accurate in recent years.

3.4.10 Considerable work has been undertaken to identify and understand the extent of these issues and begin to rectify them. Current progress is as follows:

Progress	Comment
Minimum Revenue Provision (MRP)	The Capitalisation Direction reflects the corrected calculation of MRP and the accounts for the prior years will be updated as a result
Borrowing / Debt	The revised capital strategy reflects the projected level of borrowing for a significantly smaller future capital programme
Provisions and Reserves	The General Fund balance reduced to £550k as a result of the historical issues identified during the audit of the 2018/19 accounts. Since then, officers have been carrying out extensive reviews of the Council's accounts and finances and have identified additional historical issues which will reduce the balance even further and bring this into a substantial deficit position which will not allow the Council to set a 'balanced' budget for 2022/23 without normalising this position. As a result, the Council is seeking a capitalisation direction of £307m from DLUHC to address the historical issues identified to date and top up its General Fund balance to £20m.
Accounting Treatment	Initial training on several technical areas were presented to the wider finance department and ongoing work to correct the accounts and processes will enforce correct account practice
Treasury Management	The Treasury Management strategy for 2022/23 has been written in conjunction with the revised capital strategy and have been cross-checked against each other
Financial Reporting	Good progress is being made on completing the accounts for the three years from 2018/19 to 2020/21 as well as preparing for the closure of the 2021/22 financial year. The accounts will be completed on a staged basis throughout 2021/22 and 2022/23, with the 2018/19 accounts expected to be completed by March/April 2022. Officers are currently in the process of resolving the issues raised by the auditors and CIPFA as part of their respective reviews as well issues identified as part of our own comprehensive internal review, these include: ➢ Review of adequacy of business rates appeals provision ➢ Correcting accounting treatment of an advance made to Slough Children's Trust ➢ Resolving historical understatement of minimum revenue provision ➢ Review of adequacy of provisions ➢ Data cleansing exercise to ensure entries on the asset register are accurate and up to date ➢ Reconciliation of HRA assets to rent collection data ➢ Review of debtor and creditor balances
Controls/Governance	Several changes have been made to strengthen the Council's arrangements with its companies, and in some instances further work will be required throughout 2022/23 to establish actions and a clear way forward. In 2021/22, actions have been prioritised on the highest risk areas/companies which has included GRE5 and SUR followed by JEH and DISH. Budgets for 2022/23 onwards have been informed by the outcome of work to date and reflect plans to stop or significantly reduce the scale of activities across of the Council's companies. Future activities also build upon recent improvements and actions which have impacted upon the operation, governance and oversight of the four trading companies.
Controls/Governance	It is recognised to ensure effective budget monitoring it was essential that the council's budgets were set accurately at cost centre level (matching income and expenditure incurred) as well as having a framework of reporting in place that demonstrates from

Progress	Comment
	cost centre through to overall council wide summary the variances from budget, why they have arisen, the corrective action to be taken, the impact of this action and the impact on future years. To achieve this objective will require a number of actions, some of which have been implemented, others that will be implemented over the next six months. These actions include: ➢ Realigned budgets for 2021/22 ➢ Identified budget holders for each cost centre ➢ Identify the reporting hierarchy for each directorate from budget holder to Executive director ➢ A robust budget monitoring timetable ➢ Monthly budget monitoring meeting; which will eventually phase into risk based budget monitoring ➢ Monthly Departmental financial update report – signed off by Executive Directors ➢ Considered where models can be developed to aid in forecasting outturn thereby improving projections of full year income/expenditure ➢ Supporting managers in identifying realisable savings for 2022/23 and beyond ➢ Providing training to all budget holders This has been identified and reported in various guises and a team is in place to clear the backlog of reconciliations, streamline reconciliation process, document procedures, and ensure there is an appropriate mechanism in place to monitor all the periodic reconciliations required to ensure adequate controls and financial governance is in place. The project is primed for completion by 31st March 2022. The project has been exacting due to: ➢ Limited or no knowledge of processes due to departures of key staff ➢ Manual processing of large amounts of data, ➢ Daily processes not being completed for months, ➢ No basis or documentation for clearing suspense accounts A summary project update as at the end of January 2022 follows: ➢ NNDR Recs – All details obtained and input going through the reconciling items ➢ Council Tax – All details obtained. ➢ Housing Benefit Payments – Bank Reconciliations and account reconciliation complete as of December 2021; handover to new team to be completed this week ➢ Control Account Reconciliations – Accounts Payable and Accounts Receivables are up to date ➢ Bank account and suspense account reconciliations are being reviewed, of the 44 codes in question 10 require extensive remedial work whilst the others will be cleared and fully reconciled by the end of February 2022.
Provisions and Reserves	The capitalisation direction includes an amount to build the General Fund balance, and budgets for an amount to be appropriated to reserves thereafter. In recognition of the low level of provisions held by the Council, the CD includes an amount allocated for bad debts and provisions typically held by a unitary authority
Poor Planning	The Treasury Management Strategy and Capital strategy have been revised and written in accordance with each other. The Council's 30-year Housing Revenue Account (HRA) Business Plan has been updated and latest assumptions are detailed in the 2022/23 Budget report, covering three years. The business plan will be updated periodically to ensure alignment with the Council's housing strategy. Slough Council also has membership with Capita Consultancy, an expert in the market supporting many other local authorities and will provide on-going support with updating and reviewing the 30 year business plan.
Poor Planning	Work is commencing to monitoring the in-year collection of Council Tax and Business Rates against precepted, approved amounts with earlier analysis of how this will impact accounting and budgeting under the Code of Practice guidance.

3.4.11 As at 31 March 2021, the estimated negative General Fund balance prior to any additional support by MHCLG was £56m. The additional in-year deficit for 2021/22 was estimated at £40m (assuming £15m existing capitalisation direction is agreed). Without further action, it was estimated that by 31 March 2025, there would be a negative General Fund balance of £159m. This excludes the original £15m, giving a gross total of £174m

Section 114 Notice and beyond – July 2021 onwards

3.4.12 The MTFS approved at March 2021 Full Council included a remaining budget gap of £43m over the next three years net of £23m of proposed savings. The issues highlighted above have changed these assumptions. To recover from this financial deficit, the Council needs for 2022/23 and beyond:

- a further capitalisation direction from DLUHC which is broken down as follows:

Breakdown of Capitalisation Direction	Pre-22/23 £'000	2022/23 £'000	Post 2023/24 £'000	Total £'000
Base Capitalisation Direction	223,064	84,055	171,571	**478,690**

**This is additional capitalisation of existing costs to manage the savings requirement down to an achievable level*

- to identify in time for March 2022 Cabinet, additional savings to at least deliver the previously committed savings for the 2022/23 budget

- adequate reserves to support the setting of a legal budget by the statutory deadline of 11 March 2022, per Section 30(6) LGFA 1992

- and in accordance with the provisions of Section 25 of the Local Government Act 2003 that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (section 151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of proposed financial reserves. This is included at Appendix H.

3.4.13 Following the identification of the issues, and others, in paragraph 3.4.9 above, on 2 July 2021, the s151 Officer issued a report under s114 of the Local Government Finance Act 1988 to advise Councillors that the Council faced an extremely serious financial situation.

3.4.14 A s114 report can be issued where the Chief Financial Officer believes that the expenditure of the authority incurred (including proposed expenditure) in a financial year is likely to exceed the resources (including borrowing) available to it to meet that expenditure.

3.4.15 The s114 report referenced the Council's approved revenue and capital budget for 2021/22 from March 2021 Full Council. This report had advised Members on the challenges facing local authorities but in particular for Slough to balance its budget from:

- increasing numbers and cost of supporting vulnerable people and children in care;

- reductions to funding from Government

- the lower level of reserves held by the Council in comparison to other Unitary authorities.

3.4.16 The s114 report reported that projected in-year spending on services would be very significantly above the approved revenue budget and the level of revenue reserves held by the Council.

3.4.17 Spending controls were implemented that would prevent any new agreements for any expenditure without explicit written consent from the s151 officer. Measures were introduced to stop all non-essential expenditure prior to the meeting of Full Council in July 2022, where Members were asked to approve measures to control spending and improve the finances of the Council.

3.4.18 It has become apparent that the Council has for several years suffered greatly from a lack of:

- understanding of its true financial position
- corporate and financial ownership, drive and leadership of the problem as it understood it
- professional financial standards at all levels
- tight financial management by budget holders
- skilled project management
- development and leadership of the Council's finances and finance team
- financial drive, ambition, positive attitude, ownership
- evidenced based decisions set within a context of value for money

3.4.19 All of which has led to:

- no (complete and accurate) accounts for five years
- no proper management of its budgets
- poor financial systems
- effectively no general reserves
- the need for an astonishing level of capitalisation direction that exceeds any in the Country from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse external reviews with very little response from the Council

3.4.20 Since May 2021 the Council has:

- implemented new ways of working which will not only expedite the audit process but also support the production of more accurate accounts in future
- designed a proper budget process covering 2021/22 and 2022/23
- begun early work on the budget for 2023/24
- begun reviews of its companies
- revised its internal audit plan
- reviewed some of its financial systems
- designed a functional structure and process to develop the Finance team
- started reviews of the Dedicated Schools Grant
- identified and is rectifying its insurance budgets and processes
- prepared an initial business plan
- reviewed its PFI scheme
- developed an action plan for revenues and benefits
- designed various financial management standards:
    - Budget monitoring guidance
    - Financial modelling standard
    - Business case approaches
    - A fees and charges policy (attached to this report as Appendix F)
    - Expenditure control processes
    - A procurement strategy
    - budget processes and allocations

3.4.21 The scale of the issues are such that embedding all of the better practice will take some years. To support prudent controls, it is proposed to continue with the expenditure control panels into 2022/23. Appendix F sets out the process.

3.4.22 The expenditure control panel applies to all expenditure irrespective of funding source and requires completion of a business case that requires the following:

- justification for how the submission meets criteria for approval
- detailed budgetary information
- confirmation if procurement support is required
- sign off from the appropriate service director

3.4.23 The scale of the issues are such that embedding all of the better practise will take several years.

3.5 National Context

3.5.1 Since late Summer 2021, there have been several significant events and announcements from the Government that have implications for the Public Sector and Local Government in particular. These are discussed below.

September 2021: Social Care Reforms

3.5.2 On 09 September 2021, the Government published its "Building Back Better" plan which set out details of reforms to Health and Social Care. This plan announced funding of £5.4bn for 20223/24 to 2024/25 to deliver the funding and system reform commitments which included:

Item	Announcement
Capping Costs	➢ From October 2023, a cap of £86k will be introduced on the amount that individuals will need to spend on their personal care over their lifetime. ➢ Legislation included in the 2014 Care Act will allow self-funders to ask their Local Authority to arrange their care for them so that they can secure better value care.
Financial Assistance for those without substantial assets	From October 2023, those with less than £20k in assets will not have to make contributions to their care from savings or from the value of their home.
Financial Assistance for those without substantial assets	Those with assets between £20k - £100k will be eligible for means tested support. This new upper limit of £100k compares to the previous limit of £23.25k. In summary if a person's total assets are: 1) Over £100k, full fees must be paid and the maximum that a person will have pay toward their lifetime personal care costs will be £86k. If by contributing toward this, the person's remaining assets drop below £100k, they may be eligible for means-tested support. *Once the £86k cap is reached, Local Authorities will pay all eligible personal care costs.* 2) Between £20k and £100k, the local authority will fund part of the care costs. Individuals are expected to contribute towards care costs from their income, however if this is insufficient, they will contribute a maximum of 20% of their chargeable assets per year. If this contribution results in the value of the person's remaining assets falling below £20k, they will continue to contribute from their income but not from their chargeable assets. 3) Less than £20k, individuals will not contribute toward their care costs from their assets but will have to pay a contribution toward care costs from their income

September 2021: Health and Social Levy

3.5.3 The announcement also included a new UK wide 1.25% Health & Social Care levy. This increase will be introduced from April 2022 as part of National Insurance Contributions and will initially apply to working age employees, self-employed and employers.

3.5.4 From April 2023, this 1.25% increase will be applied as a separate Levy to NIC and will also apply to individuals working above the State Pension age. The revenue raised will be ringfenced both health and social care. Receipts from the

Levy will be split between MHCLG, DHSC and NHS England. The share of funding from this levy to Local Government was projected at £5.4bn to 2024/25.

3.5.5 The Government recognised that this would result in an additional pressure for public sector employers that would erode their spending power and originally announced offsetting compensation to public sector organisations.

October 2021: Budget and Spending Review

3.5.6 As with all local authorities, the Council's planning is heavily reliant on policy and decisions from Central Government such as for funding settlements and wider reforms. The withdrawal process from the European Union and the onset of the Covid-19 pandemic disrupted business-as-usual processes for the Government and so since 2019 local authorities have faced increased uncertainty, particularly on funding.

3.5.7 The Government's Budget for 2022 and Spending Review (SR) for 2022/23 to 2024/25 was announced on 27 October 2021. This was the first multi-year SR since 2015 which covered the period 2016/17 to 2019/20, the full SR was deferred in place of one-year Spending Rounds 2020/21 and 2021/22.

3.5.8 The SR2021 was broadly positive but did not contain the certainty that Local Government needs on future years funding e.g. proposals for reforming the New Homes Bonus scheme which was consulted upon earlier this year and the "Fair Funding Review" into the longer-term future of funding for the sector.

3.5.9 The total budget for Government department's resource spending will increase by £90bn (3.8%) in real terms by 2024/25 (a cash increase of £150bn a year). The relevant announcements for Local Government included:

Area	Announcement
Council Tax	Referendum Limit for core increases set at 2.00% Social Care Precept set at 1.00% (reduced from 2.00% in 2021/22)
Settlement Funding	Funding for Local Government to increase by c£4.5bn between 2022/23 to 2024/25
Social Care Reform Funding	From the £5.4bn funding announced in September 2021, £3.6bn will be available between 2022/23 to 2024/25 to implement cap on personal care costs and changes to means testing.
Social Care Reform Funding	Funding of £1.7bn allocated for 2022/23 to 2024/25 "to improve the wider social care system"
Social Care Reform Funding	Funding of £500m to improve the social care workforce.
Other Funding	Separate allocations of: ➢ £200m Supporting Families ➢ £37.8m for Cyber Security ➢ £34.5m to "strengthen local delivery and transparency
Business Rates	➢ A freeze to the Business Rates multiplier in 2022/23 ➢ A 50% relief for retail, hospitality and leisure businesses in 2022/23 ➢ A new relief for businesses investing in improvements for 100% of their business rates bill for 1 year.
Business Rates	More frequent valuations from 5 years to 3 years commencing in 2023
Public Sector Pay	Central Government employees can expect pay rises over the next three years as the economy recovers. Local Government is negotiable outside of this process but the above sets an expectation for additional pressures on budgets for 2022/23 to 2024/25

3.5.10 The October 2021 SR's key message for Local Government was that funding will increase between 2022/23 to 2024/25 by:

- £4.8bn through the Local Government Finance Settlement
- £3.6bn specifically for Adult Social Care reforms (funded by the Health and Social Care Levy)

3.5.11 It would appear that this funding will profile as follows with the majority of it "front-loaded" to 2022/23:

Local Government Funding:	2022/23 (£'bn)	2023/24 (£'bn)	2024/25 (£'bn)	Total (£'bn)
Settlement Funding	1.500	1.500	1.500	**4.500**
Supporting Families programme	0.040	0.070	0.090	**0.200**
Cyber Resilience	0.012	0.013	0.013	**0.038**
Unallocated	0.048	0.017	(0.003)	**0.062**
Local Government Funding: SR 2021	**1.600**	**1.600**	**1.600**	**4.800**

3.5.12 The H&SC levy set out that in total, additional funding of c£13bn would be shared between the NHS and Local Government. Of this, £5.4bn had been earmarked to fund reforms to Adult Social Care. The SR2021 confirms that of this £5.4bn, £3.6bn will be allocated directly to Local Government to implement the cap on personal care costs and changes to the means test, again, the majority being "front-loaded" to 2022/23:

Local Government Funding	2022/23 (£'bn)	2023/24 (£'bn)	2024/25 (£'bn)	Total (£'bn)
Social Care Reform Funding	1.800	1.200	0.600	**3.600**

3.5.13 The SR2021 also announced the following elsewhere in the Public Sector which has indirect impacts for the Council overall:

Area	Announcement
Education	An additional £4.7bn by 2024/25 for the core schools' budget, over and above the SR19 settlement for schools. Furthermore, an additional £2.6bn to 2024/25 will be available for new school places for children with special educational needs and disabilities (SEND) in England.
Housing	Re-confirmation of previous announcements on: ➢ the Affordable Homes Programme (£7.5bn to 2024/25) ➢ Remediation to the highest risk buildings with unsafe cladding (£3bn); ➢ £639m which is a cash increase of 85% compared to 2019/20 for rough sleeping.
Criminal Justice	An additional £540m by 2024/25 to recruit 8,000 police officers to meet the government's commitment of 20,000 additional officers by 2023; Additional funding of £785m in 2024/25 to manage the increased number of offenders being brought to justice and reduce waiting times in the criminal courts.
Health	£4.2bn over the next three years for 40 new hospitals and over 70 hospital upgrades

Economic Forecasts

3.5.14 The Chancellor of the Exchequer announced a new set of fiscal rules to ensure delivery of the SR 2021 remains within the Government's means. This includes:

- To have public sector net debt (excluding the Bank of England) as a percentage of GDP falling by the third year of the rolling forecast period. In addition, HM Treasury will supplement this by:

  a. A target to balance the current budget by the third year of the rolling forecast period

  b. A target to ensure that public sector net investment (PSNI) does not exceed 3% of GDP on average over the rolling forecast period
  c. A target to ensure that expenditure on welfare is contained within a predetermined cap and margin set by the Treasury.

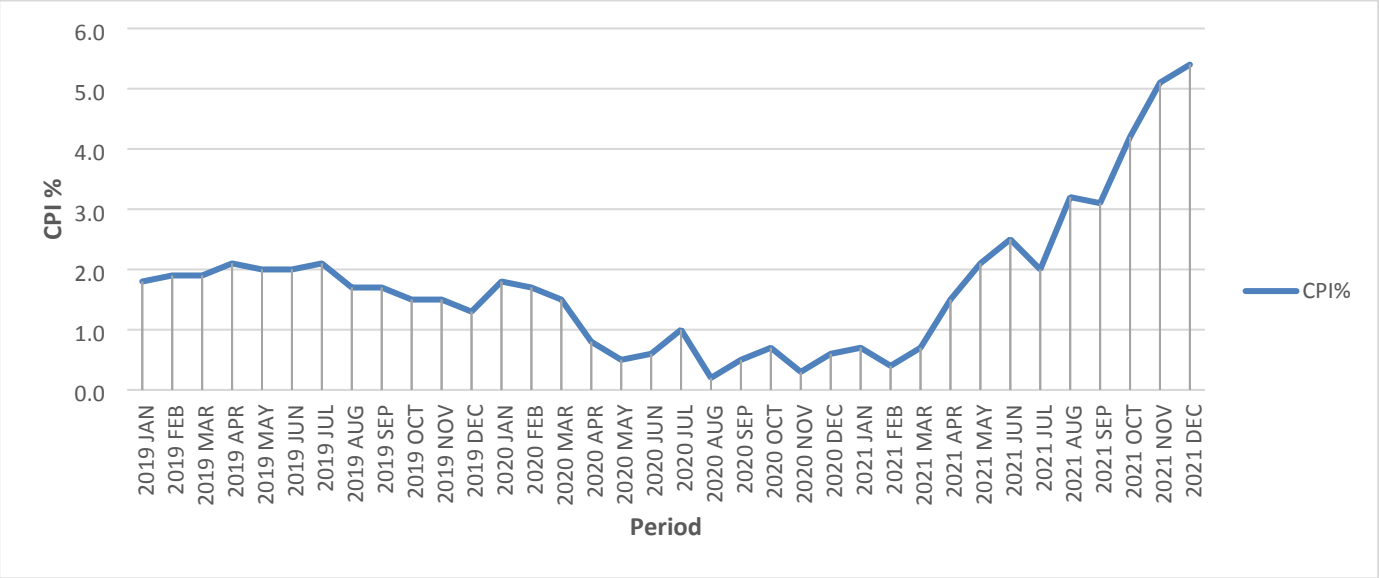
3.5.15 The economic forecasts as at October 2021 showed an improvement compared to previous announcements in March 2021 and signalled economic recovery from the severe effects of the pandemic. The forecasts indicated a rise in overall public spending and as well as taxation.

3.5.16 The improved forecasts were estimated to reduce the budget deficit by almost half to £183bn in 2021/22, £51bn lower than in the March 2021 forecast at which point borrowing reached a peacetime record of £320bn (or 15.2% of GDP) in 2020/21. Whilst this recovery is welcome, the Government still has a very large budget deficit with very high levels of debt to manage.

3.5.17 However, the issue that is now of more concern, particularly for the Council and residents is that of inflation. This was flagged as a risk in the SR2021 and was forecasted to peak at over 4% but would return to the accepted target level of 2% by 2023 or 2024.

Inflation and Cost of Living

3.5.18 Since the October SR, inflation has breached the assumptions above and was reported as at December 2021 at 5.4%:



3.5.19 A higher rate of inflation would put further pressure on council expenditure through rising energy bills and through the potential for wage demands to increase (these are mitigated to some extent in the budget setting assumptions).

3.5.20 High prices for goods and services will put further pressure on household finances, with individuals and families paying more for food, energy, housing costs, and other essentials. Many households in Slough will struggle to absorb those higher prices for a sustained period, which risks a reduction in savings and an accumulation of debt.

3.5.21 Households will experience lower levels of disposable income, which in turn will reduce consumption that drives local business and employment. Local businesses that have absorbed losses through the pandemic may find that the level of demand for their services does not pick up at a sustainable rate and some businesses may be forced to scale back or close.

3.5.22 These pressures on household and business finances could have a significant knock-on effect to council finances through a greater level of requests for emergency support, such as welfare payments and emergency accommodation requests, as well as households and businesses having a decreased ability to pay existing monies owed and accumulating new monies owed.

3.5.23 The outlook for inflation remains uncertain, with both the possibility that higher prices are sustained for a long period of time and that higher prices are a transitory feature of economic shocks caused by the pandemic. Regardless, higher prices are a reality now and the effects will be felt by households, businesses and the council during the year ahead.

Household Energy Costs

3.5.24 On 03 February 2022, the Government announced measures to assist households with the rising cost of household energy following an increase to the energy price cap effective from 1 April 2022. The support package includes:

- Household rebate of £150 for those in Band A-D properties. This rebate will not impact Council Tax but will use Council Tax data to identify eligible households. Local authorities will be refunded for the cost of the rebate as well as increased administrative costs. Local authorities will also receive £144m in discretionary funding to help people with their energy bills who are not eligible for the £150 rebate (e.g. those in Band E-H properties or those exempt from paying Council Tax.

- Energy Bill Discount Scheme. Domestic electricity customers will receive a £200 cash discount on their bills in the Autumn. Funding will be provided by the Government to energy suppliers, who will then pass this on to their customers in October 2022. Customers will repay the £200 to their suppliers in equal instalments over 5 years, starting in 2023/24.

3.6 Local Context

December 2021: Provisional Local Government Finance Settlement

3.6.1 The Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) announced the Provisional Local Government Finance Settlement for 2022/23 on 16 December 2021.

3.6.2 The announcements within the provisional settlement were broadly in line with the October SR 2021. Of the c£1.5bn of additional funding announced in SR21, the provisional settlement contained:

- £822m to fund a new one-off Services Grant.
- £636m to fund additional social care grants.
- £70m to apply inflation to RSG allocations.

3.6.3 The ongoing review of the Council's finances and the Capitalisation Direction adds complexity to establishing the full impact of the settlement. This includes the risk of delayed deliverability or feasibility of savings. Therefore, the additional resources from the settlement are to be held as contingency to mitigate against the above until the Council's finances and MTFS can be reset.

March 2021 Assumptions & Provisional Settlement

3.6.4 In March 2021, Full Council approved a Medium-Term Financial Strategy (MTFS) which included the following assumptions on all General Fund funding for 2022/23 to 2023/24. The net loss in funding in 2022/23 over 2021/22 was estimated at £9.880m.

3.6.5 Based on the information released, the Council identified additional funding of £5.596m in 2022/23 above its assumptions for 2022/23 in the March 2021 MTFS. However, approximately half of this may not be recurrent and so could be an issue for the years beyond 2022/23.

	March 2021				December 2021	
Grant	**Approved 2021/22 £'000**	**Estimated 2022/23 £'000**	**Estimated (Increase) / Decrease over 2021/22 £'000**		**2022/23 Provisional Settlement £'000**	**Actual (Increase) / Decrease over 2022/23 £'000**
Local Council Tax Support Grant	(2,329)	0	**2,329**		0	**0**
Collection Fund Compensation Grant	(1,141)	(1,141)	**0**		(1,141)	**0**
COVID General Grant - 21/22	(4,525)	0	**4,525**		0	**0**
COVID - Income Grant - 21/22	(1,850)	0	**1,850**		0	**0**
Revenue Support Grant	(6,257)	(6,351)	**(94)**		(6,451)	**(100)**
New Home Bonus	(1,095)	(547)	**548**		(1,422)	**(875)**
Social Care Grant	(3,333)	(2,883)	**450**		(4,661)	**(1,778)**
Public Health Grant	(7,535)	(7,535)	**0**		(7,535)	**0**
PFI Grant	(3,678)	(3,678)	**0**		(3,678)	**0**
Better Care Fund	(3,873)	(3,873)	**0**		(3,989)	**(116)**
Independent Living Fund	(317)	(317)	**0**		(317)	**0**
Lower Tier Services Grant	(272)	0	**272**		(291)	**(291)**
LCTS Admin Support Grant	(166)	(166)	**0**		(166)	**0**
Housing Benefit Admin Support Grant	(486)	(486)	**0**		(486)	**0**
2022/23 Services Grant (one-off)	0	0	**0**		(2,088)	**(2,088)**
Market Sustainability and Fair Cost of Care Fund	0	0	**0**		(348)	**(348)**
Total Funding			**9,880**			**(5,596)**

2022/23 Services Grant

3.6.6 Within the provisional settlement was the 2022/23 Services Grant which was funded by the additional resources announced in the SR2021 and is to fund general responsibilities. The Council's allocation is £2.088m for 2022/23.

3.6.7 DLUHC have since clarified that whilst this is labelled as a one-off grant, it will continue until 2024/25 but future allocations will be consulted upon shortly. Furthermore, the 2022/23 allocation will be excluded from any proposed baseline for transitional support as a result of any proposed funding reform changes.

New Homes Bonus

3.6.8 In 2021/22, the Council received £1.095m for the New Homes Bonus (NHB) grant and had anticipated a grant of £0.547m in 2022/23 and £0m in 2023/24. This reflected the assumption that NHB would continue to reduce and cease altogether. A consultation on the future of the NHB was launched by DLUHC in April 2021 but there is as at yet no update to the outcome of this.

3.6.9 The future of the NHB scheme remains uncertain and the Council will not assume anything in future years for this unless otherwise advised by DLUHC. However, for 2022/23, the Council is expected to receive £1.422m in NHB and this represents payments for years 9 and 12 of the scheme:

NHB Payments	2021/22 £m	2022/23 March 2021 Estimate £m	2022/23 Provisional Settlement £m
Year 8	(0.275)	0.000	0.000
Year 9	(0.547)	(0.547)	(0.547)
Year 10	0.000	0.000	0.000
Year 11	(0.272)	0.000	0.000
Year 12	0.000	0.000	(0.875)
Total Grant	(1.095)	(0.547)	(1.422)
Original Estimated Loss over 2021/22		**0.548**	
Net (Gain) for 2022/23			**(0.875)**

Social Care Grant

3.6.10 As anticipated from the SR2021, the provision settlement contained additional funding for Social Care and nationally this is an increase of £636m. The Council's allocation for 2022/23 totals £4.661m which is £1.778m higher than estimated for 2022/23 in March 2021.

3.6.11 This allocation includes an amount for "equalisation" to reflect that some authorities such as the Council cannot raise as much through the ASC Precept.

Improved Better Care Fund (IBCF)

3.6.12 The IBCF grant has been rolled forward again with an increase for inflation. In March 2021, the Council had assumed that this would be frozen, the gain therefore over March 2021 assumptions is £0.116m.

Market Sustainability and Fair Cost of Care Fund

3.6.13 This is a new grant totalling £162m nationally and in relation to social care reforms (preparing local markets for adult social care reform and to help move towards paying a fair cost of care) and has been distributed using the existing Adult's Relative Needs Formula. The Council's share of this is £0.348m.

Public Health

3.6.14 The Public Health grant is announced outside of the settlement by the Department of Health and Social Care (DHSC) and the allocation for 2022/23 was confirmed on 07 February 2022. The Council assumed in March 2021 that this would be frozen for 2022/23 but the DHSC have uplifted the grant by 2.81% which equates to £0.317m extra for 2022/23. The total grant allocation for 2022/23 is £7.851m.

Settlement Conclusion

3.6.15 The Ministerial statement on the settlement concluded with the indication that Government will revisit Local Government funding reforms assumed to mean the Fair Funding Review and Business Rates Reset "shortly."

3.6.16 Whilst this and the additional funding for 2022/23 is welcome news, the Council in particular needs more clarity on the proposed reforms and future funding streams (including New Homes Bonus) in order to reset it's MTFS.

Covid-19 and Local Government Reforms

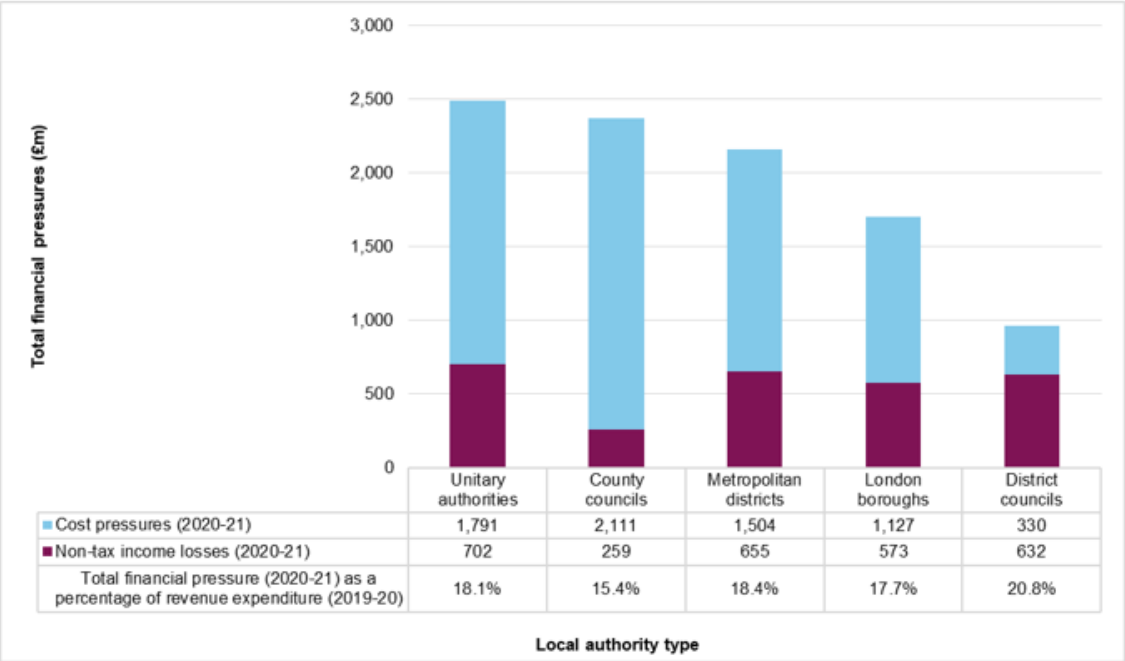
Pre-pandemic

3.6.17 In October 2021, the National Audit Office (NAO) reported on the overall state of Local Government finances. Their assessment summarised that before the pandemic, in additional to reductions due to austerity and rising service demands, local authorities were increasingly:

- reliant on reserves, new income sources e.g. commercial and reductions to service to balance their budgets
- dependent on local economies and residents for funding i.e. c83% of income in 2019/20 compared to c59% in 2010/11
- spending more of their budgets on social care c69% in 2019/20 compared to c59% in 2010/11.

Pandemic

3.6.18 The pandemic and restrictions introduced to contain the virus had significant impacts on the public sector and local government in particular e.g. additional cost pressures and disruption to services including those that raised income. The NAO estimated that Unitary authorities such as the Council on average had incurred pressures related to Covid-19 that equated to c18% of their 2019/20 revenue expenditure and incurred the highest level of non-tax income losses compared to other categories of authorities

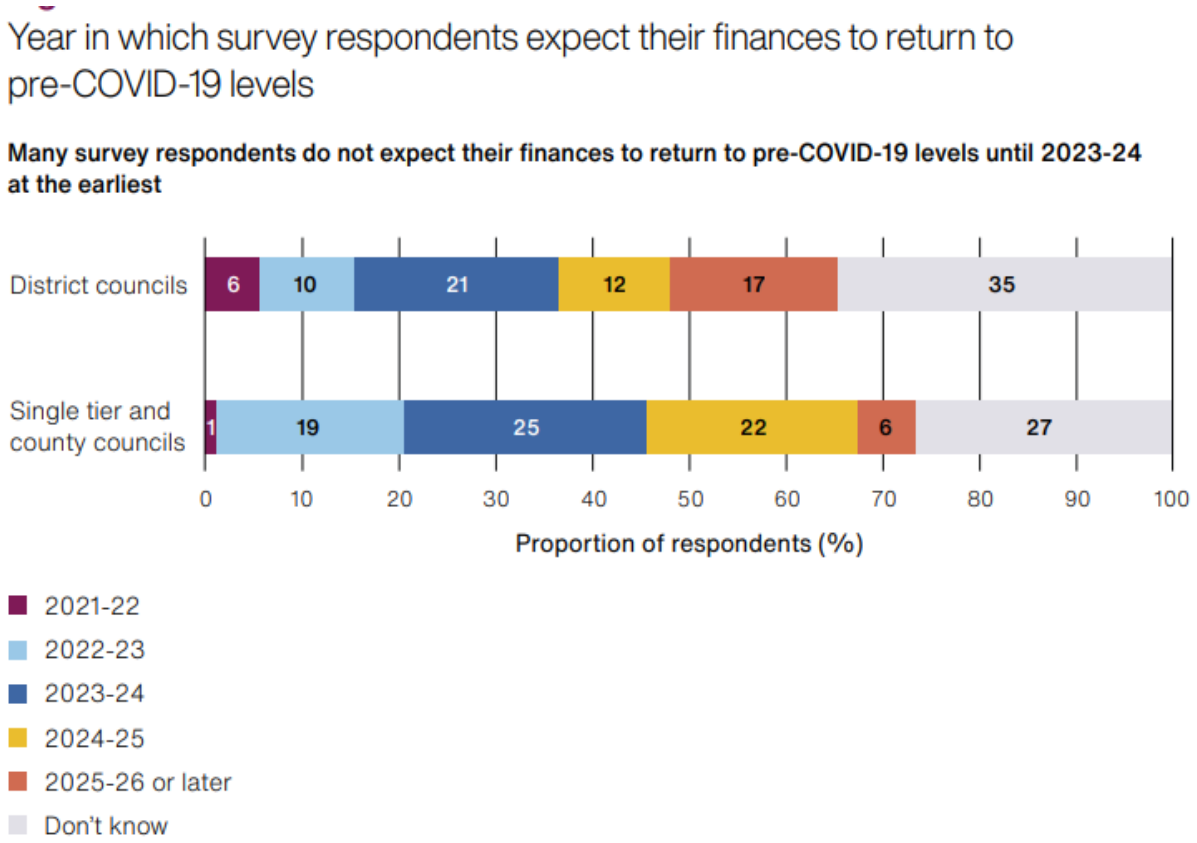


	Unitary authorities	County councils	Metropolitan districts	London boroughs	District councils
Cost pressures (2020-21)	1,791	2,111	1,504	1,127	330
Non-tax income losses (2020-21)	702	259	655	573	632
Total financial pressure (2020-21) as a percentage of revenue expenditure (2019-20)	18.1%	15.4%	18.4%	17.7%	20.8%

Source: National Audit Office, October 2021

Post-Pandemic

3.6.19 Compared to 2020/21, the severity of the pandemic has reduced and the overall signs have been that recovery (including the economy) is continuing, however, there are still sudden periods of uncertainty e.g. the effects of the Omicron variant in December 2021. A survey by the NAO shows that full recovery is not anticipated by the majority of respondents until up to 2024/25:



3.6.20 The issue for the Council is that resolving its current financial challenges will require a degree of certainty in order to set a realistic MTFS. The Council faces uncertainty from the continued effects of the pandemic on its residents and services

3.6.21 The negotiations for withdrawing from the European Union and then Covid-19 resulted in delays to Government decisions. These delays, depicted below mean that as of 2022/23, the Council is still reliant on a single-year view of funding from Government.

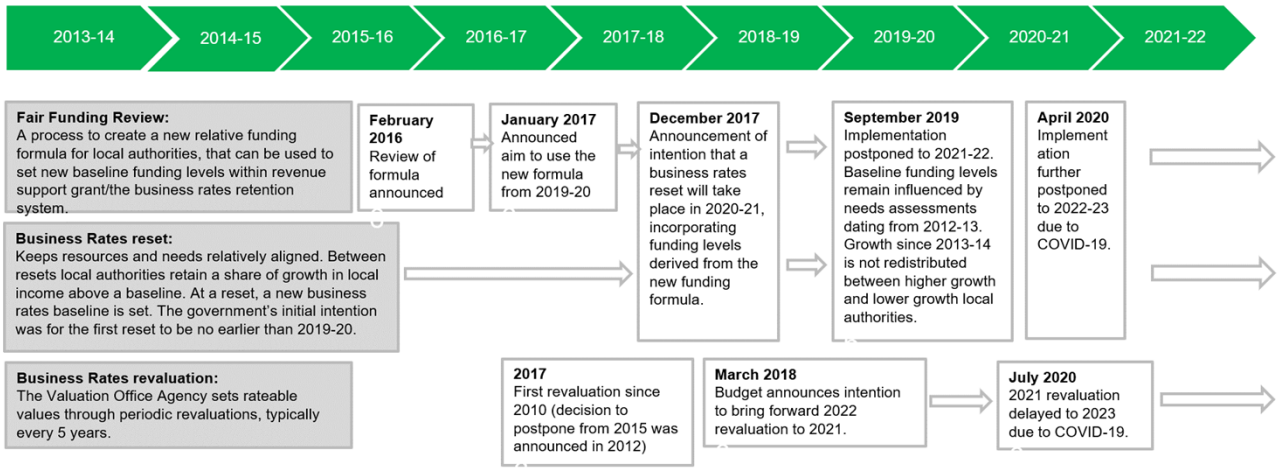
3.6.22 More specifically, the Fair Funding Review (FFR) sought to introduce new and update other formulae to re-calculate shares of funding from Retained Business Rates and Revenue Support Grant. These formulae have not been updated since before 2013/14 and so are vastly outdated. The review was initially meant to conclude for implementation in 2019/20.

3.6.23 Closely linked to the FFR is the Business Rates Reset which will for the first time since introducing Business Rates Retention, reset baseline levels of retained Business Rates and adjust for growth since 2013/14. This too was set to be implemented originally in 2019/20.

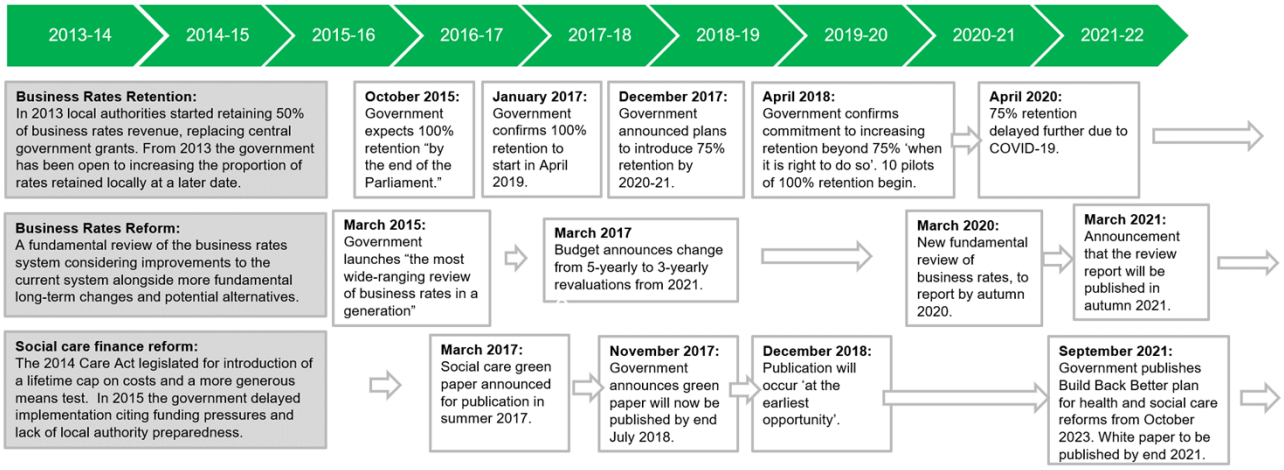
3.6.24 Following the FFR and Business Rates Reset are decisions on the longer-term arrangements for the Business Rates Retention scheme where the shares of retained rates were originally meant to increase from the initial 50% share in place of fewer grants from Government. The move to 75% retention was delayed in April 2020 due to the then scale of the pandemic facing the country.

3.6.25 Prior to the pandemic, there were calls from both industry and local authorities on reforming Business Rates itself. The significant adverse impact on businesses from the pandemic particularly on high street businesses such as retailers, hospitality and leisure has heightened this call for wider reforms.

3.6.26 Social Care funding reforms were first announced in March 2017 where a green paper was due to be published by Summer 2017. This paper was repeatedly delayed and in September 2021, the Government published its “Build Back Better” plan which included the announcement of the Health & Social Care levy funded by increased National Insurance contributions.



Source: NAO, Financial sustainability of local authorities 2018, March 2018; House of Commons Library, Reviewing and reforming local government finance, August 2020



Source: NAO, Planning for 100% local retention of business rates, March 2017; House of Commons Library, Reviewing and reforming local government finance, August 2020; House of Commons Library, Adult Social Care: government's ongoing policy review, September 2019

Levelling Up

3.6.27 On 02 February 2022, the Government published it's Levelling Up White Paper and outlined proposals for reversing the UK's geographic inequalities. It is expected that the funding reforms discussed above will now be address under the Levelling Up agenda.

3.6.28 The white paper sets out 12 "national missions" to be achieved by 2030 and enshrined in law under the Levelling Up and Regeneration Bill and the proposals of interest to Local Government are:

Theme	Proposal
Devolution	A new devolution framework which will set out options for places in England that wish to unlock the benefits of devolution so that every part of England that wishes to have a 'London-style' devolution deal will have one.
Transparency and Data	Transforming the Government's approach to data and evaluation through the creation of a new independent body to improve the transparency of local government performance.
Localism	Simplifying the local growth funding landscape
Localism	Utilising £16bn of the Local Government Pension Scheme for investments in local projects.
Localism	Decentralising the £2.6bn UK Shared Prosperity Fund to local leaders as far as possible.
Localism	Granting authorities the power to require landlords of empty shops to fill them if they have been left vacant for too long.
Localism	68 more councils to be supported by the High Streets Task Force.
Housing	All homes in the Private Rented Sector will have to meet a minimum standard – the Decent Homes Standard.
Education	55 Education Investment Areas (EIAs) will be designated where school outcomes are currently weakest and will benefit from intensive investment and support.

3.6.29 In light of the extent of the delays depicted above and change in scope of reforms, it is unknown at this time what this might mean for future funding. In fact, in

Autumn 2021, the Secretary of State had already suggested to a Select Committee that 75% Business Rates Retention may not proceed after all.

3.6.30 Given the uncertainties discussed above and the Council's ongoing financial challenges following the section 114 notice, a full MTFS is deferred until there is more stability evidenced in the Council's improvement work and until clarity is sought from DLUHC on their proposals for reforms.

3.7 Key Service Updates

Place & Community

3.7.1 The Directorate provides a broad range of services including planning and regulatory advice and enforcement, community safety initiatives, delivery of construction projects, provision of grounds maintenance, street cleansing, waste management, highways maintenance, adult learning, community development, leisure and library services.

Pre-Pandemic pressures

3.7.2 Prior to covid the primary focus was on regeneration delivery, highway construction, controlling the demand for temporary accommodation and improving the provision of housing services. The key pressures included:

- higher than budgeted costs for temporary accommodation
- high demand for housing repairs and maintenance
- income expectations for the DSO which were dependent on economies of scale from highways construction projects and the provision of chargeable waste collection services
- delivery of regeneration projects on time and to deliver income projections

Covid pressures

3.7.3 Covid lock downs have had differing impacts on the delivery of many of the Council's services. They have undermined income generating services notably leisure centres, libraries, parking and letting of Council buildings together with chargeable waste collection services. Face to face meetings are an important part of community based and housing officer work and these services have had to adapt to new ways of working to keep going. Along with all other social housing providers, there has been a build up a backlog of non-essential repairs which took time to work through once restrictions were lifted. More positively, core outdoor services of waste collection, street cleansing, grounds maintenance and highways maintenance were sustained throughout covid lockdowns. The all-in service providing accommodation to rough sleepers has seen focussed support enabling a return to mainstream living for many.

Continuing impact of C19 on the service now

3.7.4 The Councils libraries and buildings are yet to return to being fully open and footfall at the leisure centres is building back up. Staff illness with covid and self-isolation continues to put pressure on services.
Post-Pandemic risks/opportunities

3.7.5 Covid restrictions has given office-based staff experience of working from home. Some disciplines have found that this is more effective than working in the office but this is not the case for all teams. Enabling teams to have the option to return to office working will ensure that where staff work from brings the best overall outcome, whether that is at home, in the office or from a drop-in centre such as a library or a locality hub.

Section 114, Recovery and future direction of service

3.7.6 The directorate will pivot from provision of regeneration and construction projects to enabling others to do so. This requires a strong Local Plan and investment in Economic Development officers so that property developers understand what we need where and how we can support them in providing this.

3.7.7 Disposal of buildings and land is essential to paying off our debt and reducing interest payments, teams previously involved with managing construction projects will reorientate to work in asset disposals and leases.

3.7.8 Services will move to self-service wherever practicable including, for instance, operational services such as litter picking and aspects of grounds maintenance in parks and open spaces through the coordinated encouragement, training and support of volunteers.

MTFS update

3.7.9 The Directorate will be reduced in size to reflect the reduced number of services that are to be provided and the reduced volume of activity required of from remaining services. Income generating teams will be sized so that they are fully supported by income, wherever practicable, through monitoring of performance metrics and management of productivity.

3.7.10 Where possible, displaced staff will be redeployed to realigned services and activities and branding of teams will be simplified so that it is easily understood and communicated what they do and who does it. Unnecessary tasks and services will be stripped out to focus on doing the basics well.

3.7.11 Budget holders will be provided with accurate accounts and will be held to account for controlling costs and achieving income targets. Costed savings plans will be monitored to ensure that they are delivered with alternative plans implemented where we encounter previously unknown issues or experience demand pressures from these or other areas.

People: Adults

Pre-Pandemic pressures

3.7.12 Before the pandemic started adult social care was already experiencing a range of pressures leading to increased activity and the council finances. The priority then as is it is now – to support people with social care needs to live independently at home with as much choice and control of the care they receive as possible. Increasing numbers of people were being referred to adult social care and this led to an increase in assessments, safeguarding work and new care plans to meet people's needs.

3.7.13 As well as an increasing number of new people requesting support, the levels of need of people who were in receipt of social care was also increasing. This increasing level of dependency added to people having an increasing range of multiple conditions led to increase in the level of hours that people required to be supported often with two carers needed to support people at any one time. Adult social care has a good relationship and support of the local provider services – but pre-pandemic the service were beginning to see increasing pressures on recruitment and retention of social care staff as well as inflationary pressures and levels of price for services above levels that the council was able to afford.

3.7.14 Direct Payments were seen as a good option to deliver value for money as well as meeting people's needs well and the Council was seeing increasing numbers of people taking their care option as a direct payment and taking control of their care and support.

Continuing impact of C19 on the service now

3.7.15 During and since the pandemic started adult social care has seen a continued and increasing levels of demand for assessment and support and increasing workforce and provider pressures.

3.7.16 The Council is supporting more people than ever before with social care needs and paying more for the care that people receive. Peoples' level of dependency has continued to increase, and this is likely to continue further as the Council fully understands the impact of covid on people who have care needs especially the impact of long covid.

3.7.17 The focus on keeping people safe and ensuring that people are discharged safely and well through the discharge to assess programme has led to more people being discharged from hospital with social care needs than ever before. The long-term financial impact of this is still unknown but is a significant risk for Slough as it is for other councils.

3.7.18 The Council has been delivering a successful adult social care transformation programme that has helped manage some of the impacts of the pandemic but the focus on managing through the pandemic has meant that some key commissioning activity had to be put on hold.

3.7.19 The Government's one-off funding support for social care although helpful has not been easy to manage as new and existing grants require time and resources to ensure that best value is achieved. A sustainable funding offer for social care would be more helpful rather than the one-off funding/grants.

3.7.20 The social care provider market has managed well throughout the Pandemic but a reduction of workforce and rising inflation and costs is leading to increasing prices that other local councils and the NHS are paying leading to a significant distortion of sloughs social care market and prices.

Post-Pandemic Risks and Opportunities

3.7.21 There are significant risks post pandemic for adult social care in Slough. These include:

- a reduction in the social care workforce – with people choosing to leave the workforce for better pay and less stressful work and recruitment into social care becoming harder for the same reasons.

- staff across all parts of adult social care in Slough have worked hard and tirelessly over the last two years but the workload is very demanding

- all parts of adult social care are facing increasing costs and inflation pressures as well as the need to pay the workforce more to ensure people stay and people can be recruited.

- Slough may not be able to secure sufficient resources as the price Slough can afford to pay will be less than other local councils will be paying – this could lead to hand-backs of care and reduced capacity for new care requests.

- more people needing support than planned as people's health and mental health has been impacted by the pandemic. The impact of long covid on adult social care demand is uncertain too.

- the impact of the discharge to assess programme – with the Government funding for the first 6 and then 4 weeks ending in March 22 as well as the long-term impact of the numbers of people discharged from hospital during the pandemic – could leave the council with increased costs.

- increasing levels of dependency and therefore costs

- not being able to deliver the social care reform or Integrated care system changes that will be required during 2022 and 2023 due to lack of capacity and resources.

3.7.22 There are some opportunities for adult social care. These include:

- successful delivery of the ASC transformation programme.

- Social care reform will bring additional funding to meet new burdens and existing responsibilities – although it is likely that this new funding will not match the cost of the new burdens.

- the Health and Care Bill and integration white paper could bring changes that support Slough residents with improved health and wellbeing

Section 114 Recovery and Future Direction of Service

3.7.23 The delivery of the adult social care transformation programme is key to the delivery of the adult social care strategy and ensuring that the service can live within its budget and also ensure it is meeting its statutory responsibilities.

3.7.24 Promoting people's independence to support them to live at home with as much choice and control over their lives as possible as well as ensuring people are safe will remain the key direction of travel for adult social care. Enabling this to happen in an integrated way with the local Integrated Care System as well as opportunities for more joint working across east Berkshire councils will provide options to support this delivery.

MTFS update

3.7.25 Adult social care has a good track record of delivering against agreed savings – including a previous successful transformation programme. But even with these savings the budget has not kept pace with increasing number of people/complexity of needs and increasing costs across all parts of adult social care.

3.7.26 The new transformation programme 2021-24 will deliver changed ways of working and deliver efficiencies and cost savings and deliver better outcomes for residents with social care needs.

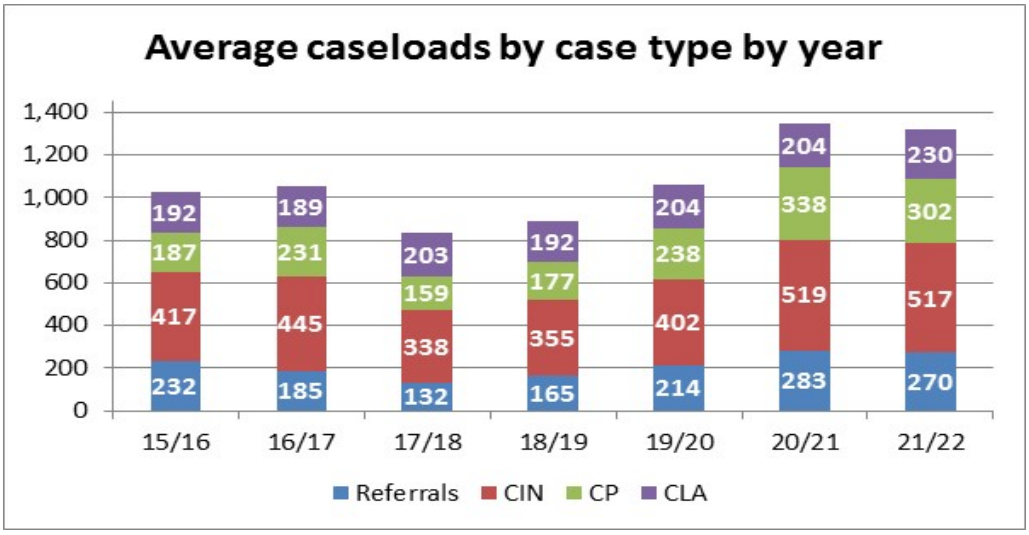
3.7.27 The social care reform, including changes to financial charging will also need some dedicated resource to ensure the changes are delivered well and are aligned to the transformation programme and the adult social care strategy.

Slough Children First

Pre-Pandemic pressures

3.7.28 Slough Children First had seen a sharp increase in the numbers of referrals into social care in the second half of 2019/20 leading up to the pandemic. Referrals into social care averaged 266 per month in the second half of the year, compared to 166 from the previous year, addressing the rising neglect and abuse of children in Slough.

3.7.29 The impact of the increasing caseloads adding pressures to the social work case holders, resulting in an increase in the levels of turnover of staff and the subsequent demand for agency workers to meet the new demands.



3.7.30 Slough Children First undertook an organisation restructure just prior to the pandemic, making a number of staff redundant and reshaping services to ensure capacity to meet demand in the right areas, increasing the number of social worker posts in the structure by 8, giving rise to meet capacity of 1,600 cases. Although this helped address the pre-pandemic pressures, it did not meet the demands falling out from the pandemic.

3.7.31 The rising cases also impacted on legal spend, with the number of legal proceedings rising from 30 children in proceedings and 25 in Public Law Outline (PLO) to 85 children in proceedings with a further 3 pending, and 23 in PLO by December 2020. The impact of pre pandemic legal fees is an estimated increase of £360k.

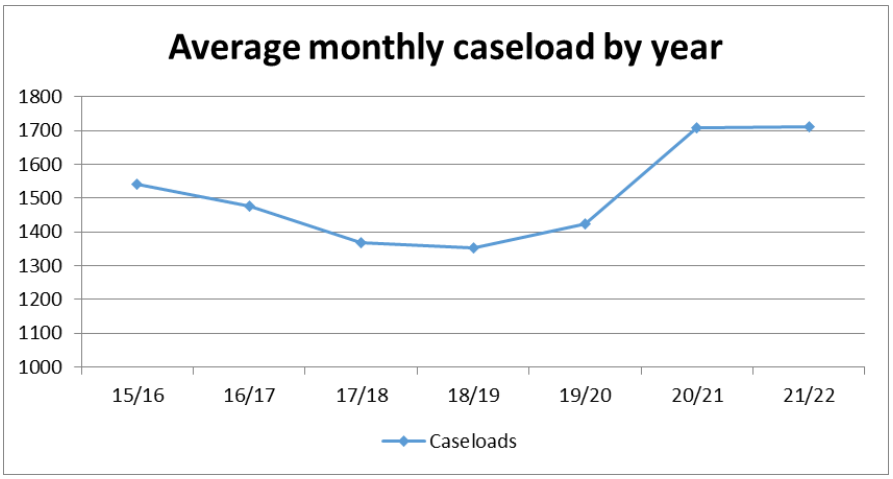
Impact of Covid

3.7.32 Covid has had a significant impact on children services, with rising food poverty, levels of alcohol and drug abuse and a significant increase in the level of mental health concerns for young people, resulting in increased referrals into social care nationwide. This has not only increased demands on social care workers, but has had a significant bearing on children looked after placements, with increases in demand on a short supply.

3.7.33 Staffing has been a significant issue for the company during the Covid period. Turnover has on average been at 21% pre pandemic, with the highest turnover seen in front line services. During the pandemic, turnover is now at an average of 34%.

3.7.34 Caseloads fell initially in 2020/21 during the 1st lockdown, referrals had reduced significantly with schools being closed and many other professionals not having contact with families. Social workers were able to close cases, taking caseloads down to 1,454 by the end of March 2020 from an all time high of 1,745 in January 2020. However, referrals into social care started to rise rapidly, and by November 2020, caseloads had reached a peak of 1,891.

3.7.35 Slough Children First had modelled for projected increases in caseloads and were early to market to bring in additional teams to help address the demands on service. 3 teams were brought in at a cost of £1,128k in 2019/20. Caseloads have remained much higher than pre-pandemic levels, averaging 1,708 per month in 2020/21 and 1,710 year to date in 2021/22, compared to 1,404 annual averages from 2016/17 – 2019/20.



3.7.36 This also led to significant staffing pressures and consistently high levels of turnover. This resulted in the need to retain three Innovate teams, each team comprises five social workers a manager and administration support to cover a specific caseload.

3.7.37 Legal proceedings have remained high, and with complexities in need along with delays in court, has led to further increases in legal spend. Current year estimates appear to show continued rising solicitor costs by approximately (£70k), plus

higher hourly rates (£70k). During the pandemic due to court delays, volumes and complexity of cases requiring additional expert advice, disbursement costs have increased on average £360k per year. Delays in court hearing due to the pandemic mean proceedings now take on average 41 weeks as compared with prior to the pandemic of 26 weeks. Overall, the legal costs for 2021/22 are likely to peak at around £1,948k due to all these combining factors, a rise of £700k from 2019/20 spend of £1,247k. The Joint Legal team estimate that 15% of charges for hours are driven by Covid.

3.7.38 Children Looked after numbers have increased by 52 from 196 at the beginning of the pandemic to 248 at the end of November 2021. 22 of these are from growth in Unaccompanied Asylum Seeking Children (UASCs), with the remainder from within the community. Although it is difficult to identify specific cases as being due to the impact of Covid, it is no doubt that volumes are increasing faster than ever before as for the four years prior to Covid, annual average volumes were fairly stable at around 193. Growing volumes of young people in care leads to pressures on the availability of local provision for placements resulting in placements at distance and at unit rates we have little negotiation over due to national placement shortages. Complexity of cases and the limited availability of placements is leading to increases in average unit weekly rates of £11 per week per placement between 2020/21 to 2022/23.

Post-Pandemic Risks and Opportunities

3.7.39 The company has seen significant growth in the numbers of UASCs. Slough Children First signed up to the National Transfer scheme (NTS) in July 2021, but now there is a formal direction to do so. The organisation has seen huge growth in volumes presenting to Slough, four from the NTS, but the overwhelming majority (21) have come from the dispersal hotel in Slough. These referrals were initially assessed as adults by the Home Office through a short form Merton assessment, but the young people, with the help of legal advice are challenging this. Until the age dispute is decided, the organisation is responsible for their care, with the risk that costs will not be refunded by the Home Office. Placement costs of £52k plus £50k of legal costs have been already incurred on four young people now deemed to be adults, which are not the responsibility of the company, however we have a legal obligation until the age can be defined. Legal challenge in UASC cases disputing age assessments is putting pressure on legal costs this year, but with growth of an additional expert social worker in the Children Looked After service, it is hoped that a more streamlined and timely approach to age assessments and Home Office notification will reduce this risk of further challenge.

3.7.40 The 0.07% quota for Slough is 30 and the company are currently supporting 31. It is forecast that these 31 will cost the Council around £1m this year, with grant income of £813k, leaving a significant shortfall on the costs incurred. There is risk attached to the £813k income forecast with some disputed cases. There is an opportunity to apply for exceptional costs funding from the Home Office, but the funding pot equates to £13k per authority.

3.7.41 Staffing remains a key priority for the organisation in terms of increasing the numbers of permanent workers in key front-line posts. A stable workforce not only provides a more cost-effective staffing model, but will deliver improved outcomes for children and families from stability in their social worker. The efficiencies to be gained could be significant, with greater ability to rehabilitate children back home and out of care, reducing numbers in care and associated costs. Delivering more

effective legal processes by gaining confidence of local judges through stability of workers and learning of the court systems.

3.7.42 The development and implementation of the workforce strategy is targeted to address these concerns, but this is not a short win. The introduction of the strategy is a key part of savings targets to reduce agency spend. The development of a comprehensive recruitment and retention strategy aimed at improving the ratio of key front-line posts from 54% perm to 64% permanent staff. In order to achieve this the organisation is looking at pay and award structures, as well as recruitment initiatives such as international recruitment which has so far proved successful, additional ASYE cohorts, the conversion of agency to permanent and direct recruitment.

3.7.43 Savings attached to this are £1,089k, along with the assumption that some of the overspend for 2021/22 will be reduced through the release of the Innovate teams. The national shortage of social workers is forcing increases in rates and salaries in a very competitive market with qualified and experienced social workers having their pick of employee and terms and conditions.

3.7.44 Early help services moved to the company on the 1 July 2021, work is ongoing at developing a more targeted service with the aim of diverting referrals in statutory services. This will take a little time to embed, training staff to work with key areas of need, and planning on signposting existing workload into the community to create the capacity to address the more targeted support needs.

3.7.45 The company is looking to go to tender on a number of new initiatives to develop sufficiency of placement closer to Slough, development strategic partnerships with local providers. This is intended to drive better rates for our young people, but also better services with improved outcomes, delivering longer term savings. Having greater local provision will also reduce travel time for social workers having to undertake regular visits, creating capacity in the workforce.

3.7.46 The commissioning activity is looking to develop the 16+ market, working with young people towards independence at 18 and the ability to hold down a tenancy of their own. Options to delivering support to those most vulnerable, rather than the current standard offer in the market, creating a more flexible and value for money solution are being reviewed.

3.7.47 The commissioning team are working with providers to look at newly developed residential offerings in slough for the children with most complex needs, but providing them the opportunity to stay closer to friends and family and maintain their school placement.

3.7.48 Slough Children first are looking to develop the in-house fostering service, having recently received a ‘good’ Ofsted rating from being inadequate, it provides a platform to build from. The new management of the team have started to build greater stability in the workforce and with the development of strategies allowing a greater focus on the needs ahead.

General MTFS Update

3.7.49 The forecast outturn position for the organisation is a loss of £915k against budget. Pressures in placements due to a growth in the number of looked after children, including UASC’s, Innovate teams to help manage high caseloads,

increased agency rates and legal fees are offset by savings in non-case holding vacancies and additional income from public health and for Covid related costs.

3.7.50 Staffing initiatives to increase the number of ASYE's and recruitment from overseas for experienced social workers is an area of work that is leading to improving numbers of permanent workers and reducing costs. A pilot for semi-independent provision as an alternative to residential care is delivering placement savings and other commissioning activity is seeing improving rates for 16-18 year-old in case.

3.7.51 Slough Children First has identified net savings of £2,673k for 2022/23 after covering growth of £2,052k, total savings of £4,725k

3.7.52 The interim business plan for Slough Children First for 2022/23 to 2024/25 sets out the company's strategic priorities over the next three years. The plan illustrates how the priorities will be delivered and how the impact of the plan will be measured through the outcomes achieved for children and their families in Slough.

3.7.53 The interim plan was approved by Cabinet on 21 February 2022.

3.8 Financial Context

Foundation

3.8.1 An authority's Medium-Term Financial Strategy (MTFS) integrates strategic and financial planning over a defined period e.g. four-years. It translates Strategic Plan priorities into a financial framework to enable Members and Officers to ensure policy initiatives can be delivered within available resources which are aligned to priority outcomes.

3.8.2 The Council's last approved MTFS from March 2021 Full Council for 2022/23 estimated a shortfall to a balanced budget of £13.026m. Following the issue of the s114 notice in July 2021, the estimated position for 2022/23 was revised to take account of an estimated increase in the deficit on Business Rates resulting in a total savings requirement for 2022/23 of £19.959m:

	2022/23			
	March 2021 MTFS £'000	Changes to Funding Assumption £'000	Further Savings Required £'000	July 2021 MTFS £'000
Forecast Expenditure	**139,885**			**139,885**
Savings Required	**(4,933)**		(15,026)	**(19,959)**
Net Forecasted Expenditure	**134,952**	0	(15,026)	**119,926**
Estimated Funding Available	**(121,926)**	2,000		**(119,926)**
Shortfall to Balanced Budget	**13,026**	**2,000**	**(15,026)**	**0**

3.8.3 The position above is separate to the financial deficits and pressures that have been identified following the s114 notice. This is discussed in more detail further below.

2022/23 MTFS and Budget Build before Financial Deficit & Capitalisation

3.8.4 The savings requirement above of £19.959m is to fund the unavoidable pressures on the Council's budgets from inflation, demands on services and changes to the Council's overall funding envelope from Council Tax, Business Rates and Government grants. This is broken down as follows:

2022/23 Budget Build Summary (£'000)								
Breakdown	Demand growth £'000	Contract Inflation £'000	Pay Inflation £'000	Corporate Movements £'000	Final Funding Changes £'000	Sub-Total £'000	Savings Required £'000	Balanced GF Position before Financial Deficit funded by Capitalisation
Service Directorates	1,947	2,788	1,443	857	0	**7,035**	(19,959)	**(12,924)**
Other Council Wide Budgets	0	0	0	(2,643)	6,612	**3,969**	0	**3,969**
Below the Line Funding	2,000	0	0	13,694	(6,739)	**8,955**	0	**8,955**
Total	**3,947**	**2,788**	**1,443**	**11,908**	**(127)**	**19,959**	**(19,959)**	**0**

3.8.5 Due to the significant financial deficit facing the Council which is compounded by the continued uncertainty on future funding, in place of a traditional MTFS, the Council's projected deficit from the capitalisation direction which includes a targeted level of savings will serve as a MTFS during 2022/23.

3.8.6 The capitalisation direction is discussed in more detail below and specifically its impact on the Council's budget and funding.

Financial Deficit & Capitalisation Direction

3.8.7 The Capitalisation Direction is broken down into three elements:

- Up to 2021/22 financial deficit
- 2022/23 budget deficit
- post 2022/23 projected deficit to balanced budget

3.8.8 The estimated base case for the financial deficit that the Council is seeking a capitalisation direction from DLUHC is estimated at £478.7m:

Capitalisation Direction Breakdown	Up to 2021/22 £'000	2022/23 £'000	Projected Post-2022/23 £'000	Total £'000
Estimated Financial Deficit	223,064	84,055	171,571	**478,690**
Total CD	**223,064**	**84,055**	**171,571**	**478,690**

3.8.9 The estimated deficit for the period up to 31 March 2022 of £223.1m includes historic errors and prior period accounting adjustments which without financial support from DLUHC would result in the Council having a negative level of balances and reserves.

Up to-2021/22 financial deficit

3.8.10 The financial deficit of £223.1m for the period to 31 March 2022 is broken down as follows:

Breakdown of Capitalisation Direction	Pre-2019/20 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	Total £'000
Forecast Outturn Position	0	2,950	6,942	1,000	**10,892**
Minimum Revenue Provision (MRP)	32,871	5,348	13,586	18,226	**70,031**
Companies & Subsidies	0	500	300	17,500	**18,300**
Original Capitalisation Direction	0	0	0	12,200	**12,200**
Incorrect capitalisation of staff costs	28,838	9,360	5,104	2,086	**45,388**
Increase Reserve Levels	0	0	0	20,000	**20,000**
Additional Growth for new years of MTFS	0	0	0	1,065	**1,065**
Emerging Pressures, Contingencies, and Provisions	0	22,000	0	23,188	**45,188**

Total	61,709	40,158	25,932	95,265	223,064

3.8.11 The majority of the financial deficit up to 31 March 2022 can be attributed to:

- inadequate minimum revenue provision – the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 is £70m, with a further £29m needed for 2022/23

- inadequate provisions estimated at £25m (of which £11m is for bad debts) in a range of areas including bad debts such as adults social care, sundry debts and insurance

- incorrect capitalisation of revenue costs totalling £48m, the majority of this is for the period to 2021/22 which includes £22m of costs incorrectly capitalised relating to transformation funding, £8m for incorrectly recognised overage costs and £16m for incorrectly capitalised costs of property and IT staff to projects

- non receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£21m

- inadequate budget estimation and failure to deliver planned cost savings

2022/23 Budget Deficit

3.8.12 Separate from the inflationary and demand pressures on services discussed in above which are funded from proposed savings, the Council has identified £84.1m of pressures for 2022/23 following the issue of the s114 notice. These pressures which result in a deficit against the 2022/23 budget have been presented to DLUHC as part of the capitalisation direction:

Breakdown of Capitalisation Direction	2022/23 £'000
Budget Pressures Brought-Forward	1,000
Minimum Revenue Provision (MRP)	28,985
Companies & Subsidies	2,300
Original Capitalisation Direction	3,000
Incorrect capitalisation of staff costs	2,450
Increase Reserve Levels	1,000
Fund Redundancy Costs for 2 years	7,500
Additional Growth for new years of MTFS	1,065
Emerging Pressures, Contingencies, and Provisions	31,755
Sub-total Financial Deficit	**79,055**
Additional Capitalisation of Existing Expenditure	5,000
Total Capitalisation Request for 2022/23	**84,055**

3.8.13 The majority of this estimated budget deficit for 2022/23 is attributed to:

- emerging pressures, contingencies and provision of £31.8m and this includes:

  a. £9.1m in resilience for corporate functions
  b. £7.5m to fund invest to save, transformation and project costs e.g. ICT as a means to generate ongoing efficiencies and improve service delivery
  c. £6.5m to address historic budget pressures e.g. unachievable savings, under-stated pressures etc
  d. £4.1m to correct treasury and capital financing costs or interest payable and interest receivable between the GF and HRA.

e. £2.3m to be held as a contingency against savings offered in 2022/23 in case of delays or issues with deliverability
f. £1.1m to address budgetary issues with insurance for the Council
g. £1m to fund the cost of Government appointed Commissioners in response to the s114 notice and independent reviews.

- costs totalling £29.0m for Minimum Revenue Provision as a result of past decisions on borrowing and to finance the capitalisation request to DLUHC

- an estimated amount of £7.5m for redundancy costs in 2022/23 and further £2.3m of pressures originating from Council owned companies such as impairments on loans and commitments to fire health and safety costs.

2022/23 Budget Deficit and Capitalisation Direction

3.8.14 In proposing the 2022/23 revenue budget for the Council it is important to make a distinction between the funds available from Council Tax, Business Rates and Government grants i.e. the "base budget" and the final budget requirement which incorporates all the costs the Council needs to meet. The difference between the base budget and the budget requirement forms the deficit which has to be funded by the capitalisation direction.

3.8.15 The Council's base budget for 2022/23 is £107.6m and reflects changes for:

- growth for pressures and inflation which are funded by proposed savings
- virements to adjust for one-off grants for Covid and other agreed movements between directorates
- realigning specific grants to services from "below-the-line"
- other changes such as previous MTFS assumptions from March 2021 and final funding changes

3.8.16 The Council's budget requirement for 2022/23 is £191.7m compared to available funds of £107.6m therefore resulting in a budget deficit of £84.1m which will need to be funded by the capitalisation direction.

2022/23 Budget Build	2021/22 Base Budget £'000	Virements £'000	Growth for Pressures and Inflation £'000	Other Changes £'000	Savings Proposed £'000	Re-Mapped Grants £'000	2022/23 Base Budget £'000	Deficit £'000	Capitalisation Direction £'000	2022/23 Proposed Budget £'000
Service Directorates	123,390	(2,799)	6,178	857	(19,959)	(19,254)	88,413	17,953	0	106,366
Corporate Budgets	12,415	2,799	0	3,969			19,183	66,102	0	85,286
Net Expenditure Budget	135,805	0	6,178	4,826	(19,959)	(19,254	107,596	84,055	0	191,651
GF Funding	(135,805)	0	2,000	6,955	0	19,254	(107,596)	0	(84,055)	(191,651)
Net GF Position	0	0	8,178	11,781	(19,959)	0	0	84,055	(84,055)	0

Key Components of 2022/23 Budget

3.8.17 It should be noted that to deliver the Council's policy priorities and a balanced budget which is currently projected to be achieved by 2028/29, very significant savings to the Council's net base budget will be required year on year amounting to £20m each year.

3.8.18 This annual reduction will be challenging to deliver and to put this into context, the Council's net revenue base budget is c£107m and of this debt charges will total c£32m or c30% of net revenue for 2022/23 (excluding investment income). In addition, the deficit on the Pension Fund is £5m or 5% of net revenue. In essence c35% of the net budget is committed before any savings can be made.

3.8.19 The key components of the 2022/23 proposed budget by Directorate are:

- Growth for Pressures and Inflation:

	Demand growth 2022/23 £'000	Contract Inflation 2022/23 £'000	Pay Inflation 2022/23 £'000	Total £'000
Resources	0	233	348	**581**
Place & Community	1,152	338	472	**1,962**
People (Adults)	795	2,000	201	**2,996**
People (Children)	0	0	162	**162**
Slough Children's First	0	217	260	**477**
Other Funding	2,000	0	0	**2,000**
Total	**3,947**	**2,788**	**1,443**	**8,178**

- Other changes which include adjustments for assumptions in the March 2021 MTFS such as reversal of Covid spend funded by a one-off grant in 2021/22, reversal of budgeted contribution to reserves in 2021/22 and final adjustments for funding changes:

Directorate	Other Changes		
	March 2021 MTFS Adjustments £'000	Final Funding Changes £'000	Total £'000
Place & Community	857	0	857
Corporate Budgets:			
Treasury Management	3,075	0	3,075
Other Corporate Budgets	0	0	0
Pension Deficit	750	0	750
Covid Contingency	(6,025)	0	(6,025)
Corporate Contingency	941	7,274	8,215
Contribution to Reserves	(2,046)	0	(2,046)

Parish Precepts	0	0	0
Other Funding	0	6,955	6,955
Total	**(2,448)**	**14,229**	**11,781**

- Savings proposed by Directorate:

Directorate	Savings Proposed £'000
Resources	(2,824)
Place & Community	(7,453)
People (Adults)	(5,900)
People (Children)	(1,109)
Slough Children's First	(2,673)
Total	**(19,959)**

3.8.20 Appendices A1 to A3 presents the proposed budgets and changes for 2022/23 in more detail.

Equalities Impact Assessments

3.8.21 It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2022/23 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis. In making any decisions we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010.

3.8.22 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

3.8.23 Attached to this report as Appendix G is a set of Equalities Impact Assessments that discusses the most significant equality pressures for each service area, informed by an equality analysis. This includes a review of proposed budget changes for 2022/23 e.g. proposed savings and what positive or negative impacts, if any there are from approving these on groups in the Slough.

Post 2022/23 Projected deficit to balanced budget

3.8.24 The financial deficit is projected to extend beyond 2022/23 and requires additional support through further Capitalisation Directions of existing expenditure to assist the Council to reach a stable position with a balanced budget.

3.8.25 This projection assumes that that the Council will be able to deliver year on year savings of £20m per year and that the ongoing support described above will be agreed by DLUHC.

3.8.26 Based on current estimates and known information, the Council's deficit in 2023/24 after assumed funding from Council Tax, targeted savings and additional

capitalisation of existing costs would be £66.2m reducing to £0m by 2028/29. Over the period to 2047/48 this would be a total cost of £171.6m:

Breakdown of Capitalisation Directive	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 to 2047/48 £'000	Total £'000
Additional Growth for new years of MTFS	3,000	11,100	11,100	11,100	11,100	11,100	11,100	199,800	**269,400**
Companies & Subsidies	(1,800)	0	(500)	0	0	0	0	0	**(2,300)**
Emerging Pressures, Contingencies, and Provisions	(585)	300	3,000	9,000	(1,000)	4,000	4,000	72,000	**90,715**
Fund Redundancy Costs for 2 years	0	(7,500)	0	0	0	0	0	0	**(7,500)**
Minimum Revenue Provision (MRP)	2,022	(1,414)	(5,498)	(8,843)	(9,507)	703	364	(2,210)	**(24,383)**
Opening MTFS Gap - March 2021	9,298	0	0	0	0	0	0	0	**9,298**
Original Capitalisation Direction	(3,000)	0	0	0	0	0	0	0	**(3,000)**
Roll forward of budget pressures	79,055	66,190	46,876	33,178	22,635	1,428	1,264	0	**250,626**
Council Tax statutory increase (assume 2.99% per year)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(1,800)	(32,400)	**(45,000)**
Annual Savings Requirement	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(14,167)	(14,928)	(237,190)	**(366,285)**
Net Estimated Deficit	**66,190**	**46,876**	**33,178**	**22,635**	**1,428**	**1,264**	**0**	**0**	**171,571**

Reserves and Balances

3.8.27 Local authorities hold balances such as the General Fund and Housing Revenue Account balance as well as earmarked reserves for different reasons but typically as a means to:

a. **Cover unforeseen spending pressures** – for example a major flood or other incident could have a big, uninsurable, impact on Council services. This would place undue pressure on the budget.

b. **Manage general risk and uncertainty** – councils operate in very uncertain times, where there can be significant changes to in year funding. This means that councils need to hold reserves to protect themselves against big funding shifts and buy them time to bring their budget into balance.

c. **Meeting known risks and future commitments** – often these are known as earmarked reserves. These are reserves held for a specific purpose, for example an insurance reserve,

d. **Holding monies on behalf of other bodies** – the schools revenue balances are an example of this.

3.8.28 As at 31 March 2019, the Council's estimated General Fund balance is £550k so is effectively nil. As the work on completing the statutory Statement of Accounts for 2018/19, 2019/20 and 2020/21 continues, historic accounting errors are being identified and addressed through the Capitalisation Direction which would otherwise be incurred against the Council's General Fund (or Housing Revenue Account balances) and earmarked reserves.

3.8.29 Based on current information, as at the 31 December 2021, the Council has a small level of earmarked reserves of £14.4m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the governments covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and cannot be used to fund the Council's General Fund services:

Earmarked GF Reserve:	£'000
Better Care Fund	1,284
Grants for closed businesses	5,296
Business Support Grant	4,267
Outbreak Management Fund	1,385
Other	2,208
Total	**14,441**

3.8.30 The net balance of £2.1m under "other reserves" above includes a £3.7m deficit on school's balances as well as balances for local endowment funds, other grants e.g. ringfenced public health grant and specific purposes agreed in prior years.

3.8.31 As a means to build resilience for the Council, amounts have been included in the Capitalisation Direction for £20m to assist in managing any issues during 2022/23. The medium-term financial plan also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment.

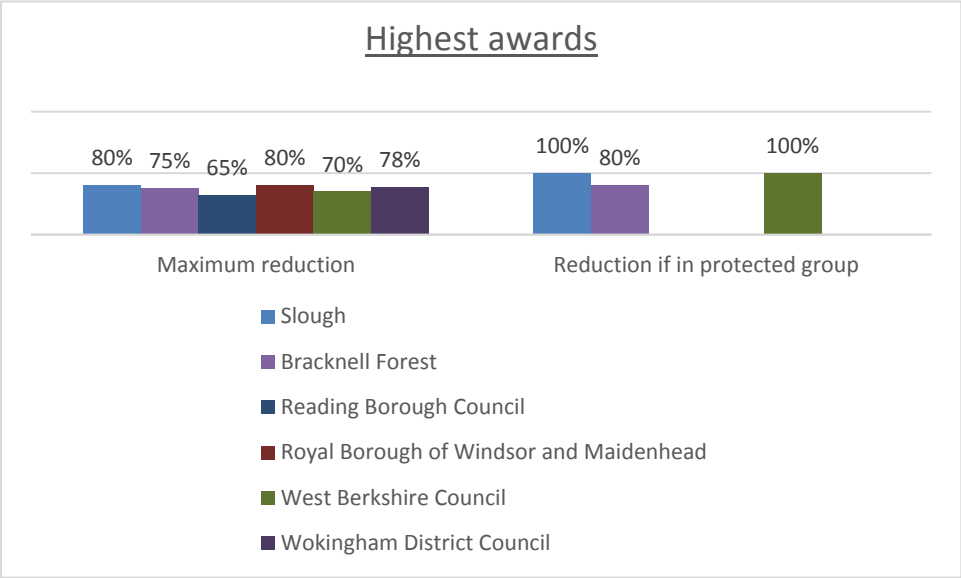
3.9 Council Tax

Council Tax Support Scheme (CTSS)

3.9.1 The Council Tax Support Scheme (CTSS) was amended for 2020/21 and was not varied or revised for 2021/22. The CTSS scheme for 2022/23 will be uprated in line with the advice from Department of Work and Pensions (DWP) and Ministry of Housing Communities and Local Government (MHCLG).

3.9.2 The scheme for 2022/23 is presented separately for Cabinet's consideration.

3.9.3 Slough and Royal Borough of Windsor and Maidenhead (RBWM) offer the highest reduction in Council Tax at 80% for those on the lowest income. Additionally, in Slough, protected groups can receive as much as 100% depending on their income. RBWM do not have protected groups.



3.9.4 Slough has a capital limit of £16,000, excluding the value of the home which if exceeded means a claim cannot be made. This is the same as in Bracknell and RBWM that are higher than the other neighbouring councils.

3.9.5 Of all the Berkshire authorities only RBWM still offers 2nd Adult Rebate. Slough has the lowest Band restriction at Band C but does not apply this for its protected claimants.

2022/23 Council Tax

2022/23 Council Tax Base (No. of Band D Equivalent Dwellings)

3.9.6 The calculation of the Council Tax base is a key variable to setting the basic amount of Council Tax for the Council, parishes and major preceptors. The 2022/23 Council Tax Base was approved at Cabinet on 17th January 2022. This was calculated as 42,286.4(Band D equivalents) and is summarised as follows:

	2021/22	2022/23	Movement
No of Chargeable Properties	**54,280.0**	**54,918.0**	**638.0**
Net Discounts and Premiums	(3,604.5)	(3,473.9)	**130.6**
Movement due Council Tax Support (CTS) Scheme	(6,830.5)	(5,926.8)	**903.7**
Adjustments:			
Estimated movement in CTS Claims	(147.6)	(124.5)	**23.1**
Sub-Total	**43,697.4**	**45,392.9**	**1,695.5**
Relevant Amounts	**41,577.7**	**43,061.4**	**1,483.7**
Collection Rate at 98%	(748.4)	(775.0)	**(26.6)**
Council Tax Base (Band D Equivalents)	**40,829.3**	**42,286.4**	**1,457.1**

3.9.7 Within the borough, there are three parish councils who set a precept for their respective areas that are billed alongside Council Tax for Slough and the major Preceptors, Police and Fire. The precept is based on the approved tax-base for that specific area, the breakdown of which is:

Band D Equivalent Dwellings	2021/22	2022/23
Parish of Britwell	810.4	836.4
Parish of Colnbrook with Poyle	1,830.3	1,811.3
Parish of Wexham	1,348.3	1,393.9
Remainder of Slough	36,839.7	38,244.6
Total Approved Tax-Base	**40,828.7**	42,286.2

3.9.8 The Council is required to calculate its Council Tax requirement for 2021/22 in accordance with the Local Government Finance Act 1992. These calculations are set out in Appendix B

Council Tax Insight

3.9.9 The Council has a responsibility to set a level of Council Tax that ensure that it has adequate resources to meet its statutory obligations and priorities. When Council Tax is increased, this preserves an authority's ability to generate funding locally for services and provides some measure of resilience against funding reductions from Central Government.

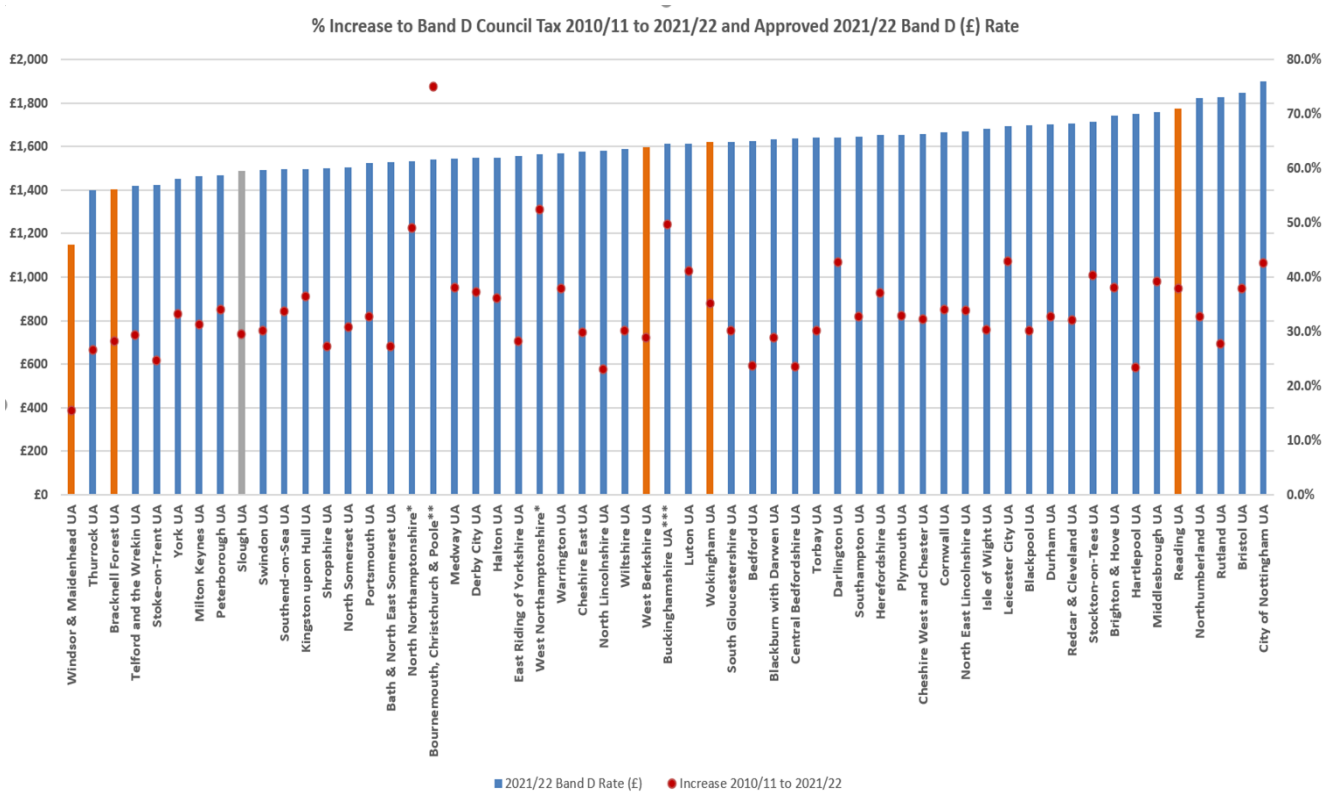
3.9.10 The budget and MTFS approved by Full Council in March 2021 included the assumption of a 4.99% increase in Council Tax for 2021/22 and 2.99% thereafter to support front line services:

March 2021 Assumptions	2021/22	2022/23	2023/24
Band D general increase	1.99%	1.99%	1.99%
Adult Social Care Precept	3.00%	1.00%	1.00%
Total increase	**4.99%**	**2.99%**	**2.99%**

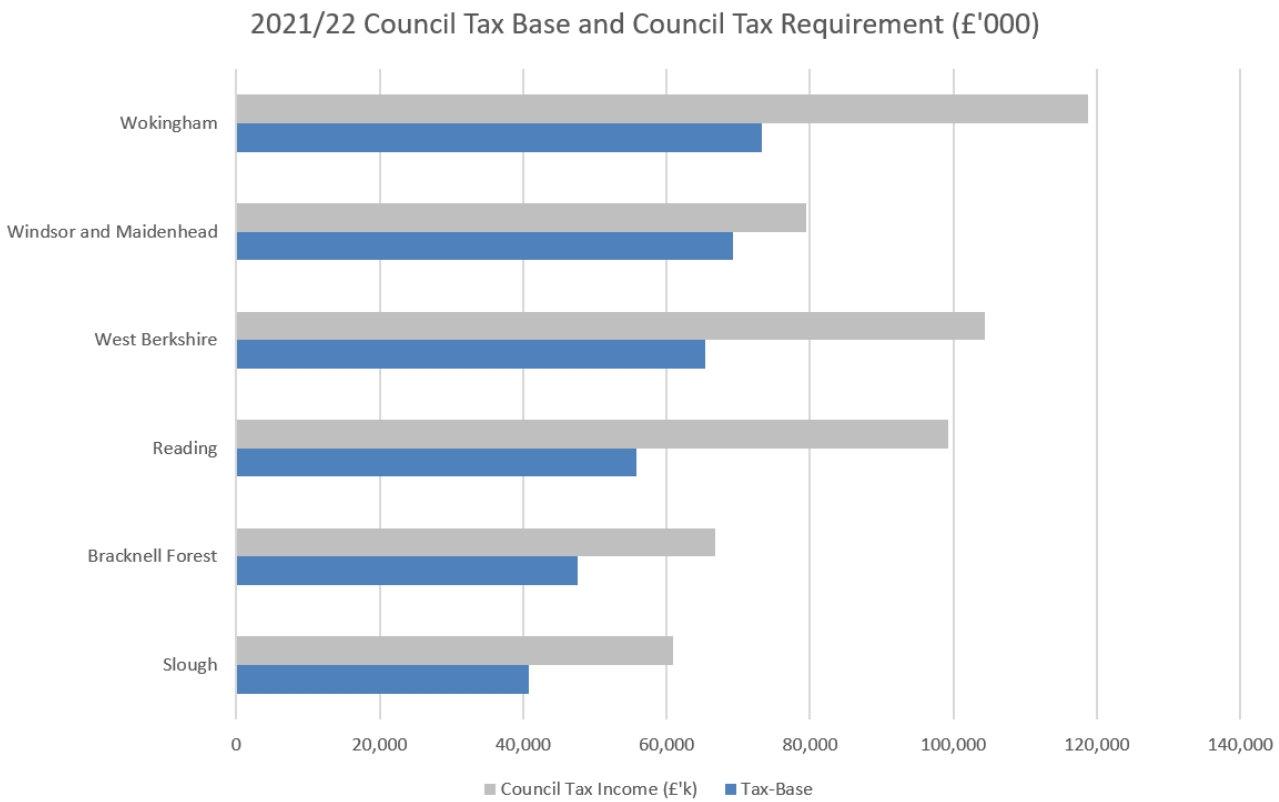
3.9.11 The SR2021 proposed that for 2022/23 local authorities would be able to increase the general element of Council by 1.99% without a local referendum. In addition, local authorities with social care responsibilities would be able to increase Council Tax by a further 1.00% for the Adult Social Care Precept to fund social care expenditure without a referendum. In 2021/22, this precept was set at 3.00%.

3.9.12 It is recognised that increases to Council Tax contribute to pressures on some household's finances. However, increasing Council Tax is necessary to optimise the funding and provision of services in the Borough. For 2021/22, out of 57 Unitary Authorities analysed, the Council had the 9th lowest rate of Band D and within Berkshire, was the 3rd lowest.

3.9.13 Between 2010/11 to 2021/22, the Council increased Council Tax by 29.4% which was the 16th lowest amongst 57 Unitary Authorities analysed and 3rd lowest in Berkshire:



3.9.14 Based on approved positions for 2021/22, the Council has the lowest tax-base for Council Tax (i.e. number of residential dwellings) in Berkshire with a difference of c7k dwellings between Slough the next smallest, Bracknell Forest. This low tax-base means that the Council has least ability to generate funding through Council Tax compared to its neighbouring boroughs in Berkshire, despite having a Band D rate that is higher than Bracknell Forest and materially larger than Windsor & Maidenhead:



3.9.15 To support the Council's improvement plan, the Council needs to maximise funding to support front-line services and mitigate pressures. Therefore, the Council must:

- consider all opportunities for increasing Council Tax annually
- continue to promote growth to its tax-base including bringing empty homes back into use, reviewing discounts awarded e.g. Single Person Discount
- prioritise collections to maintain a prudent collection rate.

2022/23 Council Tax Precepts

3.9.16 The Council acts as an "agent" and is also required to bill residents in the borough for a precept on behalf of the Office of the Police and Crime Commissioner (OPCC) for Thames Valley and Royal Berkshire Fire & Rescue.

3.9.17 The Council does not have any control or influence on the amount of precept set by these authorities, nor does it benefit from this financially. For 2022/23, these precepts are:

Precepting Authority	OPCC Thames Valley	Royal Berkshire Fire & Rescue
Approved 2021/22 Band D (£) Precept	231.28	68.95
Change	10.00	5.00
Proposed 2022/23 Band D (£) Precept	241.28	73.95

2022/23 Band D Council Tax and Requirement

3.9.18 For 2022/23, DLUHC confirmed that local authorities would be permitted to increase Council Tax by 1.99% without a local referendum and for those authorities with social care responsibilities a further 1.00%.

3.9.19 The Council proposes to increase its element of Council Tax in 2022/23 by a total of 2.99%, of which 1.99% is for the general element of Council Tax and 1.00% for the Social Care Precept to derive a Band D rate of £1,534.86. The breakdown is as follows:

Slough Borough Council	Band D (£)
Approved 2021/22 (£)	1,490.30
1.99% General Increase	29.66
1.00% Adult Social Care Precept	14.90
Proposed 2022/23 (£)	**1,534.86**

3.9.20 The table below summarises the proposed 2022/23 Council Tax Requirement to be billed to residents in Slough and how it is derived:

Budget	2022/23 Proposed (£'000)
Net Service Budget	107,596
Estimated Financial Deficit	84,055
Budget Requirement	**191,651**
Sources of Funding:	
Net Retained Business Rates	(37,326)
Revenue Support Grant	(6,451)
Business Rates (Surplus)/Deficit	8,451
Council Tax Deficit	(300)
Other Non-Specific Grants	(6,868)
Capitalisation Direction	(84,055)
Council Tax Requirement: Slough Borough Council	**65,102**
Precept: Office of the Police and Crime Commissioner Thames Valley	10,203

Precept: Royal Berkshire Fire & Rescue	3,127
Total Council Tax Requirement to be Billed	**78,432**
Funded by:	
Slough Borough Council Band D (£)	1,534.86
Office of the Police and Crime Commissioner Thames Valley Band D (£)	241.28
Royal Berkshire Fire & Rescue Band D (£)	73.95
Total Band D (£)	**1,850.09**
Council Tax Base (No. of Band D Equivalent Dwellings)	42,286.2
Sub-Total: Billable Council Tax (£'000)	**78,233**
Local Parish Precept Income (£'000)	199
Total Billable Council Tax including Parish Precepts (£'000)	**78,432**

3.9.21 If the proposed increase in the Council Tax for 2022/23 of 2.99% for the Council is approved, along with the major preceptors in Berkshire, the total amount payable by Slough's residents will be:

		Major Preceptors			
Council Tax Dwelling Band	**Ratio**	**Slough Borough Council**	**OPCC Thames Valley**	**Royal Berkshire Fire & Rescue**	**Total Amount Payable**
A	6/9	1,023.24	160.85	49.30	**1,233.39**
B	7/9	1,193.78	187.66	57.52	**1,438.96**
C	8/9	1,364.32	214.47	65.73	**1,644.52**
D	**9/9**	**1,534.86**	**241.28**	**73.95**	**1,850.09**
E	11/9	1,875.94	294.90	90.38	**2,261.22**
F	13/9	2,217.02	348.52	106.82	**2,672.36**
G	15/9	2,558.10	402.13	123.25	**3,083.48**
H	18/9	3,069.72	482.56	147.90	**3,700.18**

*Note: Some residents will pay an additional precept as approved by their local parish council.

3.10 Business Rates

3.10.1 The next largest funding stream relates to Business Rates. The gross rates for 2022/23 have been estimated as £103.723m. This is distributed as follows:

	Central Government £'000	Slough Borough Council £'000	Berkshire Fire Authority £'000	Total £'000
Gross Share of Rates	**51,862**	**50,824**	**1,037**	**103,723**
% Share	50.00%	49.00%	1.00%	**100.00%**

3.10.2 In theory, as the business rates income is derived from local businesses, the Council has a valid claim to retain all of its 49% allocation. However, Business Rates are redistributed across the country based on assumed need and a top-up and tariff system equalises business rate income across the country.

3.10.3 The Council's share of gross rates (£50.824m) reduced for the tariff and other adjustments to reach a final budgeted amount of Business Rates of £28.75m, as follows:

2022/23 Business Rates Funding:	**£'000**
Gross Business Rates	**103,723**
Slough's share (49%) of total NNDR Income	**50,824**
S31 Grant to compensate reliefs and indexation	8,393
Tariff	(19,694)
Levy	(2,197)
Sub-Total	**37,326**
Total Deficit on Business Rates Recognised in 2022/23	(12,931)
Drawdown of s31 for 2020/21 and 2021/22 Expanded Reliefs	4,480
Net Budgeted Funding from Business Rates	**28,875**

3.10.4 Businesses were given some protection by Government, in 2020/21, via grants, Business Rate reliefs and the furlough scheme. Unfortunately, the pandemic has resulted in continued hardships for local businesses, and some are not sustainable. This and the application of expanded reliefs for retail, hospitality and leisure businesses has resulted in reduced Business Rates income against what was expected to be billed for 2021/22, leading to an estimated deficit that under accounting rules must be recognised in 2022/23.

3.10.5 In addition, there has been a historic under-provision for the level of appeals against Business Rates bills in the borough. This manifested in a bottom-line impact against the GF in previous years. Following advice from LG Futures, the position above (the estimated deficit to be recognised in 2022/23) includes the effect of an increase to the provision for appeals.

3.10.6 In general, Business rates income can be subject to significant volatility; one or two empty properties or a higher than provided level of appeals or bad debt can have a substantial impact on the level of business rates collected.

3.11 Flexible Use of Capital Receipts Strategy

3.11.1 With effect from 1 April 2016, the Secretary of State under section 15(1) (a) of the Local Government Act 2003, allowed local authorities to use capital receipts to fund revenue expenditure on projects which generate ongoing savings or reduce demand for services. The Local Government Finance Settlement 2021/22 extended this directive for a further three years to 2024/25.

3.11.2 The Council has used this directive to use capital receipts to fund transformation change costs to deliver ongoing savings. Full details of the Transformation Fund are set out in Appendix C which outlines the proposed spend on a scheme-by-scheme basis.

3.11.3 Following the statutory recommendation by Grant Thornton, additional resources will be invested in resourcing the Finance Team to ensure the team has sufficient skilled resources to improve in-year financial management and the production of year-end accounts. £900k has been allowed for 2021/22 and £1.6m in 2022/23 financed through the flexible use of capital receipts. In the longer term, a new permanent structure is being designed and costed to provide the right financial support for the council and the aim is to implement it by the start of 2022/23. Given the current challenges recruiting staff, it is anticipated it will take some time to fully resource a permanent team.

3.11.4 The table below summarises the use of the Transformation Fund for 2021/22. The variance of £1.9m relates to a contractual commitment for services that was not previously included in the 2021/22 transformation budget. The proposed Capital Programme on this evening's agenda takes into account these figures:

	Budget £'000	Forecast £'000	Variance £'000
Our Futures	3,234	2,935	(299)
Financial Excellence	2,070	2,070	0
Integrating Public Services and Transforming Service Delivery	147	2,072	1,925
Contingency	500	0	(500)
Total	**5,951**	**7,077**	**1,126**

Source: 2021/22 Month 9 Budget Monitor Report

3.11.5 It is anticipated there will be minimal use of this facility in 2022/23 but where it is used, will follow the policy from 2021/22.

3.12 Housing Revenue Account

3.12.1 The annual changes in rents and service charges reflects the need to increase income in order to meet the increase in utility and service costs, and to provide sufficient financial resources to reinvest in the programmes of improvement for social housing to ensure that the needs of local residents are met; the increases follow government guidance and are based upon the September 2021inflation rate.

3.12.2 These increases are built into the HRA 30 Year Business plan and are intended to ensure that the Housing service, annual housing repairs and maintenance programme, and the long-term capital investment programmes, provide decent homes to meet local needs over the life of the Business Plan.

3.12.3 The increases to the Housing Rents and Service Charges that take effect from Monday 4th April were agreed by Cabinet on the 17January 2022.

3.12.4 The proposed Housing Revenue Account budgets for the next three years are set out in the table below:

Housing Revenue Account Budget Summary	Current Budget		Proposed Budget	Estimated Budget	Estimated Budget

	2021/22 £'000		2022/23 £'000	2023/24 £'000	2024/25 £'000
Operating Expenditure	31,336		31,563	32,094	33,323
Income	(36,633)		(38,818)	(39,871)	(42,825)
Net Cost of Service before interest payable on HRA Debts	**(5,298)**		**(7,255)**	**(7,777)**	**(9,502)**
Interest Payable on HRA Debts	4,603		4,593	4,726	4,931
Interest Receivable on HRA Balances	(25)		(15)	(12)	(11)
Net HRA (Surplus) / Deficit	**(720)**		**(2,678)**	**(3,063)**	**(4,582)**
HRA Balance:					
Brought Forward	**(17,473)**		**(8,193)**	**(8,871)**	**(9,934)**
Net HRA (Surplus) / Deficit	(720)		(2,678)	(3,063)	(4,582)
Repayment of HRA Debt	10,000		0	0	0
Transfer from Reserve	0		2000	2000	4000
Carried Forward	**(8,193)**		**(8,871)**	**(9,934)**	**(10,515)**

3.12.5 The HRA Business Plan and a more detailed breakdown of the budget for 2022/23 and projected budget for 2023/24 to 2024/25 to set out in Appendix D.

3.13 Capital Programme and Treasury Management Strategy

Capital Programme

3.13.1 A separate report is presented to Cabinet for recommendation to Full Council to approve which sets out the capital strategy to underpin the Council's revised Capital Programme.

3.13.2 The revised Capital Programme has been prepared in the light of the s114 Notice, the CIPFA Financial Review and the appointment of commissioners.

3.13.3 The Council's financial position requires that total borrowing to be reduced and revised strategy reflects this to minimise the extent to which schemes require additional new borrowing.

3.13.4 In addition to the proposed capital budgets and revenue implications, the report sets out:

- the Council's asset base
- delivery strategies
- governance
- capital funding and
- risk management

3.13.5 The revised capital programme sets out total spend for the General Fund and Housing Revenue Account of £204m with the following sources of financing:

	General Fund £m	HRA £m	Total £m
Spend	**98**	**106**	**204**
Funded by:			
Capital grants	(63)	0	(63)
Capital receipts	0	(9)	(9)
Developer contributions	(2)	0	(2)
Major Repairs Reserve	0	(68)	(68)
Direct funding from revenue	0	(8)	(8)
Capitalisation Direction	(20)	0	(20)
Total external funding	**(85)**	**(85)**	**(170)**
Total borrowing requirement	**13**	**21**	**34**

Treasury Management Strategy

3.13.6 The Council approved the Treasury Management Strategy (TMS) (and capital programme for 2021/22 to 2023/24) on 8 March 2021 as part of the budget setting process or 2021/22. In light of the financial position that has developed since March 2021, the TMS has been revised for 2021/22 to reflect the changes in the capital programme.

3.13.7 The outturn on treasury for 2020/21 and revised TMS is presented to Cabinet for recommendation to Full Council to approve in a separate report.

3.14 Dedicated Schools Grant

3.14.1 The Dedicated Schools Grant provides funding for schools and is split into four blocks. Allocations for 2022/23 were published on 16th December 2021. Details of the 2022/23 DSG allocation are included in Appendix C and are summarised in the table below:

Dedication Schools Grant Breakdown	2022/23 Allocation £'000
Schools Block	155,285
Central Schools Services Block	743
High Needs Block	30,610
Early Years Block	14,461
Total	**201,099**

3.14.2 The DSG has a forecast deficit at the end of 2021/22 of £25.5m, which is a £4.9m increase since 31st March 2021 due to the overspend on the High Needs Block.

3.14.3 As a result of holding a deficit DSG position, the Council was required to prepare a management plan, which was shared presented to Schools Forum in January 2021. The management plan was subsequently revised and shared with the DfE in July 2021, the revised management plan highlighted that the deficit could potentially grow to c£43m by 2024/25 if no mitigating actions were taken.

3.14.4 In response to the growing pressure on the Dedicated Schools Grant as a result of increasing demand on the High Needs Block, the Department of Education (DfE) undertook a consultation seeking to clarify the accounting arrangements. The government response was published on 30 January 2020 which set out a number of regulatory changes.

3.14.5 The Local Authorities (Capital Finance and Accounting) (England) Regulations were amended to require any deficit on a local authority's DSG account to be carried forward to be funded from future DSG income unless permission is sought from the secretary of state for education to fund the deficit from general resources. The change in regulation only applies to financial years beginning on 1st April 2020, 1st April 2021, and 1st April 2022. It is not yet clear whether this arrangement will continue in subsequent financial years.

3.14.6 The Council has been invited to take part in the 'safety valve' intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

3.14.7 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

3.14.8 A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan. The gross deficit by 2024/25 is estimated to be £43m but with the successful adoption of the management plan is projected to reduce to £32m.

Actions

3.14.9 A governance structure is being implemented to ensure there is oversight of the delivery of the DSG Action Plan:

- DSG Finance Group – meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact.

- SEND Transformation Board – meets monthly and is jointly chaired by Section 114 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice and Adult Social Care. This Board provides challenge and oversight of the DSG Management Plan and links to improving SEND outcomes.

3.15 Assurance

Chief Financial Officer's Section 25 Robustness Report

3.15.1 The Section 151 Officer's report accompanies this report and is included at Appendix H. In the current circumstances facing the Council discussed throughout this report and in more detail within separate report, it is not possible to give the assurance in the manner that is normally required within a s25 report.

3.15.2 The Council's budget deficit has moved from an initial submitted one year amount of c£15m to an amount to cover 10 years totalling c£473.7m. This deficit has increased following work to establish the full extent of the situation and is expected to change further as the statutory Statement of Accounts for 2018/19 to 2021/22 are prepared and audited.

3.15.3 The challenges facing the Council are of a scale that has not been seen in any other local authority to date. The range of issues are wide ranging and will take several years to fully remedy.

3.15.4 Since the issue of the s114 report in July 2021, in conjunction with work to propose the 2022/23 budget in this report, the Council has:

a. begun to utilise improved processes

b. increased awareness of financial management's importance, requirements and the necessity of preparing and living within a budget, taking appropriate financial decisions and operating sound governance

c. liaised with DLUHC to fully involved them in all aspects of its financial situation and will do so in the future

d. with the above and the contingency built into the budget estimates, should be able to manage within these estimates for 2022/23.

3.15.5 The Director of Finance will continue to build on the improvements since the issue of the s114 report and will maintain an on-going and robust review of all risks, including those associated with the delivery of budget savings decisions and report regularly to the finance committee, Cabinet, Council throughout the financial year.

3.15.6 Within the Capitalisation Direction to DLUHC, the Director of Finance has included £20m to rebuild General Fund reserve levels which by 31 March 2021 had depleted to effectively nil and is of the view that this is adequate for this coming financial year, having regard to the risks identified. The revised Medium Term Financial Strategy will identify in greater detail the plans for replenishing reserves in the future.

Internal Audit Update

3.15.7 The Council's response to agreed internal audit actions will lead to the strengthening of internal controls and the control environment. In turn this will contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. In recent years there has been a lack of pro-active

management of internal audit recommendations resulting in outstanding actions going back several years. This is now being addressed by:

a. re-establishment of the officer risk and audit board which monitors outstanding actions, through representative across directorates
b. frequent reporting to executive directors
c. pro-active management and closure of recommendations, ensuring that evidence is received of actions closed, that is quality assured by a senior officer.

3.15.8 To date for the year 2021/22, eight internal audit reports have been finalised this financial year. Seven internal audit reports have been received in draft (as at January-February 2022) and are being considered by management.

3.15.9 Officers are working with Internal Audit to ensure that reports are finalised within two weeks of issuing the draft report. The process for monitoring and evidencing closure of recommendations has been strengthened by prioritising the closure of actions that are due or overdue, and receiving appropriate documentation as evidence of an action being completed.

3.15.10 The overall position as at 15th February 2022 is as follows on internal audit:

Totals	Total	High	Medium	Low
Not Due	76	18	35	23
Overdue	85	3	43	39
Complete*	237	28	99	110
Total	**390**	**47**	**172**	**171**

*includes actions that are no longer relevant or closed as duplicates

3.15.11 The Officer Risk and Audit Board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.

Risk Management

3.15.12 Risk Management is a critical part of good governance and the effective delivery of Council services. It provides a consistent and comprehensive framework for identifying, comparing and managing issues which, although different in nature, all have a significant impact on the organisation and may prevent or affect achievement of agreed priorities.

3.15.13 Risk Management is also a core component of:

- the Annual Governance Review which must be undertaken by all local authorities in order to comply with the requirements of the Accounts and Audit Regulations 2015:

- statutory requirements included in the Local Government Acts 1992, 2000 and other legislation for local authorities to maintain adequate processes for internal control.

3.15.14 The Council's previous approach to risk management was to take a "bottom up" approach to identification of risks for the corporate register by escalating risks on directorate registers up to the corporate register. This resulted in a register that

did not take into account strategic level risks the Council is facing, for example in light of recent challenges in relation to finance and Covid.

3.15.15 This existing “bottom up” approach is now supplemented by a “top down” approach i.e. identification of new and emerging risks by Senior Officers and Audit and Corporate Governance Committee.

3.15.16 New risks are identified using a revised template. This template is based on best practice and includes guidance on identifying and assessing risks. Membership of the Council’s Officer Risk and Audit Board has been reviewed and refreshed. A schedule of monthly meetings has been established so that the Board can review the contents of the Council’s risk register before it is issued to senior officers and elected members.

3.15.17 The refreshed register is updated on a monthly basis by the Officer Risk and Audit Board and reported to the Council’s senior leadership team each month. This register will be sent to Council’s Audit and Corporate Governance Committee for review, on a quarterly basis to enable the Committee to consider the effectiveness of the Council’s risk management arrangements, to review the Council’s risk profile and to ensure that actions are being taken on risk related issues, including partnerships with other organisations.

3.15.18 The Risk Register includes strategic level risks associated with:

a. delivery of the Adults Social Care Transformation programme
b. Covid pandemic
c. temporary accommodation
d. disposal of assets
e. financial sustainability
f. accounting
g. financial processes
h. health and safety
i. elections and electoral registration
j. recovery and renewal
k. business continuity
l. workforce recruitment and retention
m. SEND local area inspection
n. cyber security
o. information governance and general data protection legislation
p. Council-owned companies

3.15.19 The risk associated with financial sustainability focusses on the risk of failure to improve the Council’s financial and contract management and reporting will leave it in breach of its statutory responsibilities and acting illegally.

3.15.20 There are a number of controls which have been put in place to mitigate the risk including:

a. the Council has a recently appointed new S151 officer.
b. additional specialist resources have been brought in to understand the nature and scale of the problems, which initially culminated in the issuing of a s114 Report on 2nd July and has since led to the identification of many other issues.

c. the Council has agreed to invest significant additional resource into the finance service as recommended by the external auditors and agreed by Council
d. finance action plan reported to full Council for each meeting starting September
e. finance and commercial service business plan being developed to ensure future sustainability of the service.

3.15.21 However, there are a number of actions required to further mitigate the risk including:

a. Targeting the completion of draft accounts from 2016/17 to 2021/22 by the winter of 2022 on a sequential basis
b. completing the initial verification of savings for 2021/22 and 2022/23 by January 2022 and continuously beyond
c. companies review, continuous work through to March 2023 and beyond
d. finance staffing structure designed and worked through into the new year
e. Agresso project plan for December 2021
f. continuous programme of designing and embedding good financial practise
g. MTFS for May 2022
h. identification of long-term financial savings by May 2022
i. Member and officer training programmes

3.16 Other Updates

Royal County of Berkshire Pension Fund

3.16.1 There is an emerging risk related to the Royal County of Berkshire Pension Fund (RCBPF) that could have additional cost implications for the Council's future budget.

3.16.2 Under Section 13 of the Public Service Pensions Act (2013), DLUHC is required to report on the health of the LGPS every 3-years and on 16 December 2021 a report on the RCBPF as at 31 March 2019 was published.

3.16.3 The RCBPF is lowest funded scheme in the LGPS, with a funding level of 78% in actuarial terms. This situation has gradually developed over the past ten-years and is largely due to:

- increasing diversification, reducing volatility, hedging overseas currency, reducing mortality risk and subsequently reducing overall risk to the Fund which at the time (2007) was 100% funded.

- the low-volatility approach involved reducing exposure to global equities, however, this resulted in missed opportunities in benefiting from the growth in global equity markets over the past twelve years. The Fund maintained investments of less than 40% in global equities compared to c50% in many other LGPS funds.

- the Fund also maintained low employer contributions over the past ten years, and compared to other under-funded LGPS schemes, the RCBPF still receives comparatively lower employer contributions.

Royal County of Berkshire Pension Fund – Issue

3.16.4 A Head of Fund was appointed on 1 September 2021, a post that had been vacant since early 2018. Having a lead officer in place will allow a proactive approach to managing and regularly reviewing the Investment Strategy and Strategic Asset Allocation (SAA) and will maintained a consistent relationship between the Pension Committee, Pension Board and other third parties (investment advisors, Employers, Actuaries etc.)

3.16.5 The "Strategic Asset Allocation" (SAA) was updated and approved on 20 September 2021, for implementation post October 2021. Conversations on increasing the employer primary and deficit recovery contributions have commenced. The Head of Fund is working with Local Pensions Partnership Investments Ltd (LPPI) to ensure employers and the Fund benefit from the time-value of money when prepaying employer contributions – ensuring all cash is efficiently deployed and not withheld due to "receipt in advance" accruals-based accounting.

3.16.6 The Fund is now in the challenging position of having a higher "target" to meet in its investment portfolio of around 6.8%, this is as a result of its existing under-performing funding level i.e. Discount rate / funding level = actuarial target, or (5.3% / 78% = 6.8%). This means an increased level of risk is required to ensure that the Fund has an opportunity to meet its required rate of return target of 6.8% and improve the funding level, however, the Fund maintains a high level of diversification and is seeking to increase risk adjusted returns not "naked-risk". This is managed through regular review and the recent approval of an updated risk-register in line with the CIPFA 2018 code on managing risks in the LGPS.

Companies update

3.16.7 A report providing an update on the Council's companies was presented to Audit and Corporate Governance Committee on 1 March 2022, this report is summarised below.

3.16.8 The Council has acquired or established various companies over several years. The Council currently has ten companies that are wholly owned, partly owned, or are considered to undertake activities related to the Council. Four of these (GRE5, JEH, SUR and DISH) are operational and six are dormant and have never traded. The companies are considered in detail in the Internal Audit Companies Update Report. The following sections provide a brief summary on the four trading companies.

3.16.9 In the last 12 months a series of internal investigations, internal audit reports and external reviews have highlighted a range of issues across the Council's companies in relation to governance, oversight, reporting, financial planning, operations and decision making. In addition, the Council's financial challenges have necessitated a deeper review into the companies' commercial and financial arrangements to ensure that they remain aligned to the Council's strategic objectives and can support the Council in meeting its wider financial objectives.

3.16.10 Several changes have been made to strengthen the Council's arrangements with its companies, and in some instances further work will be required throughout 2022/23 to investigate further issues, establish actions, and agree a clear way forward. In 2021/22, activities have been prioritised on the highest risk areas/companies which are GRE5, and SUR followed by JEH and DISH. Budgets for 2022/23 onwards have been informed by the outcome of work to date

and reflect plans to stop or significantly reduce the scale of activities across of the Council's companies. Future activities also build upon recent improvements and actions which have impacted upon the operation, governance and oversight of the four trading companies.

SUR

3.16.11 SUR, a JV between the Council and Muse, has been the Council's most successful company to date (in terms of dividend income) and has provided the Council with a source of income following the completion of schemes and housing sales. Dividends of £2.6m and £2.4m have been received on the Ledgers Road and Wexham Green schemes respectively.

3.16.12 The Old Library Site (Residential) Scheme, also known as the Novus apartment development, is the only current SUR Site Development. The 64 Novus apartments have been fully built-out, with a value of £17m but have not yet been fully sold. 18 apartments have been sold/reserved at a value of £4.4m. Based upon current projections, the scheme may operate at a loss overall (currently projected at £0.8m). This is due to a change in market conditions and costs have remained in line with budget. This scheme has been funded by a Council loan facility which stands at £7m and loan notes from both partners (£3m each). Given the projected loss, there is a risk that a proportion of the Council's loan notes may not be recoverable.

3.16.13 Looking ahead to 2022/23 onwards, the Council's relationship with SUR is expected to change significantly and will see the Council adopt a different role in relation to its key sites. The proposed changes are likely to result in the Council not having any equity investment in key sites in the future and it is therefore unlikely to share in any future dividend payments. This will enable the Council to benefit from the receipt of disposal proceeds for key sites that are opted to SUR (at best consideration) at the earliest opportunity and will reduce the Council's future capital commitments and financial risk over the coming years. The Council's capital programme previously included investment of £33m over the next five years into SUR which has been removed from the current programme.

3.16.14 As a result of the proposed changes to the Council's relationship with SUR, the ongoing costs and resource requirements for the SUR Partnership can be significantly reduced. Ongoing costs are currently estimated to be approx. £0.2m per annum, of which the Council's share is 50%. Costs will be kept under review in 2022/23 and will be influenced by the negotiations on the sites and changes to the Partnership. SUR running costs will be required to be met by both JV partners until such time that the Partnership is wound up (they were previously met by both partners out of distributable profits from the schemes). No further costs are expected in 2022/23 onwards. Additional exit costs associated with winding up the company will be considered next financial year. Interest income will still be payable by the SUR although the OLS appraisal and loans will be reviewed further by the Council. The capitalisation directive includes annual operating costs for the next three years which are unbudgeted and an impairment in relation to OLS loan notes.

GRE5

3.16.15 Nova House is a block of 68 apartments in the town centre which failed flammability tests following the Grenfell fire and further survey work revealed significant defects with the compartmentation within the building. GRE5 Ltd owns the freehold lease of Nova House and, in 2018, the Council decided to acquire the shares of the company for £1 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents.

3.16.16 Total remediation costs are now estimated to be in the region of £19.6m (originally estimated to be less than £10m when the Council acquired GRE5), although this continues to remain under review. Technical surveys remain ongoing as materials are removed from the building.

3.16.17 During 2021/22, the Council and GRE5 successfully agreed grant funding of £9.3m from Homes England for eligible development costs. GRE5 is currently engaged in legal proceedings with the building's warranty provider which is expected to conclude before the end of 2022/23, with mediation proceedings expected in May 22. As per the Grant Funding Agreement (GFA), Homes England may clawback a proportion of its grant should GRE5 be successful in its legal claim against the warranty provider. The clawback mechanism has not yet been agreed with Homes England and will be set out in a Deed of Variation/side letter to the GFA. This may result in the full grant being clawed back (£9.3m), although it is anticipated that the clawback mechanism will reflect the Council's costs in pursuing the claim. The total value of the Particulars of Claim (POC) is greater than the GFA (amounts note disclosed in this paper) but less than the projected total costs. There is therefore a potential funding shortfall which may require leaseholder recovery.

3.16.18 Should the legal claim be unsuccessful, the maximum financial exposure to GRE5, and therefore the Council as 100% shareholder, is up to £10.3m (£19.6m costs less £9.3m Homes England grant. In July 2021, the Council approved a loan facility to GRE5 of up to £10m to meet its short-term cash flow requirements. The peak loan facility requirement will be dependent upon the agreed GFA drawdown schedule and any impact on the accrual of interest on the Council loan facility (interest payment have not yet been incorporated into the total project costs and have not yet been included in the POC) . The outcome of the legal case and timing of any associated financial payments will also impact upon the peak facility requirement.

3.16.19 This is a very high risk project – there is a risk that the scheme becomes unviable given continued technical challenges, costs may continue to increase, the Council's loan main be irrecoverable (impairment), the insurance claim may be unsuccessful, leaseholders may not be liable for all unfunded costs (tribunal has already ruled in favour of the freeholder in relation to waking watch costs). The capitalisation directive includes a loan impairment in relation to the Council's loan and a minor adjustment to recharge capital costs to revenue.

James Elliman Homes (JEH)

3.16.20 JEH was incorporated in 2017 with the primary objective of supporting the Council in its aim to improve affordable housing supply and provide good quality affordable temporary accommodation for key workers as well as homeless families and individuals.

3.16.21 The decision to establish JEH was underpinned by a business plan which assumed that JEH would acquire properties over a five-year period and that properties would be rented at a mix of market rents (60% of properties) and Local Housing Allowance ("LHA") rent (40% of properties). On this basis, the business plan was financially viable. The current (and recent) proportion of properties rented at a discounted rent level is higher than the 40% envisaged in the business plan, which has had an impact on the financial viability of the company. JEH has operated at a loss (after interest) since it was established.

3.16.22 As the change in rental mix was due to JEH being used to support the Council in discharging its homelessness duty, the Council has provided "top up" payments to JEH to bridge the gap in rental income. Payments of £145k and £350k were made in 2019/20 and 2020/21 respectively. These payments have now stopped as they were masking the financial position of JEH. JEH has operated at a loss each year and is forecast to operate at a loss of £1.16m in FY 22/23, if there is no change to the property portfolio or rental mix. This is not a financially sustainable position for JEH, or the Council.

3.16.23 Since it was established, JEH has adopted an aggressive property acquisition strategy which has been full funded by debt provided by the Council. All property acquisitions were stopped at the start of FY 21/22 and the Council has agreed that it will not provide JEH with any further loan finance. The properties owned by JEH are currently valued at just over £51.4m against which the Council has provided funds of £51.7m. There is no loan repayment strategy.

3.16.24 Local Partnerships (LP) have undertaken a JEH Options Review which has considered the original and ongoing rationale for JEH, its performance against strategic objectives, an assessment of the housing stock, market analysis, evidence of market failure and implications for future service delivery. LP are due to report back at the start of March and it is anticipated that this review will recommend the full/partial disposal of properties to enable JEH to repay its debt to the Council. This will have a significant impact on the future role of JEH and services provided by JEH/the Council. Future decisions, will of course, consider the wider impact on JEH and the Council. The capitalisation directive includes £0.3m per annum for annual operating losses although this will be dependent upon the agreed long-term strategy for JEH.

Development Initiative Slough Housing Company (DISH)

3.16.25 Development Initiative Slough Housing Company Limited ("DISH") was incorporated in 1988 and was created to increase the supply of affordable housing in the Borough to residents who might not otherwise be able to access it.

3.16.26 DISH has a lease with the Council over 54 properties off Long Readings Lane and the properties are let at affordable rents on an assured shorthold tenancy basis. The original lease ran until 2019 and this was extended to 2027. In accordance with the lease, the properties are managed and maintained by the Council on the same basis as the Council's housing stock. The lease payable by DISH to the Council is set at a level to result in £nil profit in the company. This lease arrangement is considered to be lower risk compared to the Council's other companies as it has been in place for 30+ years, no significant concerns have been raised, low churn on properties, low financial risk and costs.

3.16.27 The lease requires that the Council offers the provision of these services to the Council and that the Council can, but is not obliged to, provide them at reasonable cost. Services continue to be provided by the Council in line with the details as set out in the lease.

3.16.28 Local Partnerships undertook a light touch review of the Council's housing companies in summer 2021 to help the Council in establishing its priorities for the year ahead. It recommended that further detailed review would be required to consider the Council's longer-term strategy for each entity, including JEH and DISH. A review of the options for DISH is planned to take place in early2022/23, which will consider whether a standalone company is still required, whether the properties can be brought into the HRA or an alternative course of action is required. Changes have been introduced in relation to DISH to replicate performance reporting, general management and risk management approaches at JEH. There are no adjustments in the capitalisation directive.

4 Implications of the Recommendation

1.1. Financial implications

1.1.1. The financial implications are discussed throughout this report.

1.2. Legal implications

1.2.1. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. The function of setting the Council Tax is the responsibility of Full Council. This requires consideration of the Council's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund. The Council is required to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget to ensure proper discharge of the Council's statutory duties and to lead to a balanced budget.

1.2.2. Local authorities owe a fiduciary duty to Council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of Council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

1.2.3. Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored.

1.2.4. Full Council is responsible for setting the overall budget framework. However, some of the proposed savings will be subject to further analysis and decision making and as such the savings are an estimate. Individual service decisions will

be subject to officer or Cabinet approval, taking account of the statutory framework, any requirement to consult and consideration of overarching duties, such as the public sector equality duty. A contingency has been set aside to deal with a risk that when Cabinet considers these proposals it does not agree that the savings can be met within the specific statutory framework. In an extreme case, Cabinet may have to refer the budget to Full Council to re-consider the overall budget framework.

1.2.5. The Local Government Act 2003 and associated regulations set out rules in relation to use of capital reserves. S.15 requires local authorities to have regard to relevant statutory guidance. The statutory guidance on flexible use of capital receipts confirms that local authorities cannot borrow to finance service delivery, however they can use capital receipts from sale of assets to finance the revenue costs of reforming services. The guidance states that qualifying expenditure is expenditure on a project that is designed to generate ongoing revenue savings in the delivery of public services or transform service delivery in a way that reduces costs or demand for services in future years. The Council is recommended to adopt the Flexible Use of Capital Receipts Strategy from 2021/22 with no changes.

1.2.6. On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial strategy, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements.

1.2.7. Cabinet and full Council should have regard to the advice and comments of the Commissioners contained in this report.

1.2.8. The Council undertook a high level budget consultation in relation to the 2022/23 budget and the comments are summarised in this report. In addition, the Council's scrutiny panels and overview and scrutiny committee have scrutinised the proposals and feedback from these meetings is summarised in this report. Cabinet and full Council should take account of all relevant information, including the consultation feedback, scrutiny feedback, s.25 report, equalities impact assessment and other implications. Cabinet and full Council should take account of this information when making a decision. In addition, some savings proposals have been subject to a separate cabinet decision when further information was considered and some proposals are due to be considered by Cabinet in the future. Full details of implications will be provided to Cabinet at that point. Due to the fact that some savings proposals are in their infancy and due to be considered by Cabinet and officers in the future, a contingency has been set in case some proposals are not capable of delivery. However, the contingency is relatively small and the Council needs to consider its longer term financial strategy and

make significant savings decisions in order to become a more financially sustainable authority in the future.

1.2.9. The Council has submitted a capitalisation direction to DLUHC to allow it to treat as capital expenditure certain types of revenue expenditure. The Secretary of State only permits the Council to capitalise expenditure when it is incurred, minimum revenue provision must be charged and the Council must comply with the conditions set out by DLUHC. It should be noted this the capitalisation direction is not a grant. The Council needs to fund the revenue expenditure from disposing of assets and utilising the sale proceeds of such assets.

1.3. Risk management implications

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	Given the level of financial uncertainty and current service pressures, there is clearly a risk that the current budget may prove difficult to deliver	This risk has been mitigated by trying to ensure that budget estimates are realistic and reflect current activity, along with known demographic and economic pressures. Including: The ability to contain demographic demand pressures; The speed of recovery and buoyancy of the general and local economy from COVID 19; Adverse interest rate movements; Increased inflationary pressures; Impact of Brexit on the Economy Future local government financing settlements from central government and potential impacts from changes to the Fair Funding Review; The capacity of Officers to deliver the savings and income projections in line with assumptions whilst still managing the impact of the pandemic.	6	Budget monitoring process and regular reporting on achievement of budget and savings
Financial	A key risk for the Council is that its finances are not sustainable in the long-term and it does not have sufficient reserves to enable it to effectively manage the financial risk that it faces in the medium term	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.
Financial	The Council's 2018/19 accounts are still being reviewed and	High risk areas have been reviewed and the financial implications	6	Regular assessment and review of new and existing areas of

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
	the 2019/20 and 2020/21 accounts have are still being prepared which may mean there could be some movement in the assumed baseline level of reserves.	have been built into the capitalisation direction. Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility. Regular assessment and review of new and existing areas of volatility or uncertainty.		volatility or uncertainty.

1.4. Environmental implications

1.4.1. Not Applicable

APPENDICES: The following appendices accompany this report:

Appendix	Description
A1	2022/23 General Fund Budget Summary
A2	2022/23 General Fund Budget Build
A3	2022/23 Directorate Budget Summaries
A4	2022/23 Proposed Savings
A5	2022/23 Growth to Directorates for Pressures and Inflation
B	2022/23 Council Tax Resolution
C	2022/23 Dedicated Schools Grant
D	2022/23 Housing Revenue Account Budget and Business Plan
E	Fees and Charges Policy
F	Expenditure Control
G	Equalities Impact Assessments
H	Section 25 Report
I	Members Allowances Scheme 2022-23

4. Background Papers

- Revenue Budget Report to Full Council – March 2021
- Capital Strategy to Full Council – March 2021
- Treasury Management Strategy to Full Council – March 2021
- Q3 Revenue Monitoring Report to Cabinet - March 2022
- Council Tax Bases 2022/23 to Cabinet - January 2022
- 2022/23 Housing Rents and Service Charges to Cabinet - January 2022

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Appendix A1 – 2022/23 Budget Summary

	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000
Service Budgets:			
People (Adults)	28,441	0	28,441
People (Children)	6,867	858	7,725
Slough Children First	31,436	0	31,436
Place & Community	6,201	5,315	11,516
Resources	15,468	11,780	27,248
Total Service Budgets	**88,413**	**17,953**	**106,366**
Corporate Budgets:			
Other Corporate Budgets	9,117	37,117	46,234
Pension Deficit	5,014	0	5,014
Minimum Revenue Provision	3,115	28,985	32,100
Capital Financing	1,937	0	1,937
Total Corporate Budgets	**19,183**	**66,102**	**85,285**
Total Expenditure	**107,596**	**84,055**	**191,651**
Funded By:			
Council Tax Income	(65,102)	0	(65,102)
Council Tax (Surplus) / Deficit	(300)	0	(300)
Business Rates - Local Share	(37,326)	0	(37,326)
Business Rates (Surplus) / Deficit	8,451	0	8,451
Revenue Support Grant	(6,451)	0	(6,451)
Other Government Grants	(6,868)	0	(6,868)
Capitalisation Direction	0	(84,055)	(84,055)
Total Funding	**(107,596)**	**(84,055)**	**(191,651)**
General Fund Balanced Budget	**0**	**0**	**0**

Appendix A2 Summary Budget Build 2021/22 to 2022/23

	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Budgets:												
People (Adults)	46,023	246	795	2,000	201	(5,900)	0	0	(14,924)	28,441	0	28,441
People (Children)	11,665	(173)	0	0	162	(1,109)	0	0	(3,678)	6,867	858	7,725
Slough Children First	31,703	1,929	0	217	260	(2,673)	0	0	0	31,436	0	31,436
Place & Community	11,065	(230)	1,152	338	472	(7,453)	857	0	0	6,201	5,315	11,516
Resources	22,934	(4,571)	0	233	348	(2,824)	0	0	(652)	15,468	11,780	27,248
Total Service Budgets	**123,390**	**(2,799)**	**1,947**	**2,788**	**1,443**	**(19,959)**	**857**	**0**	**(19,254)**	**88,413**	**17,953**	**106,366**
Corporate Budgets:												
Other Corporate Budgets	6,115	2,858	0	0	0	0	(6,468)	6,612	0	9,117	37,117	46,234
Pension Deficit	4,264	0	0	0	0	0	750	0	0	5,014	0	5,014
Minimum Revenue Provision	40	0	0	0	0	0	3,075	0	0	3,115	28,985	32,100
Capital Financing	1,996	(59)	0	0	0	0	0	0	0	1,937	0	1,937
Total Corporate Budgets	**12,415**	**2,799**	**0**	**0**	**0**	**0**	**(2,643)**	**6,612**	**0**	**19,183**	**66,102**	**85,285**
Total Expenditure	**135,805**	**0**	**1,947**	**2,788**	**1,443**	**(19,959)**	**(1,786)**	**6,612**	**(19,254)**	**107,596**	**84,055**	**191,651**
Funded By:												
Council Tax Income	(61,032)	0	0	0	0	0	(3,073)	(997)	0	(65,102)	0	(65,102)
Council Tax (Surplus) / Deficit	1,478	0	0	0	0	0	(776)	(1,002)	0	(300)	0	(300)
Business Rates - Local Share	(33,531)	0	0	0	0	0	734	(4,529)	0	(37,326)	0	(37,326)
Business Rates (Surplus) / Deficit	6,337	0	2,000	0	0	0	(5,271)	5,385	0	8,451	0	8,451
Revenue Support Grant	(6,257)	0	0	0	0	0	(94)	(100)	0	(6,451)	0	(6,451)
Other Government Grants	(30,600)	0	0	0	0	0	9,974	(5,496)	19,254	(6,868)	0	(6,868)
Capitalisation Direction	(12,200)	0	0	0	0	0	12,200	0	0	0	(84,055)	(84,055)
Total Funding	**(135,805)**	**0**	**2,000**	**0**	**0**	**0**	**13,694**	**(6,739)**	**19,254**	**(107,596)**	**(84,055)**	**(191,651)**
General Fund Balanced Budget	**0**	**0**	**3,947**	**2,788**	**1,443**	**(19,959)**	**11,908**	**(127)**	**0**	**0**	**0**	**0**

Appendix A3 Directorate Budget Summaries
People (Adults)

People (Adults)	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:												
Employees	11,329	246	0	0	0	(1,472)	0	0	0	10,103	0	10,103
Premises-Related Expenditure	391	0	0	0	0	0	0	0	0	391	0	391
Supplies and Services	47,250	0	795	2,000	201	(3,278)	0	0	0	46,968	0	46,968
Third Party Payments	3,173	0	0	0	0	0	0	0	0	3,173	0	3,173
Transport-Related Expenditure	160	0	0	0	0	0	0	0	0	160	0	160
Total Expenditure	**62,303**	**246**	**795**	**2,000**	**201**	**(4,750)**	**0**	**0**	**0**	**60,795**	**0**	**60,795**
Income:												
Government grants	(103)	0	0	0	0	0	0	0	(14,924)	(15,027)	0	(15,027)
Grants and contributions	(13,965)	0	0	0	0	(1,150)	0	0	0	(15,115)	0	(15,115)
Sales	(75)	0	0	0	0	0	0	0	0	(75)	0	(75)
Fees and Charges	(194)	0	0	0	0	0	0	0	0	(194)	0	(194)
Rent	(200)	0	0	0	0	0	0	0	0	(200)	0	(200)
Internal Recharges	(1,743)	0	0	0	0	0	0	0	0	(1,743)	0	(1,743)
Total Income	**(16,280)**	**0**	**0**	**0**	**0**	**(1,150)**	**0**	**0**	**(14,924)**	**(32,354)**	**0**	**(32,354)**
Net Expenditure	**46,023**	**246**	**795**	**2,000**	**201**	**(5,900)**	**0**	**0**	**(14,924)**	**28,441**	**0**	**28,441**

Appendix A3 Directorate Budget Summaries
People Children

People (Children)	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:												
Employees	48,037	(173)	0	0	162	(641)	0	0	0	47,385	148	47,533
Supplies and Services	44	0	0	0	0	0	0	0	0	44	0	44
Premises-Related Expenditure	5,761	0	0	0	0	(1)	0	0	0	5,760	0	5,760
Supplies and Services	29,056	0	0	0	0	(310)	0	0	0	28,746	387	29,133
Third Party Payments	4,631	0	0	0	0	0	0	0	0	4,631	0	4,631
Transport-Related Expenditure	3,880	0	0	0	0	(77)	0	0	0	3,803	0	3,803
Total Expenditure	**91,409**	**(173)**	**0**	**0**	**162**	**(1,029)**	**0**	**0**	**0**	**90,369**	**535**	**90,904**
Income:												
Government grants	(76,700)	0	0	0	0	(80)	0	0	(3,678)	(80,458)	0	(80,458)
Grants and Contributions	(13)	0	0	0	0	0	0	0	0	(13)	0	(13)
Sales	(334)	0	0	0	0	0	0	0	0	(334)	0	(334)
Fees and Charges	(2,672)	0	0	0	0	0	0	0	0	(2,672)	323	(2,349)
Rent	(24)	0	0	0	0	0	0	0	0	(24)	0	(24)
Total Income	**(79,743)**	**0**	**0**	**0**	**0**	**(80)**	**0**	**0**	**(3,678)**	**(83,501)**	**323**	**(83,178)**
Net Expenditure	**11,666**	**(173)**	**0**	**0**	**162**	**(1,109)**	**0**	**0**	**(3,678)**	**6,868**	**858**	**7,726**

Appendix A3 Directorate Budget Summaries
Slough Children First

Slough Children First	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:												
Supplies and Services	31,703	1,929	0	217	260	(2,673)	0	0	0	31,436	0	31,436
Total Expenditure	**31,703**	**1,929**	**0**	**217**	**260**	**(2,673)**	**0**	**0**	**0**	**31,436**	**0**	**31,436**

Appendix A3 Directorate Budget Summaries
Place and Community

Place & Community	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:												
Employees	25,659	362	41	0	472	(2,179)	0	0	0	24,355	1,251	25,606
Premises-Related Expenditure	19,429	(250)	1,100	0	0	(482)	0	0	0	19,797	0	19,797
Transport-Related Expenditure	3,717	0	11	3	0	0	0	0	0	3,731	20	3,751
Supplies and Services	4,756	(342)	0	335	0	(1,489)	0	0	0	3,260	3,290	6,550
Third Party Payments	327	0	0	0	0	0	0	0	0	327	0	327
Depreciation and Impairment Losses	311	0	0	0	0	0	0	0	0	311	376	687
Total Expenditure	**54,199**	**(230)**	**1,152**	**338**	**472**	**(4,150)**	**0**	**0**	**0**	**51,781**	**4,937**	**56,718**
Income:												
Government grants	(1,757)	0	0	0	0	0	857	0	0	(900)	38	(862)
Grants and contributions	(20,756)	0	0	0	0	(100)	0	0	0	(20,856)	9	(20,847)
Sales	(516)	0	0	0	0	(175)	0	0	0	(691)	9	(682)
Fees and Charges	(10,883)	0	0	0	0	(887)	0	0	0	(11,770)	322	(11,448)
Rent	(9,220)	0	0	0	0	(2,141)	0	0	0	(11,361)	0	(11,361)
Total Income	**(43,132)**	**0**	**0**	**0**	**0**	**(3,303)**	**857**	**0**	**0**	**(45,578)**	**378**	**(45,200)**
Net Expenditure	**11,067**	**(230)**	**1,152**	**338**	**472**	**(7,453)**	**857**	**0**	**0**	**6,203**	**5,315**	**11,518**

Appendix A3 Directorate Budget Summaries
Resources

Resources	2021/22 Working Budget	Virements	Growth for Demand & Pressures	Contract Inflation	Pay Inflation	Net Savings	Corporate Adjustments	Net Funding Changes	Grants Realignment	2022/23 Base Budget	Capitalisation Direction	2022/23 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:												
Employees	18,141	(1,890)	0	0	338	(1,039)	0	0	0	15,550	10,272	25,822
Premises-Related Expenditure	22,145	0	0	178	0	(313)	0	0	0	22,010	0	22,010
Transport-Related Expenditure	32	0	0	0	0	(8)	0	0	0	24	0	24
Supplies and Services	4,159	(2,681)	0	56	10	(1,287)	0	0	0	257	1,508	1,765
Third Party Payments	329	0	0	0	0	0	0	0	0	329	0	329
Transfer Payments	56,619	0	0	0	0	(39)	0	0	0	56,580	0	56,580
Total Expenditure	**101,425**	**(4,571)**	**0**	**234**	**348**	**(2,686)**	**0**	**0**	**0**	**94,750**	**11,780**	**106,530**
Income:												
Government grants	(73,608)	0	0	0	0	0	0	0	(652)	(74,260)	0	(74,260)
Grants and contributions	(331)	0	0	0	0	0	0	0	0	(331)	0	(331)
Sales	(764)	0	0	0	0	(14)	0	0	0	(778)	0	(778)
Fees and Charges	(3,462)	0	0	0	0	(124)	0	0	0	(3,586)	0	(3,586)
Rent	(97)	0	0	0	0	0	0	0	0	(97)	0	(97)
Interest and Investment Income	0	0	0	0	0	0	0	0	0	0	0	0
Internal Recharges	(229)	0	0	0	0	0	0	0	0	(229)	0	(229)
Total Income	**(78,491)**	**0**	**0**	**0**	**0**	**(138)**	**0**	**0**	**(652)**	**(79,281)**	**0**	**(79,281)**
Net Expenditure	**22,934**	**(4,571)**	**0**	**234**	**348**	**(2,824)**	**0**	**0**	**(652)**	**15,469**	**11,780**	**27,249**

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Appendix A4 2022/23 Proposed Savings by Directorate

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
People (Adults)				
ASC Operations	PA-Aug-2122-025	Provision Changes redistributing *new service users* into alternative services that promote greatest independence such as homecare and through direct payments.	(692)	Y – September 2021
Business Support	PA-Oct-2122-111	Business Support Efficiencies - 75% reduction in staffing	(161)	N
People (Adults)	PA-Sep-2122-081	Reduce costs by achieving a lower average cost for older people in residential care. Costs currently above average for some users.	(97)	N
People (Adults)	PA-Sep-2122-082	Provision change – year on year reduction in users moving from residential care to more independent living based on move to benchmark average.	(40)	N
People (Adults)	PA-Sep-2122-083	LD Residential – move to slightly lower average local cost paid by comparator authorities	(78)	N
People (Adults)	PA-Sep-2122-084	LD Nursing – work with health providers to understand opportunities for cost sharing for people in residential or nursing care with long term health needs who are not eligible for Continuing Health Care.	(60)	N
People (Adults)	PA-Sep-2122-085	Shared lives – offer options for people to live with families in community	(150)	N
People (Adults)	PA-Sep-2122-086	Target cost – developing plans to achieve a reduction in the current average cost for each service type and implementing an achievable target cost compared to local and regional benchmarks.	(1,400)	N
People (Adults)	PA-Sep-2122-087	Direct Payment (DP) recoupment	(150)	N
People (Adults)	PA-Sep-2122-088	Continuing Health Care (CHC) - replaced with Virtual Review team	(120)	N
People (Adults)	PA-Sep-2122-089	Implement plans to reduce the floating support service and support the delivery of a more effective and efficient service to individuals with complex needs to maintain their tenancies.	(48)	N
People (Adults)	PA-Sep-2122-090	Work with the CCG to improve integration of services through transfer of funds from Adult Social Care to the Better Care Fund (BCF) in 3 specific areas - hospital social work team; voluntary sector costs and a contribution to the virtual review team.	(769)	N
People Adults Non-Group Manager	PA-Aug-2122-026	Use of the strengths based approach on initial contact to ensure people are placed in the correct setting - universal, preventative, or low-level support services without an automatic presumption of long term statutory service.	(131)	N
People Adults Non-Group Manager	PA-Jun-2122-029	Adult Social Care - Financial Charging/Client Contribution	(1,000)	Y – April 2022
People Adults Non-Group Manager	PA-Mar-2122-027	Work to identify community based health activity which could be funded through the health sector with development of a joint protocol across Berkshire.	(150)	N
People Adults Non-Group Manager	PA-Mar-2122-028	Closure of directly provided council day and respite services	(854)	Y – September 2021
People (Adults) Total			**(5,900)**	

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
People (Children)				
All	PC-Aug-2122-037	Removal of all supplies and services budgets across all remaining Children centres and Early Years provision.	(99)	N
Early Years	PC-Jun-2122-036	Re-modelling Children's centres to reach a broader client group and look at opportunities for alternative use of some of the buildings to support early years provision.	(456)	Y -Date tbc
Education & Inclusion	PC-Mar-2122-035	Optimisation of current routes to provide efficiencies and longer term policy review to enable transformation of Slough (SBC) Passenger Travel and Transport (part year saving)	(77)	N Policy review – April / September 2022
People (Children)	PC-Aug-2122-033	Reduction in staffing (vacant post) and re-assigning of various tasks from the School Services area to other functions.	(108)	N
People (Children)	PC-Sep-2122-098	Staffing reductions subject to Cabinet approval	(306)	Y – Date tbc
People (Children)	PC-Sep-2122-099	Removal of Educational Psychology Grants Budget	(63)	N
People Children Total			**(1,109)**	
Slough Children First	Various	Agreed net contract savings sum as per business plan agreed with Cabinet and Children's Company in February 2022	(2,673)	Y – February 2022
SCF Total			**(2,673)**	

Place and Community				
Accommodation	PLC-Aug-2122-058	Restructure of temporary accommodation services, re-allocation of work across the Housing Department.	(561)	Y – Date tbc
All	PLC-Apr-2122-050 PLC-Aug-2122-052 PLC-Aug-2122-057 PLC-Apr-2122-020	Increases in fees and charges, better collection of fees and charges and removal of current vacancies.	(36)	N
All	PLC-Aug-2122-063	Departmental Staffing restructure in line with development of Functional Capacity and Capability statement	(1,737)	Y – Date tbc
All	PLC-Jun-2122-051	Additional income from re-procurement of Car Parking contract	(102)	N
Business Support	PLC-Oct-2122-110	Business Support Efficiencies - 75% reduction in staffing	(431)	N

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
Localities and Neighbourhoods	PLC-Aug-2122-055	Leisure - EA Management fee indexation	(100)	N
Localities and Neighbourhoods	PLC-Aug-2122-056	Library Services remodelling	(400)	Y – March 2022
Localities and Neighbourhoods	PLC-Mar-2122-019	Leisure Services – receipt of management fee from leisure contractor part year effect	(745)	N
Place	PLC-Aug-2122-064	Street Cleansing - reduction in resources deployed and revised ways of working	(400)	N
Place	PLC-Aug-2122-065	Grounds Maintenance – reduction in resources deployed, stopping of ad-hoc work, and revised ways of working	(450)	N
Place	PLC-Aug-2122-068	Parks - Efficiencies and Service review	(50)	N
Place	PLC-Aug-2122-069	Allotments – water charge levy	(20)	N
Place	PLC-Nov-2122-042	Rental Income for 2/3 floors of Observatory House	(1,300)	Y – Date tbc
Place	PLC-Sep-2122-070	Highways development Planning Performance Agreement fees	(50)	N
Place	n/a	Energy costs budget pressure	300	Y – January 2022
Place Management	PLC-Mar-2122-039	Release and utilisation of S106 receipts	50	N
Place Regulation	PLC-Mar-2122-041	Use PREVENT Reserve to fund Domestic Abuse and Exploitation Service for 1 year	49	N
Place Strategy & Infrastructure	PLC-Aug-2122-067	Bus station self-financing	(42)	N
Place Strategy & Infrastructure	PLC-Mar-2122-043	Digital advertising (Street Advertising/Bus Shelter Advertising)	(175)	Y – November 2021
Place Strategy & Infrastructure	PLC-Mar-2122-044	Increased Parking Income	(200)	N
Place Strategy & Infrastructure	PLC-Mar-2122-046	Income from Car Park on TVU (reversal of prior year saving)	100	N
Place Strategy & Infrastructure	PLC-Mar-2122-047	Regeneration - Income generation for Moxy Hotel	(821)	N
Place Strategy & Infrastructure	PLC-Mar-2122-048	Delivery of the Local Plan (Reversal of 2020-21 Growth)/Restructure	(332)	N
Place and Community Total			**(7,453)**	
Resources				
All	RE-Oct-2122-022	Cross department reduction in all budgets through management of vacancies and additional expenditure controls	(350)	N
Building Management	CO-Aug-2122-002	To review and re-scope Building management contract requirements	(225)	N

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
Building Management	CO-Aug-2122-003	Community Centre - Increased Income	(126)	N
Business Support	CO-Jun-2122-001 CO-Aug-2122-005	Business Support Efficiencies - 75% reduction in staffing and reduction in usage of printing, postage and mobile costs in Counter Fraud team	(108)	N
Corporate Operations	RE-Oct-2122-115	Elections – reduction in staffing to reflect the current post holders	(14)	N
Corporate Operations	RE-Oct-2122-116	Communications - Delete vacant posts and reduce events budget	(83)	N
Customer Services	RE-Aug-2122-059	Customer service – reduced staffing and re-allocation of workload	(38)	N
Customer Services	RE-Aug-2122-060	Reduction of 5 customer service assistant posts	(123)	N
Democratic Services	CO-Aug-2122-006, 007, 008	Increase income target for Schools appeals, reduction in costs of Mayors Hire Vehicle and reduction in printing costs Mayors Office	(19)	N
Finance & Commercial	RE-Dec-2122-122	Cross-cutting: Stretch target pro rata to Depts as agreed at Executive Board	(89)	N
Finance & Commercial	RE-Mar-2122-023	Recommissioning and reviews of Procurement and Internal Audit contracts and reduction in number of posts	(713)	Y – Date tbc Internal Audit - March 2022
ICT	CO-Aug-2122-009	Professional subscriptions	(5)	N
ICT	CO-Jun-2122-010	ICT - decommissioning of equipment and contracts that are no longer needed.	(360)	
Strategic Finance	RE-Oct-2122-114	External Audit fee - reduction	(150)	N
Strategy & Improvement	RE-Aug-2122-052	Senior management re-structure	(120)	Y – Date tbc
Strategy & Improvement	RE-Jun-2122-054	Removal of posts never recruited to following previous re-structure	(300)	N
Resources Total			**(2,823)**	
Total			**(19,958)**	

Appendix A5 Growth to Directorates

Growth Type	Directorate	Service	Item	2022/23 £000
Growth for Demand & Pressures	People (Adults)	Adult Social care	Care Act responsibilities	70
Growth for Demand & Pressures	People (Adults)	Adult Social care	Demographic growth	725
	Sub-Total			**795**
Growth for Demand & Pressures	Place & Community	Place - DSO	Red Diesel costs	11
Growth for Demand & Pressures	Place & Community	Council- wide	Energy contract/costs	1,100
Growth for Demand & Pressures	Place & Community	Place - DSO	Truck washing programme	41
	Sub-Total			**1152**
	Total Growth for Demand & Pressures			**1947**
Contract Inflation	Slough Children First	Slough Children First	Contract Inflation	217
	Sub-Total			**217**
Contract Inflation	People (Adults)	Adult Social care	Care providers and market sustainability	2,000
	Sub-Total			**2,000**
Contract Inflation	Place & Community	Place - DSO	Grundon Waste disposal	335
Contract Inflation	Place & Community	Place - DSO	Dennis Eagle contract	3
	Sub-Total			**338**
Contract Inflation	Resources	Building Management	Various contracts	233
	Sub-Total			**233**
	Total Contract Inflation			**2,788**
Pay Inflation	Resources	Across directorate	Pay Award	348
Pay Inflation	Place & Community	Across directorate	Pay Award	472
Pay Inflation	People (Adults)	Across directorate	Pay Award	201
Pay Inflation	People (Children)	Across directorate	Pay Award	162
Pay Inflation	Children´s Services Trust Contract	Across directorate	Pay Award	260
	Total Pay Inflation			**1,443**

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Appendix B – Council Tax Resolution

The Council is required to calculate and set its Council Tax for 2022/23 as required by law by 11th March in the preceding financial year to the year in which the charges will be made.

Recommendations:

1) An increase in the Council's element of the Council tax for a band D property by £44.56 for 2022/23, giving a band D Council Tax of £1,534.86 per year, excluding the precepts from Police, Fire and parishes.

2) This equates to an increase in the Council's general band D Council Tax by 1.99%, the maximum permitted without a referendum as previously planned; and an increase in the Council's Adult Social Care Precept by 1.00% as confirmed by Government in the Final Local Government Settlement.

3) (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2022 is as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 17th January 2022 Cabinet calculated the following Tax Base amounts for the financial year 2022/23 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 42,286.2 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2022/23and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2022/23

Parish	2022/23 Band Tax-Base
Parish of Britwell	836.4
Parish of Colnbrook with Poyle	1,811.3
Parish of Wexham Court	1,393.9

(c) That the following amounts be now calculated for the year 2022/23 in accordance with sections 31A to 36 of the Act:

(i) £374,909,745 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);

(ii) £309,807,552 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);

(iii) £65,102,193 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);

(iv) £1,539.56 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(v) That for the year 2022/23 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £198,729 representing the total of Parish Precepts for that year.

(vi) £1,534.86 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

Band	Slough Area £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,023.24	41.92	33.33	28.13
B	1,193.78	48.91	38.89	32.82
C	1,364.32	55.89	44.44	37.51
D	**1,534.86**	**62.88**	**50.00**	**42.20**
E	1,875.94	76.85	61.11	51.58
F	2,217.02	90.83	72.22	60.96
G	2,558.10	104.80	83.33	70.33
H	3,069.72	125.76	100.00	84.40

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(viii) Calculate that the Council Tax requirement for the Council's own purposes for 2022/23 (excluding Parish precepts) is £64,903,463

(ix) That it be noted that for the year 2022/23 that the Thames Valley Police Authority precept will increase by £10.00 for a Band D property. The Police & Crime Panel at its meeting on 28th January 2022 endorsed the PCC's proposed 4.32% increase in the Police element of Council Tax for 2022/23. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £
A	160.85
B	187.66
C	214.47
D	**241.28**
E	294.90
F	348.52
G	402.13
H	482.56

(x) That it be noted that for the year 2022/23 the Royal Berkshire Fire Authority has proposed increasing its precept by £5.00 in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority £
A	49.30
B	57.52
C	65.73
D	**73.95**
E	90.38
F	106.82
G	123.25
H	147.90

(xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council for 2022/23 including the precepting authorities will be as follows:

Band	Slough £	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £	Royal Berkshire Fire Authority £	TOTAL £
A	1,023.24	160.85	49.30	1,233.39
B	1,193.78	187.66	57.52	1,438.96
C	1,364.32	214.47	65.73	1,644.52
D	**1,534.86**	**241.28**	**73.95**	**1,850.09**
E	1,875.94	294.90	90.38	2,261.22

F	2,217.02	348.52	106.82	2,672.36
G	2,558.10	402.13	123.25	3,083.48
H	3,069.72	482.56	147.90	3,700.18

With the parish precepts, the Council Tax will be:

Band	Slough Unparished £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,233.39	41.92	33.33	28.13
B	1,438.96	48.91	38.89	32.82
C	1,644.52	55.89	44.44	37.51
D	**1,850.09**	**62.88**	**50.00**	**42.20**
E	2,261.22	76.85	61.11	51.58
F	2,672.36	90.83	72.22	60.96
G	3,083.48	104.80	83.33	70.33
H	3,700.18	125.76	100.00	84.40

(xii) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.

(xiii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(xiv) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non- Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

(xv) That in the event that there are any changes to the provisional precept of the Fire Authority, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2022/23 Statutory Resolution and council tax levels.

DEDICATED SCHOOLS GRANT 2022/23

1. Background

1.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local Authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)–** funds primary and secondary schools through the school's funding formula, and growth funding for new and growing schools/bulge classes.

- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.

- **Early Years Block (EYB)–** funds the free entitlement for 2, 3, & 4-year olds in all early year's settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream schools.

- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

1.2 The allocations for the 2022-23financial year were published by the Department for Education (DfE) on 16th December 2021. Adjustments to the allocations are made throughout the year for academy schools recoupment, high needs provisions and for early year's provisions. The CSSB is generally fixed for the year.

1.3 The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the Education Funding & Skills Agency (EFSA).

1.4 Transfers between the individual blocks of the DSG are allowed providing they meet the regulations. The Schools Forum, at its meeting in December agreed to transfer 0.05% of the schools' block allocation to the High needs' blocks depending on the outcome of the modelling. The modelling resulted in a £776k transfer from the Schools Block (£100k to CSSB and £676k to HNB) and was agreed at Schools Forum in January 2022.

1.5 Schools Forum meets four times a year and the papers for the meetings can be found on the following link: Schools Forum.

2. DSG Allocation and Budgets for 2022-23

2.1 Table 1 sets out the detailed DSG allocations for 2022-23 as published by the DfE on December 16th2021. It also shows the agreed transfers between the blocks of the DSG as agreed by schools through consultation, the 5-16 task group and schools forum. All transfers comply with the regulations.

DSG Funding 2022/23

Slough NFF Funding Allocation	School Block	High Needs Block	Central Services Block	Early Year Block	Total
	£'000	£'000	£'000	£'000	£'000
2021/22	149,703	28,271	708	15,230	193,911
2022/23	155,285	30,610	743	14,461	201,100
Increase/(Reduction)	5,583	2,339	35	-769	7,188
% Change	3.7%	8.3%	5.0%	-5.0%	

3. Schools Block

3.1 The schools block allocation is primarily based on Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These units are then multiplied by the pupil numbers on the October 21 census. The Primary Unit of Funding (PUF) and the Secondary Unit of Funding (SUF) unit values were increased by 2% and 2.1% respectively against the 2021-22-unit values.

3.2 An allocation for growth and premises is also added to the PUF and SUF allocations to complete the funding for the schools block.

3.3 Table 2 shows the comparisons between the schools' block funding for 2021-22 and 2022-23.

Final Settlement 2021/22				Final Settlement 2022/23				Variance				
	Unit Funding £	Pupil No.	Total Funding £		Unit Funding £	Pupil No.	Total Funding £	Unit Rate	Funding Rate % increase	Pupil no. variance	Funding Variance £	Total £
PUF	4,492	16,609	74,610,285	PUF	4,580	16,487	75,510,625	88	1.96	-122	900,339	
SUF	6,117	11,663	71,338,839	SUF	6,244	12,147	75,841,167	127	2.08	484	4,502,328	
		28,272	145,949,124			28,634	151,351,792			362	5,402,668	5,402,668
Premises			2,471,365	Premises			2,580,502	Premises			109,137	
Growth			1,284,445	Growth			1,353,084	Growth			68,639	
			3,755,810				3,933,586				177,776	177,776
Total Settlement			**149,704,934**	**Total Settlement**			**155,285,378**	**Total invcrease over 2021/22**				**5,580,444**

3.4 The approach to setting the schools funding formula for 2022-23 has been to mirror the full national funding formula rates.

3.5 The School Block funding includes £1.54m NNDR funds which will be retained by the ESFA due to centralising the payments of NNDR.

3.5 The schools block budget has been set based on the criteria agreed on at Schools Forum meeting in December which took into consideration recommendations from the 5-16 task group. The final budgets were agreed at the January meeting of the Schools Forum based on the settlement received form Government on 16th December.

3.6 Annexe 1 shows the final allocations against the NFF factor rates, these rates may change depending on the final allocation of the grant once Authority Performa Tools will be competed in Jan. 22 and agreed by ESFA.

3.7 Final budget for individual schools will be available once the Authority Performa Tool will be completed in Jan.2022 and budget will be published.

4. Central Schools Services Block

4.1 The central schools services block is split into two elements, historical commitments and ongoing commitments. From 2020-21 the ESFA have included a mandatory reduction of 20% in the historical elements of this block. Slough has already reduced its historical elements by more than 20% so the additional funding can be utilised within the ongoing commitments area. Funding for ongoing commitments is calculated using 2 factors, a basic per-pupil factor, through which LAs receive the majority of funding, and a deprivation per-pupil factor.

4.2 The central services budget allocation has increased by £35k from £708k in 2020-21 to £743k in 2022-23. This is mainly due to an overall increase in pupil numbers for which the ongoing element is calculated on.

5. Early Years Block

5.1 The early years block is made up of specific elements for funding of the two year old entitlement, a total of £1.1m and the three and four year old entitlement for both the universal 15 hours and the additional 15 hours for eligible children of working parents, which is a total of £12.5m.

5.2 In addition to the above elements the Early Years National Funding Formula allocates funding for the early years pupil premium at a rate of £0.70 per eligible child per hour, a total of £123k and disability access fund at £800 per eligible child per year, a total of £51k and a maintained nursery lump sum, a total of £699k. The Maintained Nursery Lump Sum (MNS) allocated on both an indicative and conditional basis. The element from April 2022 to August 2022 is indicative and the element form September 2022 to March 2023 is allocated on a conditional basis.

5.3 Since the introduction of the EYNFF, local authorities have received supplementary funding for maintained nursery schools on top of their EYNFF allocation, to protect their MNS funding at their 2016 to 2017 level for the universal 15 hours. For 2022 to 2023 supplementary funding rates are uplifted

by 3.47%, which is equivalent to the increase in the 3 and 4-year-old hourly funding rates.

5.4 The regulations regarding the funding flow to providers mandate that 95% of the total blocks' allocation received for early years has to be allocated directly to provisions and a maximum of 5% of can be utilised by the authority for central expenditure. All providers are consulted annually on the distribution of the early years funding formula and the central spend is agreed at Schools Forum.

5.5 The final allocation for early years is not available until the July of the calendar year of which the financial year falls into as the final adjustment for early years funding is based on the variance between the current and preceding years January census.

6. High Needs Block

6.1 The authority receives the funding for the high needs block based on a formula set by the DfE. The formula provides for every authority to receive an increase of at least 8% per head of the age 2 to 18 populations based on what authorities received in 2021-22.

6.2 Like the schools' block allocation, the high needs block allocation has a factor in it for Teachers Pay Grant (TPG) and the Teachers Pension Employer Contribution Grant (TPECG).

6.3 The allocation for the high needs block has increased by £2,3 from £28.3m in 2021-22 to £30.6m in 2022-23. There will be a total net adjustment to the import/export element in July to reflect actual movement. This is a net adjustment to reflect the difference between high needs pupils and students living in one local authority and attending a school or college in another.

6.3 The authority funds pre 16 special units and resource bases on 2 elements, a core (place) element and top up (per pupil) element.

7. The Management Plan

7.1 Since the implementation of the Special Educational Needs and Disability (SEND) reforms as part of the Children & Families Act 2014, there has been a nationwide trend towards increased numbers of Children & Young People (CYP) being assessed for, and being issued with, an Education and Healthcare Plan (EHCP). In the last 3 years in Slough, the number of CYP with an EHCP has increased from 1,243 to 1,532 (an average increase of 7.7% per year).

7.2 The Council's DSG deficit has also been growing since 2015/16, mainly due to the pressures for additional funding in this area. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021, and could potentially grow to £43m by 2024/25 if no mitigating action was taken.

Table 3: DSG Deficit

£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
B/F	5.7	4.9	2.4	5.4	7.5	13.4
In-year	-0.8	-2.5	3.0	2.1	5.9	7.2
C/F	**4.9**	**2.4**	**5.4**	**7.5**	**13.4**	**20.6**

7.3 All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve. Slough's deficit management plan was shared with the DfE in July 2021. Actions to manage demand for EHCP funding and address the DSG deficit are included in this plan as follows:

- SEND panels should ensure more robust, transparent decision-making, with commissioning professionals and/or finance officers in attendance.
- all SEND data must be accurate and up to date
- funding should be ceased promptly when CYP are no longer in education, employment, or training and/or their outcomes have been met
- there should be a clearer focus on more effective transition planning for post-16 and Preparation for Adulthood for CYP with EHCPs
- establish a more robust commissioning framework for therapies (particularly speech and language)
- development of in-borough provision to meet needs of specific SEND cohorts, reducing numbers of specialist setting and out of area placements
- improve contract monitoring with independent providers.
- audit current banding models to identify potential alternative systems for funding EHCP top-ups in mainstream, specialist resourced provision and special schools.

Risks

7.6 The key risk is regarding the assumptions made that underpin the management plan. Assumptions have been informed by all available information including past trends however given the number of variables and external factors that can impacts, assumptions are likely to change. Assumptions will continue to be reviewed as new information becomes

available and will be reflected in the periodic updates to the management plan to help inform future decision making

Progress to date

7.7 A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan, some of the key progress made to date is outlined below:

- all new independent placements will have contracts and IPAs from this point forward, to enable contract management and challenge where necessary.
- Commissioner meetings with independent providers have begun and will be complete by end of financial year 2021/22
- more robust and transparent processes at SEND panel have been implemented.
- partnership working with Adult Social Care has been strengthened to improve post-16 placement and transition planning
- Resource Base review has identified 3 provisions that can potentially be redesignated as SEN Units, which will strengthen the process of ensuring that CYP with SEND are matched to appropriate provision. SLAs are being scrutinised by legal, and the schools involved are liaising with SEND Commissioner re consultation process. This piece of work is expected to be completed by end of current financial year.
- new SEND Team Leader for post-14 has identified and begun to action EHCPs that the LA should cease to maintain.

Safety Valve

7.4 The Council has been invited to take part in the 'safety valve' intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

7.5 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

Annexe 1

Formula Factor Values 2021-22 to 2022-23

#	Element	2021/22 DfE – NFF with ACA Minimum Factor Value	2021/22 DfE – NFF with ACA Maximum Factor Value	Slough Current Rates 2021/22	2022/23 DfE NFF WithFactor Value	Variance Slough 2021-22 rates to NFF Rates 2022-23
1	AWPU: Primary per pupil	£3,300.82	£3,442.57	£3,458.32	£3,527.45	£69.13
2	AWPU: KS3 per pupil	£4,654.76	£4,854.65	£4,876.86	£4,974.40	£97.54
3	AWPU: KS4 per pupil	£5,245.59	£5,470.85	£5,495.88	£5,605.80	£109.92
4	FSM: Primary per pupil	£486.19	£486.19	£486.19	£495.90	£9.71
5	FSM: Secondary per pupil	£486.19	£486.19	£486.19	£495.90	£9.71
6	FSM6: Primary per pupil	£607.74	£607.74	£607.74	£619.80	£12.06
7	FSM6: Secondary per pupil	£887.83	£887.83	£887.83	£904.00	£16.17
8	IDACI Band A: Primary per pupil	£655.30	£655.30	£655.30	£668.40	£13.10
9	IDACI Band A: Secondary per pupil	£914.25	£914.25	£914.25	£932.50	£18.25
10	IDACI Band B: Primary per pupil	£502.05	£502.05	£502.05	£512.00	£9.95
11	IDACI Band B: Secondary per pupil	£718.72	£718.72	£718.72	£733.00	£14.28
12	IDACI Band C: Primary per pupil	£470.34	£470.34	£470.34	£479.70	£9.36
13	IDACI Band C: Secondary per pupil	£665.87	£665.87	£665.87	£679.15	£13.28
14	IDACI Band D: Primary per pupil	£433.35	£433.35	£433.35	£442.00	£8.65
15	IDACI Band D: Secondary per pupil	£613.03	£613.03	£613.03	£625.10	£12.07
16	IDACI Band E: Primary per pupil	£274.80	£274.80	£274.80	£280.25	£5.45
17	IDACI Band E: Secondary per pupil	£438.63	£438.63	£438.63	£447.10	£8.47
18	IDACI Band F: Primary per pupil	£227.24	£227.24	£227.24	£231.75	£4.51
19	IDACI Band F: Secondary per pupil	£327.65	£327.65	£327.65	£334.20	£6.55
20	LPA: Primary per pupil	£1,157.35	£1,157.35	£1,157.35	£1,192.07	£34.72
21	LPA: Secondary per Pupil	£1,754.52	£1,754.52	£1,754.52	£1,807.16	£52.64
22	EAL3: Primary per pupil	£581.32	£581.32	£581.32	£585.00	£3.68
23	EAL3: Secondary per pupil	£1,569.56	£1,569.56	£1,569.56	£1,575.00	£5.44
24	Lump Sum Primary	£124,507.53	£124,507.53	£124,507.53	£124,507.53	£0.00
25	Lump Sum Secondary	£124,507.53	£124,507.53	£124,507.53	£124,507.53	£0.00
26	Sparsity: Primary	£47,562.30	£4,756.23	£4,756.23	£5,000.00	£243.77
27	Sparsity: Secondary	£73,985.80	£7,398.58	£7,398.58	£7,500.00	£101.42
28	Mobility: Primary per pupil	£95.12	£95.12	£95.12	£95.12	£0.00
29	Mobility: Secondary per pupil	£136.35	£71.54	£136.35	£136.35	£0.00

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Appendix D1 HRA Budget Report 2022/23

1 Introduction

1.1 This report includes a proposal for Housing Revenue Account (HRA) rent setting for 2022/23 and provides an update to the HRA Business Plan, along with highlighting the key assumptions required to reflect national policies and financial impacts to the HRA.

1.2 The business plan projections reflect the income and expenditure required to manage the landlord function and, at the same time, work towards the Council's objectives to investing in existing tenants' homes and creating capacity to fund the development of affordable homes for rent.

1.3 This report does not attempt to summarise all aspects of the HRA business plan but aims to highlight areas where issues should be noted and consider options for future budget strategy.

2 National and local policies that can impact the HRA Business Plan

2.1 The Housing Revenue Account (HRA) self-financing system for council housing was implemented in April 2012. Under HRA self-financing, the Council's HRA continues to be a ring-fenced account (income and expenditure) for Council dwellings. HRA self-financing is intended to allow local authority landlords to manage and maintain their own stock from the rental income they generate.

2.2 The government introduced a new policy (after the Welfare Reform Act 2016 ended) effective from April 2020, which allows Local Authority Landlords and Registered Providers (housing associations) to increase rents by CPI plus 1%, modelled for 5 years from April 2020 which should provide some stability and certainty over planned investment in the current stock, service improvements and new developments, at least in the short to medium term.

2.3 The approach to be taken by the government beyond 2025 remains uncertain for all local authorities. In the absence of this information, the HRA business plan assumes that rent will remain as CPI after 2025.

2.4 Increasing rents by CPI plus 1% over the next 3 years allows major works to be funded without the need to borrow in the long term. This creates the possibility for a borrowing strategy to be exclusively aimed towards new builds and housing supply. It is important to consider both short and long-term impacts of rent setting, as it will have an accumulated impact on future budget availability, like the way council tax is modelled.

2.5 Increasing rents by CPI plus 1% will also help the Council to deliver its commitment to fire safety improvement works, address the gaps identified

from the stock condition survey, as well as fund agreed uplifts in contracts without affecting the delivery of essential services.

2.6 In May 2019, the UK government declared a climate change emergency, committing to target net zero carbon emissions by 2050. The Council has already made significant progress on its journey to reducing its own corporate carbon emissions. Amongst the programmes that are contributing to achieving these objectives and reducing the council's carbon footprint is the RE:FIT Programme, an energy efficiency and renewable energy refurbishment programme of council owned buildings. The programme is designed to reduce energy consumption by at least 20% reducing carbon emissions and energy costs. There is more work required to establish the level of investment required for the decarbonisation works.

3 Rent Setting proposal for 2022/23

3.1 The Council intends to follow the current government guidelines and legislation to facilitate the investment in stock and will apply this to all Council-owned rented accommodation. Council house dwelling rents for 2022/23 will increase by 4.1% (CPI + 1%) over the 2021/22 rent with effect from Monday 4th April 2022.

3.2 The proposed average weekly rent for HRA socially rented tenancies 2022/23 will be £109.76, which was £105.41 in 2021/22. This represents an overall average increase for all council rents for 2022/23 of 4.1%.

3.3 The table shows the current average rent levels and the proposed rents for 2022/23. All new re-lets are charged at target rent, which is reflected in the current average rent. A rent increase of 4.1% is estimated to result in an additional £1.197m of income when compared to the 2021/22 projected outturn.

Table 1: Average rents by bedroom size (to be added)

No. of beds	Average rents
0	£82.02
1	£94.30
2	£116.46
3	£129.23
4	£137.72
5	£156.45
6	£152.71

4 Service Charges and Other Costs for 2022/23

4.1 Service charges area recharges to tenants and leaseholders based on actual costs incurred in providing specific services, such as estate cleaning.

4.2 Service charges are expected to increase by 4.1% with effect from Monday 4th April 2022. This is based upon the September CPI figure plus 1%.

4.3 Garage rents, heating, utility, and ancillary charges are expected to increase by 4.1% with effect from Monday 4th April 2022. This is based upon the September CPI figure plus 1%.

4.4 Supervision and management costs include allowances for pay inflation uplifts in the business plan. An assumed 4.9% (September 2021 RPI) inflation in 2022/23 and efficiency savings of 3% will amount to an additional £0.3m budget requirement compared to previous year.

4.5 Repairs and maintenance contracts include an annual RPI inflationary uplift assumed at 4.9% and 3% thereafter, this will result in an additional £0.459m budget requirement in 2022/23.

4.6 Efficiency savings targets are incorporated into the budget setting process and business plan, in line with the Council's overall budget setting process. A 3% efficiency target across management will result in a £0.3m budget reduction for 2022/23.

4.7 The provision for bad debt is a key budget risk arising from the ongoing global pandemic, adding to the risk of under-recovery resulting from the rollout of Universal Credit. Covid-19 and Universal Credit are expected to have an impact on rental income collection rates, which could lead to an increased likelihood of bad debts arising. The average collection rate in 2021/22 is 96%.

4.8 The HRA operating reserve as at 31st March 2021 was £16.265m. Currently, the business plan models to achieve a minimum operating reserve balance that represents an estimated 4% of income (£250 per unit), which is approximately £1.5m. The operating reserve is necessary to manage unexpected deficits, or for smoothing in-year budget pressures due to timing differences between the cost of building new homes and receiving rental income, so that it can offset increase in borrowing costs.

4.9 In addition to the need for the HRA to balance competing demands, such as investing in supply of new homes, the current pandemic has further stressed the importance of maintaining an adequate level of reserves.

5 Summary of key assumptions in the HRA Business Plan

5.7 The HRA business plan provides long-term financial forecasts resulting from the implications of the Council's spending, investment, and rent-setting decisions, based on the authority's current income, assumptions on how costs and income might change in the future to illustrate what the authority can reasonably expect to happen, using the best available information.

5.8 The HRA Business Plan was recently refreshed to reflect the latest assumptions on inflation, expenditure, and income budgets. The latest plan

includes the latest investment and capital resources budgeted for existing and new affordable homes

5.9 A summary of the key assumptions that underpins the 30-year business plan is below:

Table 2 - HRA Business Plan Assumptions

Descriptions	**Assumptions used in the Business Plan**
Efficiency Savings	3% efficiency savings annually between 2022/23 and 2024/25
Affordable Housing Supply	Current year and 2022/23, 20 new build properties assumed. From 2023/24 to 2040/41, 10 additional new builds annually and 5 properties annually afterwards.
Minimum working balances	Minimum working balance assumed in the HRA Business Plan is £1.5million.
Rental Income	Based on CPI plus 1% increase manually to 2024/25. CPI increase only afterwards
Other non-dwelling income	CPI plus 1% increase annually
Supervision and Management	RPI increase annually. Efficiency savings on Management cost.
Service Charges	CPI plus 1% increase annually
Voids	Voids rate - 1.5% on Council dwellings
Bad Debts	Bad debt - 4%
Repairs and Maintenance	RPI increase annually
Interest rate on borrowing	No new borrowings. Existing borrowings based on Consolidated Rate of Interest (CRI) of 3.4%
HRA Debt Balance	HRA CFR opening balance 2021/22 £146.5m
RTB receipts	RTB disposals - 20 properties annually
Capital Programme – Major Works	RPI increase annually
Affordable Housing Supply	RPI increase annually

6 Risks

6.7 The business plan is based on a set of assumptions, and there will always be an element of risk of significant changes in cash flow projections in the revenue and capital accounts, if any of the assumptions fail to materialise, such as the efficiency savings target of 3% on management costs each year between 2022/23 and 2024/25.

6.8 Impacts of national housing policies and any changes proposed in future Government papers can have an adverse impact on the HRA and could require additional resources to address any unexpected changes. These include the effects of Climate Change and the implementation of Building Safety Regulation Act.

6.9 The HRA debt cap has been removed and significant borrowing maybe required to invest in stock to increase housing supply in Slough. The HRA is exposed to interest rate fluctuations, which can have a significant impact on revenue budgets and the overall business plan.

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Appendix D2 Housing Revenue Account Budget Summary

Notes	Housing Revenue Account (HRA) Medium Term Financial Plan 2021/22 to 2024/25	Current Budget 2021/22 £'000		Proposed Budget 2022/23 £'000	Estimated Budget 2023/24 £'000	Estimated Budget 2024/25 £'000
	Income					
(1)	Rent income - Dwellings	(33,112)		(35,154)	(36,089)	(38,882)
(3)	Less Voids	516		546	561	587
	Net rent income - Dwellings	**(32,596)**		**(34,608)**	**(35,528)**	**(38,295)**
(2)	Non-Dwellings - Shops, Garages etc	(1,647)		(1,714)	(1,766)	(1,819)
(4)	Charges for Service & Facilities	(2,391)		(2,495)	(2,576)	(2,711)
	Total Income	**(36,633)**		**(38,818)**	**(39,871)**	**(42,825)**
	Expenditure					
(5)	Repairs & Maintenance	9,364		9,790	10,050	10,654
(6)	Supervision & Management	9,654		9,838	9,839	10,187
	Rent Rates and Insurance	590		590	590	590
(7)	Special Services	1,040		1,091	1,123	1,157
(8)	Increase in Provision for Doubtful Debts	1,338		1,338	1,338	1,338
(9)	Contingency Budget	850		0	0	0
(10)	Depreciation	8,500		8,917	9,154	9,397
	Total Operating Expenditure	**31,336**		**31,563**	**32,094**	**33,323**
	Net Cost of Service before Interest Payable on HRA Debts	**(5,298)**		**(7,255)**	**(7,777)**	**(9,502)**
(11)	Interest Payable on HRA Debts	4,603		4,593	4,726	4,931
	Interest Receivable on HRA Balances	(25)		(15)	(12)	(11)
	Net Cost of Service after Interest Payable on HRA Debts	**(720)**		**(2,678)**	**(3,063)**	**(4,582)**
	HRA Balance:					
(12)	**Brought Forward**	**(17,473)**		**(8,193)**	**(8,871)**	**(9,933)**
	Repayment of HRA Debt	10,000		0	0	0
(13)	Transfer from Reserve	0		2,000	2,000	4,000
	Housing Revenue Account (Surplus) / Deficit for the year	(720)		(2,678)	(3,063)	(4,582)
	Balance - Carried Forward	**(8,193)**		**(8,871)**	**(9,934)**	**(10,515)**

Note	Comment
(1)	Dwelling rents are assumed to increase by 4.10% in line with the Rent Regulation determination
(2)	Non-Dwellings - Shops, Garages are assumed increase in line with September 2021 CPI inflation of 0.5%
(3)	Voids rate - 1.5%
(4)	Service charges are assumed to increase by CPI plus 1% (4.1%) in line with September 2021 CPI inflation
(5)	Repairs & Maintenance are assumed to increase in line with the RPI increase of 4.9% in 2022/23 and 3% afterwards
(6)	Supervision & Management relate to staff and operational costs. Staffing costs are assumed to increase by 2% in 2022/23 and 2023/24
(7)	Special Services - Ground Maintenance. Building Cleaning, etc are assumed to increase by September 2021 inflation of 3.1%
(8)	The bad debt provision is assumed to increase to 4% of rental income in 2022/23 based expected increased risk of higher rent arrears due to the impact of Covid.
(9)	This is a contingency budget includes £3.5m for potential claims for compensation to tenants re water commission
(10)	Depreciation, this relates to funding of HRA Capital Programme
(11)	The debt costs are based upon the assumption that new housing is funded through a increase in borrowing at 1.59% and £2m for potential pension liability relating to the RMI contract
(12)	The HRA accounts for 2018-19, 2019-20 and 2019-20 are still subject to audit and therefore the HRA reserves are provisional and may be subject to further changes
(13)	Revenue contribution to capital expenditure

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Appendix E: Fees and Charges Framework

1. BACKGROUND

Decisions made by the Council about charging for local public services can affect everyone.

Fees and charges are not only an important source of income – providing vital funds to deliver essential public services and assist in achieving the Council's objectives for better outcomes for our community – but are also an important driver of efficiency. An appropriate and strategic approach to fees and charges requires the Council to have a robust understanding of the costs of the services it provides, as well as local economic and market factors, and to keep its schedule of fees and charges under regular review to ensure the most appropriate fees and charges are applied.

When the Council charges for services our users pay directly for some or all of the costs of the services they use. There are some services where the charges may not recover the full cost of providing a service, but as far as possible, charges are set at levels to recoup these. Where this is deemed appropriate, there should be a clear rationale for this approach, for example this may be to prevent demand on other more expensive services.

The purpose of this Framework is to establish a framework within which a fair, economically and legally sound and strategic approach to fees and charges levied by the Council is agreed, and regularly reviewed.

To ensure the best possible value for money and establish the fairest possible approach to charging and cost recovery, this Framework sets out that **charges for services will be set in order to fully recover their costs** unless there is a prescribed framework for charging that prevents this or a specific decision on the part of the Council to subsidise the service provision for policy reasons.
The decision on whether to make a charge (and the amount to charge) is not always in the Council's control, but where it is, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available for the Council to make informed decisions.

This Framework therefore provides guidance for senior officers on:

- the setting of new charges and the policy context within which existing charges should be reviewed, including consultation and equality impact assessments, as required;

- the Council's approach to cost recovery from charging for services;

- the governance processes to follow to gain approval for services to be provided at subsidy – whether this be a subsidy to all users or in the form of concessions for users meeting a clearly defined qualifying criteria.

The Framework should allow the Council to have a properly considered, consistent and informed approach to all charges it makes for its services in support of the delivery of its strategic and policy objectives and the protection of statutory services.

The Framework will be reviewed **at least every 3 years** or as required following legislative and/or case law changes. The Framework and its application is subject to the normal scrutiny arrangements.

2. SCOPE

This Framework relates to fees and charges currently being levied by the Council and those that are permissible (but not currently being levied) under its general powers to provide and charge as defined by legislation.

Charges for services, where these are permissible within the relevant legislation, and for which the level of charge is determined locally by the Council are within the scope of the Framework.

Exclusions

- the Framework does not apply to services provided to other public bodies under contract as this type of activity is undertaken in accordance with different legislation and different considerations are relevant;

- the Framework does not apply to services provided on a commercial basis, if they are undertaken in accordance with specific different legislative provisions and/or are delivered by the Council's wholly- or partly-owned subsidiaries with specific different legislative provisions;

- similarly this Framework does not cover rental income since this is also undertaken in accordance with different legislative provisions and is described more fully in a separate strategy;

3. KEY PRINCIPLES

The key principles of this Fees and Charges Framework are set out in Table 1 below:

Table 1: Key Principles of the Fees and Charges Framework

1. User pays and full cost recovery

- Service users should the full cost of the service, where permissable, rather than the general taxpayer
- Fees and charges will be informed by transparent and comprehensive calculation of the full costs of providing the service

2. Strategic and informed approach to subsidy and concessions

- Charges must be set in accordance with statutory framework for that particular service
- Costs of any subsidies provided for provision of services must be clearly identified and reviewed as part of the budget setting process

3. Strategic approach to new charges

- Any new charges must be developed in the context of the Council's strategic agenda
- Impact of new charges must be worked through in sufficient detail prior to implementation
- Development of new charges must follow the governance process set out in this Framework

4. Appropriate communication and engagement with service users

- Users of services for which charges apply must be aware of charges prior to purchase and prior to delivery
- Charges will be set in accordance with the statutory framework applying to the services, including undertaking appropriate consultation and statutory notice periods where required

5. Coherence with broader efficiency and Framework objectives

- Fees and Charges should increase or decrease in line with changes in costs of providing the service, with efficiencies sought where possible before any changes are proposed or applied

6. Fees and charges will be subject to systematic and in-depth review

- The Council will review income against costs of chargeable services each year as part of its budget setting process, in order to ensure an appropriate level of cost recovery from chargeable services
- Levels of fees and charges will be kept under review, which will involve monitoring changes in costs of delivery, benchmarking and other appropriate market-rate comparisons, to ensure fees and charges are appropriate
- Levels of fees and charges will be comprehensively reviewed at least every 3 years, or sooner (for example in the light of changes to markets or legislation)

4. CHARGING AND LEGAL CONSIDERATIONS

For local authorities, charging decisions are controlled by statutory frameworks. Some services are provided in accordance with a statutory duty, whilst others are provided in accordance with a statutory power.

Local authorities have certain statutory duties in relation to some areas, such as planning matters, and where fees and charges apply to statutory services many of these are often set nationally with a prescribed charging mechanism. Alcohol licensing and gambling applications are two areas where there are a number of prescribed fees that local authorities have no control over in terms of setting them. The power to charge for some statutory services are set out in statute and local authorities have to set their fees in accordance with this.

Discretionary services are those that an authority has the power to provide but is not obliged to, and in the absence of a specific power to charge, these can be charged for on a cost recovery basis, under section 93 of the Local Government Act 2003. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

It should also be noted that there are other charges that the local authority will set within the context of a wider policy framework such as for adult social care contributions and care charges. In such cases, contributions to the costs are considered based on individual circumstances and financial assessments and in accordance with a wider policy

This Framework has been developed within the context of legal considerations relating to charging for services. Key considerations include:

- The Council is under a duty to ensure that, taking one year with another, the income from charges do not exceed the costs of provision.

- Charges may be set differentially, so that different people are charged different amounts for example taking account of means testing

In using the phrase “taking one year with another”, it is recognised that there are practical difficulties a public sector body may face in estimating the charges, since to a large extent this is highly dependent upon the demand for the services concerned. This enables the Council to “balance their books” for specific services over a period of time (not less than a year but no more than 3 years) such that any under-recovery of cost can be addressed in setting charges for future years so that over time income equates to costs.

In relation to setting charges for discretionary services, guidance typically refers to

the Chartered Institute of Public Finance and Accountancy definition of **total cost.** This provides the ability to recover all costs in the organisation, including a proportion of all central and unallocated overheads including democratic costs, depreciation, interest and working capital costs and any pensions back-funding.

As noted earlier, some services and charges are bound by further specific legislation and services are expected to be aware of the legislative context that applies to their area of responsibility and seek advice as required from legal services. When presenting fees and charges reports for a member level decision, the legal basis for charging must be set out.

5. CHARGING AND COST OF DELIVERY

Subject to the governance processes set out below, it is proposed that fees & charges for services are to be set in order to **fully recover the cost of delivery,** unless there is a specific statutory restriction or a decision to subsidise the service provision for policy reasons.

Each charge should be identified as belonging to one of the categories in Table 2 below and the appropriate charging Framework adopted in establishing and reviewing the level of the charge. In determining the appropriate charging Framework, and in any event, proper consideration should be given to the wider equalities implications which may be involved affecting accessibility of all groups to Council services.

Table 2: Approaches to fees and charges and corresponding strategic objectives

Approach	Objective
1. Full cost recovery	The Council wishes to make the service generally available, but there is no policy rationale for providing a subsidy from general taxation. Please note this Framework sets out that full cost recovery is the **default approach** to establishing fees and charges. Charging for discretionary services will fall into this category unless otherwise prevented by legislation or agreed.
2. Full cost recovery with concessionary discounts	The Council wishes to make the service generally available and is prepared to subsidise the service to ensure priority groups have access to the service, and/or other Council priority objectives are met.
3. Subsidised	The Council wishes to make the service widely accessible and therefore provides a subsidy from general taxation, however users of the service are expected to make some contribution to the cost.
4. Nominal	The Council's Framework is to make the service fully available and "free at the point of delivery". The service is funded from general taxation.
5. Prescribed charging	Charges are set in line with legal obligations and parameters under the appropriate legislation.

Approach	Objective
regime	

Governance and Approval Processes

1. Some services that local authorities provide are for functions which are the responsibility of the executive (i.e., Cabinet) and others are non-executive, and as a result, the approval route for such fees and charges may also differ with some needing approval via Cabinet and others via Full Council (delegated to committee as set out in the Constitution). Executive Director works up formal charging proposal in line with approach above. As a minimum the proposal needs to reflect desired policy objectives, and approaches to cost calculation set out in the Fees and Charges Framework

2. Consultation and engagement undertaken as appropriate.

3. Cabinet or Council decision taken to proceed / not proceed in the Council's budget report other than in year decisions taken by officers which are limited to inflation plus 3%

6. CHARGING AND COST CALCULATION

Adopting a method of full cost recovery means that the total cost of delivery, together with an apportionment of department and corporate overheads, is calculated and charged to the service user– it involves taking a look at the whole process and ensuring that all the stages involved are taken into account, for example the cost of handling the initial enquiry through to the collection of the payment.

Costs of service provision which will be taken into account for the purposes of determining appropriate charging levels, can be divided into four categories as set out in Table 3 below:

Table 3: Costs of provision to inform Slough fees and charges

1. Employment costs

- Costs of staff who deliver the service
- Salary plus all other cost to employer (e.g. pension)
- Could include allocation of pension back-funding if this is a cost to the Council

2. Departmental costs

- Costs incurred by the Department to deliver the service, for example:
  - Travel and distribution costs incurred
  - Specialised equipment required
  - Administration and management at the Departmental level
  - Insurance costs paid at the Departmental level
  - Advertising and marketing costs paid at the Departmental level

3. Corporate costs and overheads

- Costs incurred by other corporate services to ensure the service is provided, including:
  - Accomodation, IT and Insurance
  - Back office support services such as Finance, Human Resources, Legal, Business Operations (e.g. payroll, accounts payable)
  - Democratic costs (e.g. costs of democratic decision-making/governance processes relevant to the service, if and as appropriate)
  - Insurance costs paid corporately
  - Marketing and advertising costs paid at the corporate level

4. Financial costs

- Depreciation
- Costs of capital
- Interest on loans
- Costs of payment collection fees
- Debt collection and bad debt write-off

Finance will support colleagues to prepare the cost analysis required for the setting of fees & charges.

It should be borne in mind that some services will be subject to the Provision of Services Regulations 2009 which requires that fees & charges set under an authorisation scheme have to be reasonable and proportionate to the cost of the procedures and formalities of it and should not exceed these costs.

The practical effect of this, based on case law, is that fees charged in accordance with a scheme that falls under these provisions (e.g., sex shop licensing) cannot at the outset cover more than just the cost of administering and processing the application (to grant a licence for example). Whilst the cost of enforcing the regime can be recovered, this cannot be wrapped up into one fee at the outset. Therefore,

such fees and charges are split into:

a. the costs of the application process; and

b. on the application being successful, a further fee to cover the costs of the management and enforcement of the licensing regime. It is not possible to seek one fee incorporating both application and enforcement costs, and the fees need to be split and the second charge only due for applications which are successful (i.e., granted).

7. STRATEGIC APPROACH TO CONCESSIONS

The Council may decide to provide services without charge or at a level that does not fully recover the cost of delivery – in doing so, the tax-payer will be subsidising service users as the impact of such a decision could be to divert funding from other services. Such decisions should support the delivery of the Council's priorities and its objectives. Prior to introducing any new fees for charges or making any changes to existing subsidies, the service should undertake a full review of the service, including consultation and an equalities impact assessment where appropriate.

In some circumstances it may be appropriate to provide a partial subsidy if charging the full cost discourages or prevents usage.

When considering a subsidy, the following should be taken into account:

- That the subsidy supports a Council priority, objective or policy
- That it is reasonable to assume that the impact of the Framework can be measured
- The cost of the subsidy can be estimated and is affordable within the Council's budget
- That the proposed subsidy is the most effective approach available to deliver the Framework objective, and
- Any other relevant information.

A subsidy could be for all users or in the form of concessions for users that meet a qualifying criteria. **Definitions of qualifying criteria for concessionary target groups should be consistent across the Council.** Any application for a concession will be considered on its own merits. The following are examples of groups, subject to the approval mechanisms noted below, which may be considered for concessions:

- Young people of less than 16 years of age,
- Full time students
- People with a disability

- Individuals in receipt of a means tested benefit

Senior Officers with responsibility for managing services are responsible for ensuring that the fees and charges within their area of responsibility comply with the Framework and for ensuring that the Framework is applied to all appropriate services and not just those for which a charge is currently made.

8. APPROACHES TO DEVELOPING NEW FEES & CHARGES

Services are responsible for reviewing their services and ensuring that appropriate decisions are taken for all services.

For services that are provided on an ongoing basis to individual service users, appropriate notice should be given of any decision to amend or introduce a new fee or charge. An Equality Impact Assessment is required to be carried out for all new charges to consider the likelihood of any disproportionate adverse impact on vulnerable groups.

9. ADMINISTRATION / NOTIFICATION OF CHARGES

Arrangements for the charging and collection of payments should be efficient, practical and simple to understand by users. Where possible, fees should be collected in advance of service delivery. Where this is not possible, invoices should be issued promptly, comply with debt management processes and tax legislation, for example VAT.

Once set and in accordance with the Framework, senior managers are required to ensure that fees & charges are applied to all service users and that waiving of fees is only applied in exceptional circumstances. Senior Managers are required to keep a record of any exceptions granted in these circumstances for review.

10. PERIODIC REVIEW

Charges, and decisions not to charge, will be reviewed by Services annually in sufficient time for the impact of any revisions to be included in the annual budget setting process. All charges are expected to increase or decrease in line with the cost of providing the service unless there are exceptional reasons not to do so.

Once reviewed senior managers are expected to undertake a thorough review of fees and charges in their areas of delivery **at least every 2 years** – such a review is necessary to ensure that there are no material changes since the last review and to provide assurance that all costs are being recovered. Finance will monitor the cost recovery position. Senior managers are expected to build and maintain a record of activity data relevant to the service they provide.

Executive Directors have delegated authority under the Constitution to make in year changes to existing charges up to 3% plus inflation but should bear in mind that this delegated authority may not be appropriate to use in every case. For example,

officers must consider if there is an approved policy for the matter and that it does not have any unusual features of be something that has political or other significant issues and that it would not be a key decision. It may therefore be necessary to decline to use the delegated authority in such circumstances.

Additionally, the introduction of new fees and charges should not be undertaken through delegated authority and should be approved formally though Cabinet/Committee/Council.

Charges must also be reviewed during the year if there are any significant changes, such as cost, market changes, demand or service levels which materially affect the current charges and cost recovery with any changes required approved in the appropriate manner.

The reasons behind any significant change to charges should be communicated to service users, providing reasonable notice which will usually be deemed to be one month.

Finance support colleagues will provide support to senior officers to undertake this in-depth review and may require that such a review is undertaken where there is evidence that the current fees and charges are below comparable benchmarks or where there is evidence confirming that a subsidy is being provided.

11. RECORDING OF FEES AND CHARGES

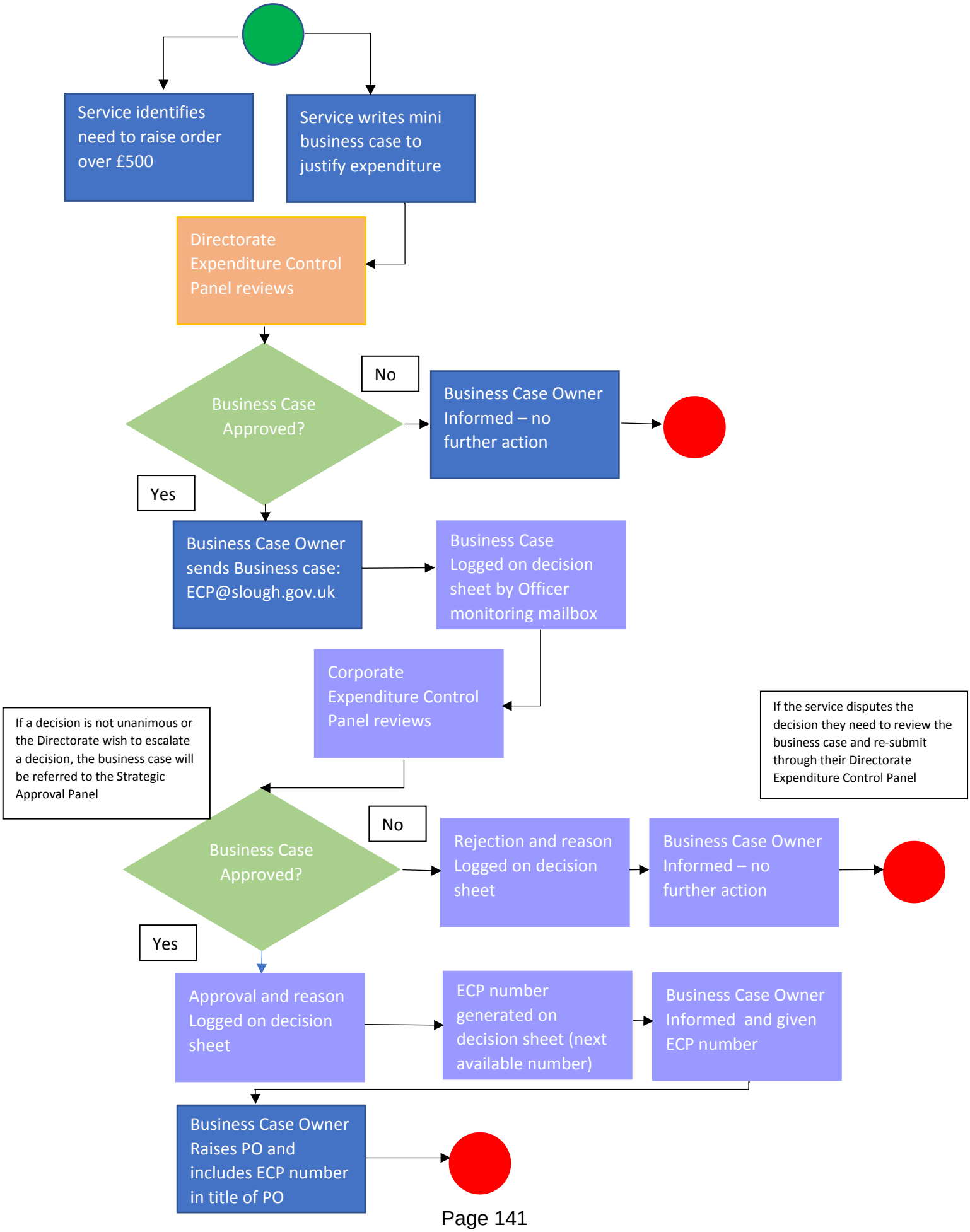
Services are expected to maintain a **schedule of all fees and charges levied.**

These schedules should include, identified separately, any charges that are set and should record the date of the last in-depth review and the date of any relevant decision to provide a subsidy or concession. The power to charge should be set out next to each charge.

The Council's fees and charges will be set **prior** to each financial year and published alongside the annual budget.

Appendix F: Outline of Expenditure Control Panel Process

Expenditure Control Panel Process



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SLOUGH BC - Equality Impact Assessment (Budget 2022/23)

1 Overview

1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2022/23 budget. The analysis also highlights a number of cumulative impacts that may arise resulting from the 2022/23 budget.

1.2 It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2022/23 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.

1.3 In making this decision we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, i.e. have due regard to the need to:

a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;

b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(a)

1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149. It is only one factor that needs to be considered and may be balanced against other relevant factors.

1.6 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

1.7 The Equality Act also says that public bodies must pay 'due regard' to equality. This means that we must:

- move or minimise disadvantages suffered by people due to their protected characteristics;

- take steps to meet the needs of people from protected groups where these are different from the needs of other people.

2. Identified high level cumulative equality impact

2.1 At this stage, it is not possible to fully measure the impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across all areas of Slough.

2.2 However, our preliminary equality impact analysis of the planned activity and budget proposals for 2022/23 indicates that the council is focused on making a wide range of changes during 2022/23 in order to balance its budget and whilst the majority of identified savings through efficiencies are linked to internal systems and processes there are others that impact our external partners and neighbours.

2.3 Key impacts from this initial analysis across the portfolios are outlined from section 5 below.

3. Mitigating actions – our principles

3.1 **Monitoring of impact**: Services must ensure ongoing equalities monitoring of the Impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.

3.2 **Informing decision-making**: The findings of this monitoring should be used to inform the budget-setting process year on year.

3.3 **Equality Impact Assessments**: As the budget proposals are developed, individual Equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.

3.4 **Targeting based on need**: Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.

3.5 **Gaps in monitoring**: Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

4. Identified Positive Impacts

4.1 The Council is fully committed to addressing the challenges facing communities and supporting residents to live better lives. The Recovery and Improvement plan 2022/23 will set out how services will respond to and plan for these challenges with a key focus on tackling inequalities across the Borough. This commitment to equality and inclusion is shared by partners and will be firmly rooted in the long-term vision for

Slough. The vision is currently being re-visited, with the Commissioners, in the light of the challenging circumstances in which the Council finds itself.

4.2 However once established it is expected that the Recovery and Improvement Plan will restate the Council's commitments to improve the life chances and experiences for Slough residents.

4.2 The Recovery and Improvement Plan and the Budget for 2022/23 gives effect to this in the following ways:

- By ensuring that the savings are balanced across service areas whilst recognising all service areas will need to contribute including those targeted at the most vulnerable

- By driving savings through the delivery of efficiencies and through the reform of services to improve outcomes and make them more cost effective

- By continuing to invest in services and activities that will reduce inequalities and support better lives for residents

- By being realistic about what is affordable and can be achieved within a significantly reduced resource base

5. Policy and Governance Context

5.1 The proposed social care precept may adversely impact some residents of Slough; however, residents on the lowest incomes will remain eligible for support with their bills via the local council tax support scheme. The increase proposed relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Slough by helping to protect and improve social care services.

5.2 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a scheme for hardship and investment in collection initiatives including provision of debt and welfare support. Over this time, the Council has sustained collection rates against this backdrop, ensuring no negative impact on other council taxpayers. However, during the COVID-19 pandemic we have seen a reduction in collection rates. Our budget proposes continuation of the investment into collection activities for 2022/23.

5.3 We have invested in a team within the Finance and Operations Directorate to tackle council tax fraud across the borough. The programme:

- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;

- has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;

- encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.

5.4 The budget will be discharged against a background of continuing intense pressure across the health and care system in Slough and more widely in Berkshire, particularly in light of the ongoing Covid-19 pandemic.

5.5 With the impact of the COVID-19 pandemic impacting household incomes, there has been an increase in the number of claims for the local council tax support schemes. In 2022/23, the Government allocated a grant to allow households in receipt of local council tax support to receive a further £150 reduction to their bill. In 2022/23, an un-ringfenced grant has been allocated and we will be working across the borough to identify how this can be best used in a targeted manner to help those households hardest hit. At the time of setting the budget for 2022/23 the pressures on local people and their household budgets are becoming greater than ever before with significant pressures on energy, fuel and day-to-day living costs impacting the most vulnerable within the borough. We will aim to respond to these challenges with support for our residents during 2022/23 as opportunities arise.

6. Portfolio Impacts Overview

People (Children)

6.1 The portfolio has identified budget savings proposals of £1.1m for 2022/23.

6.2 Of the £1.1m savings identified the service has completed an initial assessment of the equality impacts for all savings areas and determined that none of the proposals will have a negative impact from an equalities point of view. A number of positive impacts have been identified for specific groups and these will be monitored during the development of all proposals.

6.3 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. A high-level summary of each proposal is shown in Appendix A.

Slough Children First Company Contract

6.4 The Company has identified budget savings proposals of £4.726m in 2022/23. The Company vision is that every child in Slough should be ‘Safe, Secure and Successful’. To help achieve this, our mission is we should all be constantly working together to improve the lives of children and young people by protecting, supporting, and enabling them to thrive.

The company is reviewing the possibility of making savings on placement contracts for 16 to 25 year olds who require support from Slough Children First and for those young people who enter into care aged 15 – 17 years old. This is to be achieved via block contracts for all cohorts, which will enable improved outcomes, improved operational management of referrals, and deliver quality, cost efficient support which meets statutory duties whilst promoting independence and resilience. An anticipated first year savings of £268k is expected with no impact on quality.

6.5 The Company is also looking to develop a more cost-effective staffing model by reducing the reliance on agency workers, reducing the agency budget and developing a permanent workforce through permanent recruitment to established posts.

6.6 Under the Placement Strategy the Council is seeking to place children in care within a family setting where possible, realising an in year saving of £568,000 by 2024/25 through the Council's fostering programme.

6.7 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. A high-level summary of each proposal is shown in Appendix A.

People (Adults)

6.8 The portfolio has identified budget savings proposals of £5.9m for 2022/23.

The priority is to operate sustainably while fully meeting our legal obligations and in so doing ensure adults, carers and families have access to the information, advice and tools they need to enable them to live ordinary lives, safely and independently, for as long as possible.

6.9 A case has been put forward to generate additional income from the Better Care Fund of £743,531 for 2021/22, and £446,280 from 2023/24 as recurrent funding. The BCF (Better Care Fund) is intended to benefit our most vulnerable population groups from joined up integrated care – primary, community, acute or social care. Responding to the impact of COVID has increased demand in social care, and changes in process with regards to hospital discharges and suspension of some routine activities. To return to business as usual and to implement refined processes the following areas of activities will be funded via Better Care Fund

1) Hospital Social Work Team – in line with the BCF workstream relating to discharge to assess – recurrent funding

2) Increased investment in voluntary sector – to address isolation and provide a one Slough voluntary sector response - one off funding

3) Virtual review team one off funding to review social care cases to promote independence and ensure statutory compliance.

6.10 The main areas that will see changes as a result of our budget proposals are set out in the following paragraphs.

a) **Learning Disability** – The Council aims to support individuals with learning disabilities and/or autism to ensure their needs are being met and to enable them to achieve their outcomes and life aspirations.

b) **Mental Health** – We are undertaking a review of our partnership arrangements and a new partnership agreement with our provider has been put in place to support the delivery of the outcomes of this review as they emerge. The intention is to ensure that we provide effective support for adults in the most efficient manner possible.

c) **Older People** – we continue to review the critical pathways that support adults going into and leaving hospital. The objective is to ensure that the adult is offered the most appropriate support for them, with an emphasis on people being enabled to return home where this is possible, with support to regain as much

independence as possible. It is anticipated that this approach will enable us to both fully meet the needs of adults and generate efficiencies in 2022/23 and pave the way for a more sustainable operating model in future years.

d) **All care groups** - In addition to the work set out above we will continue to work with our market to develop new models for meeting need, for example though the development of providers to enable adults with Direct Payments to have more choice over how they use them. In parallel we will develop the infrastructure required to support this new approach.

6.11 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services. A high-level summary of each proposal is shown in Appendix A.

Place and Community

6.12 The portfolio has identified budget savings proposals of £7.453m in 2022/23, the majority of which relate to efficiencies following lean reviews, support service redesign and efficiencies across the technology estate. These changes are not expected to impact on the level of service provided to residents. Individual equality impact assessments will be undertaken where necessary.

6.13 Budget proposals of £7.453m have been identified for the 2022/23 financial year. These are categorised into the 4 main areas outlined below:

a) Staff re-structuring across the various parts of the service has proposals totalling over £3m. Benefits will be achieved through seeking continuous improvements, economies of scale and different ways of delivering services more efficiently.

b) Improved contract management of a range of services including Leisure and various maintenance contracts to deliver savings of over £1.25m.

c) Significant income generating opportunities are being targeted including the renting of parts of Observatory House, digital advertising and from various investments. These activities are expected to recoup in excess of £2m.

d) Other savings will be made from more efficient ways of working across the whole range of activities within the department.

6.14 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments will be undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact. A high-level summary of each proposal is shown in Appendix A.

Corporate Operations

6.15 The portfolio has identified budget savings proposals of £2.823m in 2022/23, these relate to a number of efficiency savings across support services. These changes are not expected to impact on the level of service provided to residents.

6.16 It is not considered that savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision making for

each individual project. The outcomes from these will be reviewed as the proposals develop during 2022/23 and any subsequent changes made should they be required. A high-level summary of each proposal is shown in Annex A.

Other Operating Costs – Capital

6.17 The Council's financial position requires total borrowing to be reduced, therefore the strategy is to minimise the extent to which capital schemes require additional new borrowing. Consequently, 35 projects previously in the capital programme, which would have incurred £24m of additional borrowing have been removed. It is not considered that savings proposals will have an adverse impact on persons who share any relevant protected characteristic.

ANNEX A

ANALYSIS OF EQUALITY IMPACT ASSESSMENTS BUDGET 2022 /23

PEOPLE (Children)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Reduction of costs in home to school transport through the implementation of route efficiencies and ensuring robust application of statutory policy.	None identified at this stage	None identified at this stage	N/A
Development of five family hubs to serve the geographical areas of Slough and re-designate the remaining five centres for the provision of early years education and childcare delivered by private, voluntary and independent sector providers.	The formation of locality based family hubs will have a positive impact on the communities of Slough by enhancing the current offer as part of a 0-19 development.	None identified at this stage	N/A
Reduction in supplies and services budgets across the early years' service and across Children & Families except Children's Centres.	None identified at this stage	None identified at this stage	N/A

Slough Children First

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
To drive a more cost effective staffing model by reducing the reliance on agency workers, reducing the agency budget and developing a permanent workforce through permanent recruitment to established posts, delivering a further £236k of savings from 22/23.	None identified at this stage	None identified at this stage	N/A
To reduce mileage spend claimed by staff travelling for work related journeys and increase access to the electric pool car fleet which will benefit the local environment. Target saving £13k.	None identified at this stage	None identified at this stage	N/A
SCF developed a pilot scheme with a local provider to provide a more supportive provision which is local, more cost effective and meets the therapeutic needs of young people vulnerable to exploitation. **2 young people have moved into the accommodation, which is expected to deliver £262k of saving in 2021/22, with the full year effect in 2022/23.**	None identified at this stage	None identified at this stage	N/A
To drive recruitment of foster carers in Slough to deliver a more cost-effective model of meeting demand on placements for looked after children. **The plan is to recruit 8 new households by March 22, growing further in 2022/23 to 14 which will save up to £568k by 2024/2025.**	None identified at this stage	None identified at this stage	N/A
To drive efficiencies in placement costs and other packages of care in three areas: **a) work in partnership with a provider to develop a model to meet Slough's needs and avoid higher cost spot rate placements elsewhere.** **b) commission specific provision for our increasing numbers of Unaccompanied Asylum Seeking Children (UASCs), recognising a differential in the type of support needed.** **c) Develop greater planned activity for placement finding. Increasing capacity within the placement function to avoid emergency same**	None identified at this stage	None identified at this stage	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
day placements which are known to cost more. **Expected savings in 22/23 of £80k.**			
A proposed reduction of £4k per financial year in S17 financial support to families through the provision of more focused work with families from early help.	None identified at this stage	None identified at this stage	N/A
To reduce overheads in printing and postage by £16k by moving to a more digital platform.	None identified at this stage	None identified at this stage	N/A
To reduce the unit cost of accommodation for 16 to 25 year olds who require support from Slough Children First and for those young people who enter into care aged 15 – 17 years old by purchasing through block contracts. **There are opportunities to reduce current spend by £265k in year one.**	None identified at this stage	None identified at this stage	N/A

People (Adults)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Increase the income from the Better Care Fund (BCF) contribution for Adult Social Care Activity in particular the voluntary sector, the hospital social work team and the virtual review team. **The income is assumed on the basis of moving from agency to permanent recruitment, time limited contributions from the BCF for projects and recurrent funding for key BCF related activity.** **A case has been put forward to generate additional income of £446k from 2023/24 as recurrent funding.**	None identified at this stage	None identified at this stage	N/A
To consider the potential for implementing the re-assessment and completion of decision support tools to convert social care clients to health funded for every eligible client under CHC Framework, National Assistance Act (1948) and subsequently the Care Act (2014).	Awareness of the protected characteristics is an important part of Social Work practice however these factors will not influence the determination of eligibility for Continuing Health Care Funding.	The CHC Framework needs to be adhered to via accurate completion of the Decision Support Tool. There are no anticipated negative impacts of this workstream on the grounds of protected characteristic.	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
This will mean that a group of people with complex needs will be funded by the NHS rather than SBC and they will not be assessed to make a financial contribution towards the cost of care. **Estimated savings of £250k per annum.**			
Recouping of unspent funds above contingency and planned future spend in Direct Payment Recipient Accounts and Pre-payment cards.	No impact as no change in practice.	No impact as no change in practice.	N/A
Providing alternatives to existing, in-house Provider Services for Adult Social Care.	Opportunity to personalise support offer and focus on better outcomes for Older People; better outcomes for People with Learning Disability; and to reduce disability discrimination and increase accessibility. Opportunity to access a wider range of support that meets individual needs. Increased opportunity for people of different faiths to come together. Increased opportunity for people of different ethnicities to come together.	Some older service users who have used a Council Services for a number of years may not want change. Risk of less opportunity for people of the same age to come together and share experiences. Risk of less opportunity for people with disabilities to come together and share experiences. Risk that a lack of accessible community facilities, disability discrimination and stigma will prevent people with disabilities making full use wider community offers Some service users who have lived in a Council Services for a number of years may not want change. Risk that people with communication needs	There is a detailed action plan within the departmental report that seeks to offset the negative impacts. This is being reviewed on a continuous basis as the proposal is developed.

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
		arising from disability will have difficulty engaging with the proposal. Risk of an increased burden being placed on unpaid carers – a group where women are overrepresented. Risk that transphobia and stigma will prevent people of different genders making full use of community options Risk that alternative provision is not inclusive for people of different faiths. Risk of language barriers being an issue in alternative provision Risk that homophobia could prevent people of different sexual orientations making full use of a community facilities,	
The Council commissions a floating support service at a cost of £180K per annum which is aimed at supporting individuals with complex needs to maintain their tenancies. It is intended that the Council does activate a contract extension in January 22 for 12 months at a reduced annual contract value of £117,000.	No groups will be particularly adversely affected compared to previous service delivery outcomes	No groups will be particularly adversely affected compared to previous service delivery outcomes	N/A
Delivery of the Adult Social Care Transformation Plan and the Adult Social	Opportunity to personalise support offer and focus on	Some people who have used a Council Service for a number of	There is a detailed action plan within the departmental

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Care Transformation Programme Business Cases. **There are five main elements that will deliver the transformation:** 1. **Strengths-Based Practice** **Implementing strengths-based practice will includes 3 workstreams, developing and implementing strengths-based practice; managing demand at the front door; and care reviews and delivery.** 2. **Market Management** **The market management project will include a number of workstreams: Accommodation with Support; Market Development; as well as Care Costs and Brokerage.** 3. **Preparing for Adulthood** **Develop a transitions pathway that prepares young people for adulthood and provides time to plan sustainable, outcome focused support. This will be addressed through dedicated resource and further work with both Adults and Children's Services.** 4. **Targeted Interventions** **The Targeted Interventions project**	positive individual outcomes.	years may not want change. There could be a risk of less opportunity for people of the same age to come together and share experiences in a strength-based model. Risk of less opportunity for people with disabilities to come together and share experiences in a strength-based model. Risk that people with communication difficulties arising from disability will have trouble engaging with the proposed changes. Risk of an increased burden being placed on unpaid carers – a group where women are over-represented. Risk of language barriers being an issue in considering individual need and preference. Risk that people with limited resource available (e.g., transport, technology) may have reduced access to service options.	report that seeks to offset the negative impacts. This is being reviewed on a continuous basis as the proposal is developed.

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
includes: a provider services review; a review of reablement; and developing an improved pathway for Aids, Adaptations and Assistive Technology (AT). 5. **Digital** **The digital workstream will look at how we use technology to deliver the best support. It has two key aims: to enhance the ability to communicate efficiently and effectively, and to give access to technology for the people of Slough with health and social care needs to better support them to live independently**. **This Equality Analysis focuses on the impact of delivering transformation to adult social care services in Slough.**			

Place and Community

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Re-allocation of funds from the Section 106 holding account to the departmental budget with a value of £50k in 22/23 and subsequent larger amounts in 2023/24.	Residents have already seen the benefits of these developments. This is an internal re-allocation process to enable movement of unallocated funds to reserves.	None identified at this stage	N/A
Increased income from Digital advertising of £175k. The Place directorate has proposed circa 70 locations where council land/property can be leased for the implementation of new digital billboards for advertising to support income generation.	There are no specific groups that will benefit however, it is intended as part of the negotiations with the successful bidders that advertising space will be sought to provide public information. This will then the Council to engage the wider community	None identified at this stage	N/A
Increased income of £200k expected from the existing parking contract will be delivered through an increase in Penalty Charge Notices (PCN's) compared to 21/22 due to the move back to pre-Covid enforcement levels and the increase in Waiting Restrictions across the borough.	Residents/Community groups that will benefit/disbenefit from this proposal have been consulted through the Traffic Regulation Order process both at household level but also through the Press as part of the statutory process.	None identified at this stage	N/A
Maximisation of car parking income from	None Identified at this stage	None Identified at this stage	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
co-ordination with developers regarding the timing of the on-site start dates for the MUSE development in the NW Quadrant. The income target is £112.7k and will include any further charges including business rates for the site.			
Our contract with our Leisure Service contractor, Everyone Active, includes a contractual entitlement for SBC to receive a management fee of c£1.6m/annum.	None Identified at this stage	None Identified at this stage	N/A
Consultation is to take place before March 2022 on what makes up a comprehensive library service so we can explore opportunities for reducing costs while continuing to provide a comprehensive library service.	None Identified at this stage	Slough has the youngest population in the UK, with 29% of its population under 19, meaning the proposed changes will disproportionately affect children, young people and families. Slough also has one of the highest birth rates in the UK (over 5,000 per year), so will have a proportionately high number of pregnant women and babies. Over 70% of use of the library service is by children and young people and their families. Those who are not confident reading English or have English as a second language will be negatively impacted if new publications are only in English. Those with visual impairment who rely on large print, Talking	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
		Books and e-audio/e-books will be disproportionately affected if this provision is altered Those individuals and families on low incomes who cannot afford to buy books for themselves and their families will be disproportionately affected.	
The volume of activity carried out within Community will reduce significantly as SBC right-sizes to fit a reduced budget.	None Identified at this stage	None Identified at this stage	N/A
Two vacant Temporary Accommodation Officer posts will be discontinued with activities blended into other roles within Housing services.	None Identified at this stage	None Identified at this stage	N/A
We have overlap in our objectives for various posts in Localities, Community and Leisure with Public Health objectives and there is the opportunity to align ourselves better with Public Health objectives to achieve part funding for these posts in return for delivering Public Health Objectives.	None Identified at this stage.	Community Development & Youth Services support a range of programmes delivered to young people so they will be directly impacted by the reduction in these budgets.	N/A

CORPORATE OPERATIONS

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Options for re-modelling and re-structuring the various services within the Finance and Operations service have been prepared and require further review and leadership engagement to ascertain the impact / risks and dependencies to the organisation as a whole. The modelling considers the various options to maximising savings whilst supporting business need at an appropriate level of quality.	None identified at this stage	None identified at this stage	N/A
Savings to be achieved by transitioning away from using consultancy support to deliver the Council's procurement projects to the development of an in-house specialist team. **Potential savings of £400k per annum.**	None identified at this stage	None identified at this stage	N/A
Reduction in professional subscriptions of £5k per annum.	None identified at this stage	None identified at this stage	N/A
Review of the Building Management Contract and re-negotiation of service scope review.	None identified at this stage	None identified at this stage	N/A
Deletion of non-statutory functions and services including corporate communications; deletion of corporate magazine and all corporate events.	None identified at this stage	None identified at this stage	N/A
Reduction in audit fee because of higher quality closure of accounts.	This will benefit the local taxpayer through reduced General Fund spend and by promoting better and more timely financial reporting	None identified at this stage	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
A review of operational budgets for Corporate Counter Fraud services to reduce by £4k per annum.	None identified at this stage	None identified at this stage	N/A
ICT savings will be achieved by decommissioning of equipment and contracts that are no longer needed. Savings expected of circa £360k.	None identified at this stage	None identified at this stage	N/A
Increased income Generation from Community Assets at the following sites: **Cippenham Community Centre** **Langley Pavilions** **Weekes Drive Community Centre** **Britwell Hub** **Orchard Youth and Community Centre** **The Curve** **Eltham Park** **Estimated additional income of £107k forecast.**	None identified at this stage	There are no under-represented groups, based on the information that has been available – there is no detrimental impact to service - only reductions in service operational budget lines - which essentially have been re-scoped in line with income generation for the buildings.	N/A

Appendix H – Report under s.25 of the Local Government Act 2003

Steven Mair, Director of Finance and Chief Finance Officer under s.151 Local Government Act 1972

This report provides detail of the Director of Finance's report under section 25 of the Local Government Act 2003 and advises the Cabinet of the Director of Finance's recommendations including the risks when considering the 2022/23 budget.

This report is made under section 25 of the Local Government Act 2003, which Council is required to have regard to when making decisions in accordance with s.31A of the Local Government Finance Act 1992. The Director's report is set out below.

1 SUMMARY

1.1 The seriousness of the Council's financial position cannot be understated. It faces a financial deficit of £223.1m up to the end of the current financial year and a further estimated £84.1m for 2022/23. The current estimates for 2022/23 show that the budget requirement is 78 per cent greater than sources of funding. It is only with confirmation of significant financial support for the Council from the Department for Levelling Up, Communities and Housing that I can provide members with some assurance on the robustness of the budget estimates and the adequacy of reserves.

1.2 It must also be acknowledged and understood that Slough's position is precarious. Whilst I have been able to give some assurance on the financial position, this is based on the inclusion in the capitalisation directions of sums for general balances, some earmarked reserves and contingencies. The delivery of the budget and its associated savings still requires both members and officers to maintain focus to ensure the budget and agreed savings are delivered throughout the year and in future years.

1.3 On the basis of the risks and issues raised in paragraphs 1.1 and 1.2 and the rest of this report, in my opinion as Director of Finance, Cabinet is recommended to note the budget on the basis that:

a) the proposed level of Council reserves are adequate to support the budget for 2022/23 having regard to an assessment of current financial and other risks set out extensively in this report and assuming these risks do not increase beyond those that can be contained by the Council. It should also be noted that matters will continue to be identified and will change throughout the coming financial year and beyond

b) the estimates are robust for the calculation of the budget within the confines of the many risks noted throughout this report. Particular attention is drawn to the following specific conditions and risks:

(i) the recommended level of general balances, for 2022/23 is £20m, although this is the bare minimum as a percentage of Net Revenue Expenditure, and places the Council in the lowest quartile in comparison to similar authorities

(ii) the budget which has levels of contingency and conditions built in to reflect the considerable risks the Council is facing and is predicated on continuing support from DLUHC;

(iii) agreement of the Capitalisation Directive for 2022/23 and future years as proposed to DLUHC in February 2022 at estimated figures of £223m to 31/3/22 and £84m for 2022/23

(iv) agreement by DLUHC that they will agree to capitalisation directions or other support to equal the actual figures for the outstanding, current and forthcoming years as the accounts for the years are closed

(v) agreement by DLUHC that they will agree to capitalisation directions or other support to equal the estimated figures for future years as the budgets are prepared for these future years

(vi) agreement by DLUHC that they will agree to capitalisation directions or other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed. Further that they will agree to finance/support on a recurrent basis any recurrent gap that would arise if the £20m annual level of savings was not achieved in a sustainable manner

(vii) the current level of Council general reserves outside of the support from DLUHC relating to specific risks and specific initiatives is currently nil. These reserves will be established and built up over time once a more stable finance base has been created.

(viii) as at the end of December 2021, the Council has a small amount of earmarked reserves of £14m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and cannot be used for general purposes

	£m
Better Care Fund	1.3
Grants for closed businesses	5.3
Business Support Grant	4.3
Outbreak Management Fund	1.4
Other	2.1
Total	**14.4**

(ix) as the Council has no complete and fully accurate accounts since 2015/16 and will not have these complete up to 31/3/22 until well into the financial year 2022/23 the financial position is subject to considerable potential change which may impact on the robustness of the budget

(x) the Council embeds the good practise now being designed but notes that this will take time to fully develop and thus as with the accounts the various estimates will be subject to change

(xi) the Council has a major dependency on asset sales which will significantly impact on the budget for 2022/23 and beyond and which will thus again affect the level of robustness of the budget

3 INTRODUCTION

3.1 In coming to a view on the robustness of the estimates there are a wide range of factors to take into account, including:

- the Slough Council context
- local risks impacting Slough's budget setting for 2022/23
- risks affecting the sector
- inherent risks
- Slough Council's financial management including the availability of support from the Department of Levelling Up, Communities and Housing (DLUHC)

4 SLOUGH BOROUGH COUNCIL CONTEXT

4.2 In March 2021 the Council requested Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department for Levelling Up, Housing & Communities (DLUHC)) in respect of the financial year 2021/22 to help it balance its budget. MHCLG agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond

4.3 The Director of Finance, as statutory Chief Finance Officer under s.151 issued a report under s114 of the Local Government Finance Act 1988 in July 2021, outlining the then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. As recognised by CIPFA in its report in October 2021, there was a high likelihood that this figure could grow, and this has proven to be the case. The latest forecast is that the Council will need an unprecedented level of support of a capitalisation direction of circa £479m to 2028/29 in order to place it on a sustainable financial footing for the future, of which £223m is required to deal with historic issues and £84m for 2022/23 to enable the Council to deliver a legal budget for 2022/23. These figures assume that the Council can deliver circa £20m per annum of recurrent incremental savings. This will be very challenging and the required capitalisation direction would increase substantially, would be beyond the potential asset sales that the Council could generate and would leave the Council with a significant unfunded recurrent annual gap 2028/29 if this level of savings was not achieved.

4.4 On 1 December 2021, the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's

financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial strategy, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements.

4.5 In the medium to longer-term the Council cannot become a financially self-sustaining council without considerable Government support. The availability of significant future support is a key assumption underpinning the 2022/23 budget and will be for several future years.

4.6 The Council's financial position has been the subject of regular briefings to members and DLUHC throughout 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed. Whilst the current request of Government is unprecedented it has to be noted that the accounts and audits of the 2018/19 (including eight prior period adjustments and four in-year adjustments), 2019/20, 2020/21 and 2021/22 are yet to be completed, and it is very likely that more amendments may be uncovered during the continuing closure of the accounts process. It should also be noted that in the scale of the many issues identified and that continue to be identified and the financial impact that these have had to date it has not been possible and will not be possible to secure a fully compliant, secure and stable position for some years. Issues will continue to be identified that will affect the financial position particularly during 2022/23

4.7 The 2022/23 budget needs to be seen in this context and on the back of the actions taken by various bodies in response to the identification of these serious financial failings, which have included:

- the identification of an extensive range of issues by the finance team throughout 2021/22
- the issue of statutory and non-statutory recommendations from the external auditor in May 2021
- a significant number of recommendations from internal audit including a Head of Internal Audit Annual Opinion in August 2021 which concluded the system for internal controls, governance and risk management was inadequate
- reports from both Department for Levelling Up, Housing and Communities (DLUHC) and Chartered Institute of Public Finance and Accountancy (CIPFA), both of which identified significant weaknesses in financial management processes, governance and internal control
- as referred to above, a statutory direction by the Secretary of State including the appointment of Commissioners to remain in force until 30 November 2024, unless amended

4.8 The Council's very serious financial challenges have arisen over a period of several years and represent the combined impact of a wide range of issues. Examples to note are as follows:

- inadequate minimum revenue provision - the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 is £70m, with a further £29m needed for 2022/23

- inadequate provisions estimated at £25m (of which £11m is for bad debts) in a range of areas including bad debts such as adults social care, sundry debts and insurance

- incorrect capitalisation of revenue costs totalling £48m, the majority of this is for the period to 2021/22 which includes £22m of costs incorrectly capitalised relating to transformation funding, £8m for incorrectly recognised overage costs and £16m for incorrectly capitalised costs of property and IT staff to projects

- non receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£21m

- inadequate budget estimation and failure to deliver planned cost savings

4.9 As a result at the time of the s114 notice the Council effectively had no unallocated general reserves and a very significant general fund deficit

4.10 The Council has for several years suffered greatly from a lack of:

- understanding of and transparency about its true financial position

- corporate (at all levels) and financial ownership, drive and leadership of the problem as it understood it

- professional financial standards at all levels

- tight financial management by budget holders

- skilled project management

- development and leadership of the Council's finances and finance team

- financial drive, control, positive attitude, ownership at all levels and roles

- evidenced based decisions set within a context of value for money

4.11 All of which led to:

- no (complete and accurate) accounts for 5 years

- no proper management of its budgets

- poor financial systems

- effectively no general reserves
- the need for an astonishing level of capitalisation direction that exceeds any in the Country from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse internal and external reviews with very little response from the Council up to May 2021

4.12 These problems are now being addressed but designing, implementing and embedding new processes together with the required changes to organisational financial management culture and process will take an estimated 4 years to achieve. More detailed assessments of the improvement timeframe will only become possible as the situation in Slough develops locally and will inevitably vary. Realistically the Medium-Term Financial Strategy will need to outline the actions required over the next decade in order to set the Council on a firmer and more sustainable financial footing

5. LOCAL RISKS IMPACTING SLOUGH'S BUDGET SETTING FOR 2022/23

5.1 In addition to the general risks affecting the sector as a whole, which are set out in section 5 onwards, there are a number of specific local risks that need addressing in order to develop a sustainable financial strategy, as follows:

- commitment from the Department of Levelling Up, Housing and Communities to the approval of a capitalisation direction of £307m necessary for setting a legally balanced budget for 2022/23. The approval of future capitalisation directions is also fundamental to allow the Council to set legal budgets in 2023/24 and beyond. Without these directions the Council cannot set a budget
- identification and delivery of up to £600m asset disposals and recognition of capital receipts. This needs to be undertaken with the support of expert advice in order to obtain best value for the Council
- the Council's Dedicated Schools Grant deficit has continued to grow. The overall deficit has grown from £4.9m in 2015/16 to £20.6m at 31 March 2021, and could potentially grow to £43m by 2024/25 if no further action is taken. This is now being addressed but given the size of the deficit and the previous lack of action, agreement of a statutory override in order to enable the deficit management plan to be enacted will be required as repayment becomes due during 2023/24.
- the Slough Children First Company remains in a challenging financial position and will need to manage its budget very robustly to meet its statutory responsibilities and remain a going concern. A revised business plan was considered at the previous Cabinet agenda and the Council have raised significant concerns about the ability of the company to deliver its planned savings of £4.7m on its £40m gross budget. It has previously overspent its budget and is currently projecting a £1.3m overspend in 2021/22

- the Council and the Children's Company do not have a track record of delivering savings. In order to achieve the financial recovery plan targets, very significant annual revenue savings will be required, subject to support from DLUHC and DfE

- the Council's 2018/19 (including eight prior period adjustments), 2019/20, 2020/21 and 2021/22 accounts have yet to be prepared/finalised and signed off. It is expected that the audit for each of these year's accounts will be completed by winter 2022 thus allowing greater certainty on which to base the future financial strategy. However, any issues arising from these audits will potentially impact the budget and MTFS

- the current finance team is heavily dependent on interim support, particularly at the senior level, which is unsustainable in the medium term. Whilst a re-structure of the department and a major recruitment exercise is being planned this will not begin to have a sustained impact until 2023/24

- the financial issues faced by the Council over the past 12 months have highlighted weaknesses across all aspects of the function and the Council including financial reporting, controls and financial oversight. These areas are being improved through the implementation of the finance recovery action plan but this will take time to fully implement and embed

5.2 There are areas of risk that remain subject to **volatility.**

- **Capital Receipts** - In certain areas, such as capital receipts the planned receipts estimated to the Council can be volatile depending on both the prevailing local economic conditions and timing and this has an adverse impact on the financing of the Capital Programme. This risk has been exacerbated by the impact of the Covid-19 pandemic. However, the Council has procured experts to assist it generate the necessary receipts

- **Fees and charges** The Council is currently budgeting to collect approximately £45.9m (2022/23) in fees and charges including rents from commercial properties, fees in respect of contributions to adult care costs, payments for social care from the NHS, planning fees, car parking charges, building control and planning fees etc. These are closely monitored and are sensitive to local economic conditions. Variances are reported through the General Fund revenue budget monitoring reports to Cabinet. The Government have provided grant funding to compensate councils for the loss of income as a result of the Covid-19 pandemic which has mitigated some of this risk

- **Demand Led Budgets** - Adults and Children's Social Care budgets are demand led. The impact of high-profile national cases can lead to a significant increase in safeguarding concerns and the subsequent referrals and demand for placements within Children's Services. Demand for Adult Social Care is increasing with an ageing population living longer and with more complex needs. Whilst future years' estimates have been made based on cost and volume assessments there is a risk that these assessments may be exceeded particularly in respect of Slough Children's Services. There is also the risk of

provider failure as prevailing market conditions may deteriorate. The Council, however, has invested significantly in social care in recent years including additional social workers to assist in managing these risks given the considerable demand and price pressures

- **Council Tax Collection** - There is a risk that future local economic conditions will deteriorate and that the current projected levels of council tax collection will fall leading to a deficit on the Collection Fund. This risk has increased since 2013/14 with the localisation of council tax benefits and welfare reform. The risk has been exacerbated by the Covid-19 pandemic. The Council has budgeted on the basis of collecting 98% of 2022/23 Council Tax. The total business rate base has been set at £103.9m for 2022/23. The performance against these collection rates will be monitored on a monthly basis and the Council has a good track record of managing this risk

5.3 The Council has been in continual discussion with DLUHC about a significant package of support through a Capitalisation Directive and other matters which may allow the Council to develop a sustainable medium term financial strategy. Even with additional support, improving the Council's underlying financial position will take several years to rectify. The support has yet to be confirmed but may come with additional conditions.

6 RISKS AFFECTING THE SECTOR

Continuing uncertainty due to the COVID pandemic

6.1 The Covid pandemic has had a significant social and economic impact at all levels: international, national, local and individual and its repercussions, whilst as yet unquantifiable, will undoubtedly be felt over the medium term in the guise of recession, increased demand for mental health and social care services and children's attainment levels and life chances. Those least well-off will sadly be hit the hardest putting increased pressure on the Council's budget

Short Term nature of the Local Government Finance Settlement and Fair Funding Review

6.2 The forthcoming year, 2022/23, will be the third year where local authorities will only receive a single-year finance settlement. The October 2021 Spending Review was the first multi-year Spending Review since the end of 2019 with single year Spending Rounds in October 2019 and 2020. Despite the October 2021 Spending Review projecting public sector resources to 2024/25, local authorities have continued to only receive a single settlement for 2022/23. The Council's funding beyond 2022/23 will be determined by the outcome of the Review of Relative Needs and Resources (previously the Fair Funding Review) and the reforms to the Business Rates Retention System under the Levelling Up agenda. At this time there is no indication of future funding levels, and the Council is unable to financially plan with any certainty beyond 2022/23

6.3 The Government have recompensed local authorities for in-year costs and injected significant amounts of money into the economy as well as announcing additional

limited support for Covid pressures in 2022/23 as part of the Local Government Finance Settlement. Together with Brexit, the impact of which is also continuing to be felt, means the Council and local government more generally faces significant uncertainty over the medium term in terms of future funding levels. Where possible these uncertainties have been estimated in the ask to Government

Legislative Changes/Burdens

6.4 There have been a number of major legislative changes/burdens that go back in some cases some time but given Slough's particularly fragile financial state continue to potentially impact on Council funding in future years. These include:

- **The introduction of the Business Rates Retention System** from 2013/14 represented a significant transfer of financial risk from central government to local government, as business rate income is volatile and subject to some local variation based on such factors as the prevailing economic conditions and levels of appeals. Since 2013/14, local government has had to bear the cost of 50% of any losses in business rate income including those arising from successful appeals. Business Rates income is considered to present a high risk due to a number of factors including, the level of business rates appeals, the current restructuring within the retail sector, and the potential ongoing impact of Brexit. The Covid-19 pandemic and subsequent economic contraction has only added to this inherent risk

- The **Check, Challenge and Appeal (CCA) system** was introduced from 1 April 2017 by the Ministry for Housing Communities and Local Government (MHCLG). The CCA system is intended to manage the flow of cases through the system in a structured and transparent way, and each step in the application process must be fully completed in sequence to submit an appeal. The Council has made a provision of £8.2m for business rate appeals and this is considered sufficient based on the current information available to the Council. However, the retail sector is currently going through significant change with many retail businesses restructuring how they engage with their customers by moving more to on-line channels rather than having physical stores. This could potentially have a significant impact on business rates income. The economic impact of the Covid-19 pandemic and any ongoing impacts from Brexit will also hit business rates income as a result of the economic downturn.

- **Welfare Reform and the localisation of Council Tax Benefit.** As part of the previous Government's welfare reforms programme, localisation of Council Tax Benefit was implemented in 2013/14. The Government reduced the amount spent in 2013/14 on Council Tax Benefit by 10% nationally. Pension age claimants were protected from any reduction in help with Council Tax Benefit meaning that reductions in support could only be applied to working age claimants. If the Council had passed on the full reduction in funding this would have equated to a cut in help to working age low-income households of around 17%. Funding for Council Tax Support is incorporated within the Business Rates Retention System and an element of it is now funded via Revenue Support Grant and/or Top Up Grant. This means that as these grants are cut, the amount available to fund Council Tax Support is also cut and local

authorities must either pass on this reduction to claimants or find alternative savings to offset the reduction and any change in demand. For 2022/23 the Council has approved an increase to the income bands within its Council Tax Support Scheme and will therefore continue to provide additional help for working age citizens and because the scheme protects residents from the cost of living increase, this lowers the risk assessment.

- A further direct impact of welfare reform was the impact of the **introduction of Universal Credit**, and the move of Housing cost support for low income, working age citizens which will, in the future, be administered by the Department for Work and Pensions (DWP) rather than the local authority. The natural migration to Universal Credit is ongoing and as at December 2021 the current HB caseload is 11,000. The Council retains responsibility for pensioner, temporary and supported accommodation claims as well as responsibility for the administration of Council Tax Support. Due to the impact of the pandemic the planned 'managed migration' of the remaining working aged housing benefit claimants to Universal Credit has been put on hold and Government has yet to confirm when it will resume. The pandemic has also seen an increase in demand for Council Tax reduction, rises in temporary accommodation claims and increases in the number of changes in income experienced by existing claimants which has increased the administrative burden on the service. The Council will continue to look at ways in which it can reduce its administration costs in order to mitigate any loss in Housing Benefit Administration grant received by the Council

- **Better Care Fund** - The Government has continued its commitment to an alignment of funding for health and social care which is to be shared between the NHS and local authorities with social care responsibilities. The Spending Review 2021 confirmed that the BCF grant will continue in 2022 to 2023 and be maintained nationally at its current level (£2.077bn).

- **The Disabled Facilities Grant** will also continue and will be worth £573m nationally in 2022 to 2023. The CCG contribution will again increase by 5.3% in line with the NHS Long Term Plan settlement. The Policy Framework and Planning Requirements will be published in early 2022. The estimated amount of Better Care Fund for the Council in 2022/23 is £7.2m (revenue element). However, this is not new money to the Berkshire health and care economy, but rather represents a requirement to focus existing resources towards more integrated out-of-hospital services, including social care and to develop a clear focused action plan for managing delayed transfers of care (DTOC) in line with the NHS Five Year Forward View. The local flexibility to pool more than the mandatory amount will remain and plans for the 2022/23 Better Care Fund in Berkshire will require agreement from the Health and Wellbeing Board, with local plans signed-off by the local authority and Clinical Commissioning Group. Whilst the funding is certain for the Better Care Fund for 2022/23, funding in 2023/24 and future years has yet to be agreed between the partnership. The recent NHS White Paper proposes to bring health and care services closer together and will mean a period of change and some uncertainty.

- **Inflation** has been applied to various budgets, specifically to pay, energy and some contract budgets. Whilst Government announced a pay increase of 2

per cent for public sector workers this is separate from the negotiation in respect of Local Government. Some inflation assumptions are necessarily based on estimates at a point in time (e.g. energy costs). These markets are currently very volatile and remain largely driven by international factors that are difficult to predict with any certainty. The risk assessment puts a figure to the potential for a higher level of inflation that would not seem to be unreasonable to include in the budget as it may materialise

- **Borrowing** - In an environment of extremely low interest rates and to ensure that the Council has a degree of flexibility whilst being able to obtain value for money from its activities the use of short-term temporary borrowing (short term rates being lower than long term fixed rates at present) has proved beneficial. For the purposes of the 2022/23 budget the Treasury Management Policy will recommend minimising interest costs by taking on short term debt using the intra-authority market (where good value can still be obtained) and consideration of longer term PWLB debt where prudent and in order to maintain a balanced debt position. As the overall strategy is to reduce the total debt burden through a range of means then a degree of flexibility through the use of temporary loans is felt appropriate

- **Investments –** The Council is currently revising its Treasury Management strategy to reflect its current position**.** The Treasury Management Policy identifies the security of capital as the main priority; with liquidity and yield as lesser priorities. To maintain security the Council adopts robust credit criteria and applies this to all investment counterparties. Potential future longer-term investment opportunities will be considered on the fundamental principles of security, risk and yield.

- **Other investments** The Council has made a number of investments in which it anticipates it will make a financial return such as the £95m investment property portfolio. Future economic conditions may be such that there is a risk that forecast returns on these investments might not materialise. The relative risk assessment against these investments is therefore high. These risks will be managed through robust due diligence throughout the investment lifecycle.

7 INHERENT RISKS

7.1 As a Unitary authority the Council provides the broadest possible range of services and has an inherently higher level of risk than many other authorities simply due to the complexity and nature of the services it provides. Additionally, the Council has taken policy decisions to establish several alternate delivery models including wholly owned companies and PFI arrangements which whilst potentially having advantages also have the potential to increase the Council's risk profile.

7.2 Other inherent risks include the:

- Significant staffing shortages within the department and the potential difficulties in recruiting sufficient qualified staff given the Council's financial position and reputation

- risk of grant clawback including Government and European funding and housing benefit subsidy

- Council's risk as an employer which has and will require the Council to budget for the cost of severance packages incurred in the delivery of the required budget savings, service transformation and restructuring. The Government have indicated that they may introduce exit cap regulation which would make workforce restructuring more difficult. There are further risks from other employee related claims

- full effects of any economic measures with the potential for higher demands on services e.g. social care for both Children's Services and Adults Services and falling income levels

- risk of major litigation, both currently and in the future

- risk of claims arising from the Council's ownership of land and property and potentially historic service failings

- need to retain a general contingency to provide for any unforeseen circumstances, which may arise

8 SLOUGH COUNCIL FINANCIAL MANAGEMENT

8.1 The extensive issues in Slough's financial management across the many elements of this report have been well analysed, documented and reported on to the Council and elsewhere within the corporate body.

8.2 There are many aspects to this and much remains to be done. Fundamentally putting the other related issues to one side at the budget level the robustness of the estimates depends on the quality of the budget setting process, the detailed, rigorous and quality assured back up to the savings proposals, likewise the review of all existing estimates and the basis of these, adopting a zero-based approach, the ownership of estimates by all concerned, and the agreed imperative of living within the approved estimates or finding equal value alternative options.

8.3 Slough has begun the process of designing what is needed eg functional capacity and capability assessments, business cases, and action plans. However, embedding these fully across the Council will take another two years. Zero Based Budgeting as a technique for delivering savings, for example, will require a great deal of data cleansing and analysis to provide a fit for purpose base to work from. Attitudes of all departments in working to agreed budgets will similarly take time to embed culturally.

8.4 The 2022/23 and very likely the 2023/24 budgets will contain inherent but in the longer term reducing financial management risks. Mitigations to minimise this position have operated as far as possible during 2021/22 and will develop further in 2022/23.

Preparation for 2022/23

8.5 The Council has taken a much improved approach to developing its Medium-Term Financial Strategy (MTFS) given the challenging circumstances in which it finds itself. The first fundamental review of departmental budgets has begun, and the budget has taken place in the light of the S114 notice issued in July 2021 and the on-going discussions with DLUHC as to the level of support that may be forthcoming including the conditions attached to that funding. All savings and pressures previously identified within the 2021/22 budget have been reviewed and where appropriate have been amended.

8.6 All aspects of the Council's budget, efficiency savings, additional income, service reductions and pressures have been subject to review, with Directors, Assistant Directors and Group Managers being required to review the plans they put forward in previous years and confirm delivery of the proposals. This work will continue in 2022/23 to ensure that a high standard of budgeting is developed over the coming year. Budget proposals have subsequently been reviewed by:

- the Finance Business Partnering Team
- Executive Directors (Corporate Leadership Team)
- Lead Councillors

8.7 The Council's HRA and Capital Programme is undergoing a similar review process alongside a review of all the Council's companies.

8.8 The assumptions on which the budget is based are contained within the main budget report presented elsewhere on the agenda, however, key assumptions include:

- agreement of the Capitalisation Directive for 2022/23 and future years as proposed to DLUHC in February 2022 at estimated figures of £223m to 31/3/22 and £84m for 2022/23
- agreement by DLUHC that they will agree to capitalisation directions or other support to equal the actual figures for the outstanding, current and forthcoming years as the accounts for the years are closed
- agreement by DLUHC that they will agree to capitalisation directions or other support to equal the estimated figures for future years as the budgets are prepared for these future years
- agreement by DLUHC that they will agree to capitalisation directions or other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed. Further that they will agree to finance/support on a recurrent basis any recurrent gap currently estimated to be £41m and effective as at 2028/29 in a sustainable manner
- Council Tax increase – at 2.99% per annum
- finance settlement – the figures are as per the Governments Final Settlement announcement

- pay assumptions – 2% per annum

- inflation – non pay budgets have been increased where necessary in order to maintain service levels by either CPI (assumed at 2%) or as contractually specified – most notably energy price inflation is significantly above CPI

- reserves and provisions – that the reserves and provisions identified as needed as the accounts are closed and budgets prepared will be added into future years capitalisation direction and supported by DLUHC

- asset sales and capital receipts of up to £600m across the longer term are planned and to finance the capitalisation direction and reduce borrowing

- the Council has scaled back its Capital Programme to a minimum in the light of its financial situation. Over the next five years it will carry out projects totalling £165m (£73m General Fund and £92m Housing Revenue Account). The net cost of which (after the application of specific grants and contributions) will be predominantly funded from borrowing. The Council's external borrowing is projected to reduce to significantly over the period from asset sales. The associated capital financing costs together with the revenue implications of the specific schemes are provided for within the capitalisation directive and relevant revenue accounts

8.9 It should also be noted that to deliver the Council's policy priorities and a balanced budget in each year of its MTFS 2022/23 to 2028/29 very significant savings in the order of £20m will be required per annum in addition to further capitalisation directions. The £20m per annum savings will require cost cutting to a degree not seen anywhere else as the Council basic net revenue funding is £107m and of this debt charges will total circa £ 32m or 30% of net revenue for 2022/23 (excluding investment income). In addition, the deficit on the Pension Fund is £5m or 5% of net revenue. In essence 35% of basic net revenue is committed before savings can be made.

8.10 The continued need to deliver a high level of savings poses an inherent risk to the delivery of a balanced budget position as over time they become more complex and difficult to deliver. Consequently, it is important there is an absolute continued focus on savings delivery to ensure they are identified and delivered as planned.

8.11 To provide some resilience to the 2022/23 budget and future position, a contingency has been included in the Capitalisation Directive for 2022/23 and beyond to allow for and to mitigate any potential shortfall or slippage in the delivery of higher risk savings.

8.12 The longer-term position will need continual review given the magnitude of the position the Council finds itself in, the uncertainties associated with that and the inability at this stage to advise on the long-term going concern of the Council.

8.13 In order to allow the Council to set a budget for 2022/23 and to start to plan for 2023/24 and beyond the following mitigations will be needed during 2022/23:

- all budgets approved by Council as at the 1/4/22 are cash limited, including all Companies, and all Departments and Companies will have to manage within those sums for the whole of 2022/23

- a level of contingency as funded from the capitalisation direction will be held centrally against unforeseen events and risks and will be used to increase the council's reserves as at 31/3/23 if not required

- no sums can be released from those contingencies except in extreme circumstances and only then with the approval of Cabinet following a report by the Director of Finance and appropriate Executive Director

- all expenditure of whatever type and funded by whatever means will be subject to approval by an expenditure control panel,

- any expenditure incurred outside of this process will be reported to Cabinet as part of the budget monitoring process

- a review will be undertaken of all estimates as part of the ongoing work of the finance department, along with the continued work on the accounts

- continuous budget meetings will be held with Executive Directors to review issues, savings, mitigations, and delivery of efficiencies.

- thematic reviews of budgets covering types of expenditure, income, and contracts in order to assess the potential for savings.

Adequacy of Reserves and Balances

8.14 The prudent level of reserves a Council should maintain is a matter of judgement. The consequence of not having adequate reserves can be significant. In normal circumstances the Council would be setting its budget and identifying reserves and provisions in a systematic manner. However, in the current circumstance the setting of the level of general fund and earmarked reserves is much less secure due to the extreme circumstance in which the Council finds itself. As at 31 March 2021 the Council effectively has no general fund balances to call upon to manage the risks highlighted above. An initial estimate has been included in the submission to DLUHC for £20m to assist in managing any issues during 2022/23. The medium-term financial plan also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment

8.15 As the financial situation improves and the Council becomes more capable of managing its finances then the Council will look to create a range of general and specific earmarked reserves in order to manage future risks. These reserves will be determined having regard to a risk-based assessment. Within this assessment it is to be noted the risk to the Council's finances associated with funding reductions from Central Government and other external funding bodies is high, and this is compounded by the effects of major legislative changes as described earlier in this report. The impact of the Covid-19 pandemic has significantly worsened the future economic outlook for the UK and worldwide and the economic impact of Brexit remains uncertain

8.16 In setting the budget for 2022/23, estimates were made at the time of the required level of reserves and provisions, and this was included in the submission to DLUHC

as part of the capitalisation directive. Provisions relate to known events, which have occurred and that have given rise to a liability for the Council, where the exact amount or timing of the payment is not clear. As a result of the forensic investigation of the accounts during 2021 amounts have been requested from Government as part of the capitalisation directive to ensure adequate provisions are in place for items such as bad debts, insurance claims and other known liabilities. Others may well be identified and further needed as part of this process

8.17 In addition to known liabilities, the budget also has regard to various risk issues where at the time of setting the budget there is no contractual liability but there is a possibility that payment may be required at some point in the future; in these cases earmarked reserves are normally created. These reserves are established to cover specific risk issues as highlighted in the Council's risk registers. For 2022/23 no earmarked reserves have been set due to the nature of the anticipated on-going support from Government. As a benchmark the lower quartile for similar authorities would be an expectation of general fund balances and earmarked reserves to be at around 25 per cent of Net Revenue Expenditure. In Slough's case this would mean an additional £15m would need to be set aside

8.18 In reviewing the adequacy of reserves, the Director of Finance recommends the level of the General Fund Balance to be £20m in 2022/23 having regard to the risks set out in this report and the request for financial support being discussed with Government. The Director of Finance is of the view that the level of reserves is adequate solely for 2022/23, having regard to the risks identified and the level of contingency in the budget. The revised Medium Term Financial Strategy will in the future identify in greater detail the plans for replenishing reserves

8.19 CIPFA (Chartered Institute of Public and Finance and Accountancy) in its review of financial resilience within councils have stated that there should be no imposed limit on the level or nature of balances required be held by an individual Council. However, in light of recent high-profile failures and funding concerns being raised by authorities they launched a financial resilience index which uses a basket of 15 indicators to measure individual authorities' financial resilience compared to their comparator group. Key indicators include:

- the level of reserves held as a percentage of net revenue expenditure
- the average change in reserves over the last three years
- the reserve "burn rate"
- the cost of adult social care as a percentage of net revenue expenditure
- the average cost of children's social care as a percentage of net revenue expenditure
- OFSTED rating
- the auditors value for money conclusion

8.20 It is anticipated that the requirement to formally report on these indicators will be incorporated into a new Financial Management Code and the Council will identify and consider these as it develops its MTFS.

9 CONCLUSION

9.1 Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a 10 year £479m problem, potentially rising well beyond this if £20m of additional, recurrent annual savings are not delivered

b) has changed continuously throughout 2021/22 as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/22 are prepared and audited and the budget for 2023/24 worked up in detail

d) is of a magnitude which has not been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

9.2 In these circumstances it is impossible to give an assurance that is normally required within a S25 report. The best that can be said is that:

a) the Council is now beginning to utilise well designed processes which will take time to embed and operate fully across all areas and which need to be supplemented by further improved processes

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within a budget, taking appropriate financial decisions and operating sound governance

c) is better able to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will do so in the future

e) given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2022/23.

In providing this statement, the Director of Finance will maintain an on-going and robust review of all risks, including those associated with the delivery of budget savings decisions and report throughout the financial year.

Steven Mair
Director of Finance (Chief Finance Officer)
Date 28 February 2022

10. Implications of the Recommendations

10.1 Financial implications

10.1.1 The recommendation has a direct financial impact on the setting of the Council's budget for 2022/23 and the Medium-Term Financial Strategy.

10.2 Legal implications

10.2.1 The Council is required to take account of the Section 25 report as part of its budget setting deliberations.

10.3 Risk management implications

Summary of risks.

Category	Risk/Opportunity	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	The Council is fully appraised of the Director of Finance's views on the robustness of the budget setting process.	Inclusion of all Executive Directors in detailed planning and agreement of the budget.	6	Budget monitoring process and regular reporting on achievement of budget and savings.
Financial	The Council is fully appraised of the Director of Finance's views on the adequacy of reserves.	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.

10.4 Environmental implications

10.4.1 No specific environmental implications arise from this decision.

10.5 Equality implications

10.5.1 The budget is subject to an equality impact assessment which is reflected in this report.

10.6 Procurement implications

10.6.1 There are no procurement implications of this report

10.7 Workforce implications

10.7.1 There are no workforce implications of this report

10.8 Property implications

10.8.1 This report has no direct implication on properties.

11. Background Papers

None – detailed report added as Section 3 above.

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Appendix I – Members' Allowances Scheme 2022-23
Part 6 - MEMBERS' ALLOWANCES SCHEME

The Slough Borough Council in exercise of the powers conferred by the Local Authorities (Members' Allowances) Regulations 2003 and subsequent Regulations hereby makes the following scheme:-

1. This scheme may be cited as the Slough Borough Council Members' Allowances Scheme and shall have effect until 31st March 2023.

2. In this scheme:

   'Member' means an elected Member of the Slough Borough Council.

   'Co-opted Member' means a person who is not an elected Member of the Authority but who is appointed as:-
   (a) a Member of any Committee or Sub Committee of the Authority, or
   (b) a Member of, and represents the Authority on, any Joint Committee or Joint Sub-Committee of the Authority.

Basic Allowance

3. Subject to Paragraphs 9 and 10 below, an annual basic allowance of £8438 shall be paid to each elected Member.

Special Responsibility Allowances

4. (1) A special responsibility allowance shall be paid to those Members who hold the special responsibilities in relation to the authority, which are specified in Schedule 1 to this scheme.

   (2) Subject to Paragraphs 6 and 7, the amount of each such allowance shall be the amount specified against that special responsibility in that Schedule.

   (3) A Member may only claim one special responsibility allowance and that allowance will be the maximum allowance the Member is entitled to claim.

Index Linking

5. The Basic Allowance, Special Responsibility Allowances, Co-optees' Allowances, the annual cap on the DCA and the remuneration of the Independent Person be Indexed to the annual percentage salary increase for local government staff (at spinal column 49).

Co-opted Members' Allowance

6. Co-optees appointed to the Audit and Corporate Governance Committee and to the Standards Committee will receive an allowance of £548 per annum.

Independent Person- (Standards)

7. The Independent Person (Standards) will receive an allowance of £1,314 per annum.

Appendix I – Members' Allowances Scheme 2022-23

Travelling and Subsistence Allowances

8. (1) Travelling and subsistence allowances shall be paid to each Member/Co-opted Member in respect of each occasion on which that Member carries out an approved duty **outside (Members)** the Borough as specified in **Schedule 2** to this Scheme. Travel inside the Borough can be claimed by Co-opted Members (mileage or actual costs (if using other forms of transport) subject to most cost effective provisions).

Travel

(2) Payment of travel allowance shall be at the same rate as that applied to Council employees at the time the duty is carried out as specified in **Schedule 3**.

(3) Subject to paragraph (4) unless there are exceptional circumstances which have previously been approved by the Head of Democratic Services , all claims for travel allowance should be deemed to start and finish from the Member's usual place of residence and claims will need to be made on this basis.

(4) Co-optees may claim travel allowances for attending meetings within the Borough when they are required to travel in from outside the Borough.

(5) Travel by taxi or private hire vehicles will be reimbursed with the amount of fare by appropriate public transport unless there is no public transport reasonably available or in cases of urgency in which event the actual fare and any reasonable gratuity will be reimbursed on production of a valid receipt.

(6) The rate of travel by public transport shall not exceed the amount of the ordinary fare or any available cheap fare plus any expenditure necessarily and actually incurred in undertaking the journey.

(7) The rate of travel by air shall not exceed the rate applicable to travel by appropriate alternative means of transport together with an allowance equivalent to the amount of any saving in subsistence allowance consequent on travel by air.

(8) Provided that where the appropriate decision making body resolves, either generally or specifically, that the saving in time is so substantial as to justify payment of the fare for travel by air, there may be paid an amount not exceeding;

(a) the cheapest fare available, or
(b) in case of urgency, the actual fare paid by the Member on approval of the Democratic Services Lead.

Subsistence

(9) Payment of subsistence allowance shall be at the same rate as that applied to Council employees at the time the duty is carried out as specified in Schedule 3.

(10) Payment of subsistence allowance will be subject to the following conditions:

- the Member/Co-opted Member has personally and necessarily incurred expenditure on subsistence for the purpose of enabling him/her to perform an approved duty and any claim is accompanied by a valid receipt;
- the Member/Co-opted Member is absent from his/her place of residence for more than 4 hours.
- where food is provided free of charge or paid directly for by the Borough Council the Member/Co-opted Member will not be entitled to claim a subsistence allowance for the period to which the allowance relates.

(11) Where a Member/Co-opted Member attends a UK conference/seminar authorised by the Council which necessitates an overnight stay, hotel accommodation will be booked and paid for direct by the Council. For all meals not paid for direct by the Council or included in the conference/seminar fees, the appropriate subsistence allowance may be claimed.

(12) Where a Member has to book his/her own accommodation regardless of cost the maximum amounts he/she can claim are specified in Schedule 3.

Dependants' Carers' Allowances

9. (1) Elected Members are entitled to claim a Dependants' Carers' Allowance in reimbursement of actual reasonable costs necessarily incurred in providing care for dependant relatives (see sub-paragraph 2 below) while the Member is carrying out an approved duty specified in **Schedule 4** up to an annual limit of **£1040** per Councillor.

(2) Dependant relatives live with the claimant and are:

- Children aged 14 or under;
- Elderly relatives requiring full-time care and
- Relatives with disabilities or nursing requirements who require temporary or permanent full-time care

(3) Members are entitled to claim a Dependants' Carers' Allowance for periods starting up to a maximum of an hour before the approved duty starts and ending up to an hour after it finishes in order to allow for essential travelling time.

(4) Dependants' Carers' Allowances are not payable in respect of carers who are members of the immediate family or household. Dependent Carers Allowances can be claimed for care provided by informal carers as long as it is receipted.

Renunciation

10. A Member may by notice in writing given to the Head of Democratic Services elect to forego any part of his or her entitlement to an allowance under this scheme, which will be binding for that financial year.

Part-Year Entitlement

11. (1) Where the term of office of a Member begins or ends otherwise than at the beginning or end of a year, his/her entitlement shall be to payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which his/her term of office as Member subsists bears to the number of days in that year.

(2) Where a Member/Co-opted Member does not have throughout the whole of a year any such special responsibilities as entitle him/her to a special responsibility allowance or co-optee's allowance, his/her entitlement shall be to payment of such part of the special responsibility allowance as bears to the whole the same proportion as the number of days during which he/she has such special responsibilities bears to the number of days in that year.

Repayment of Allowances

12. Where payment of any allowance has already been made in respect of any period during which the Member/Co-opted Member concerned

- is suspended or partially suspended;
- ceases to be a Member of the Authority; or
- is in any other way not entitled to receive the allowance in respect of that period,

the Council may require that such part of the allowance as relates to any such period be repaid to the Council.

Claims and Payments

13. (1) Claims for travelling, subsistence and dependants' carers' allowances under the Scheme must be made in writing within two months of the date of carrying out the approved duty in respect of which the entitlement to the allowance arises. The Head of Democratic Services shall be authorised to consider on its merits and to make payment in respect of, any claim not received within two months of the date of performance of the duty.

(2) Claims must be made on the appropriate Members' Allowances claim form accompanied by valid receipts. Claims will only be settled on production of valid receipts. In the case of travel expenses VAT fuel receipts for the period during which the approved duty for which the claim is made must be produced.

(3) Payments shall be made in respect of basic, special responsibility and co-optees' allowances, in instalments of one-twelfth of the amount specified in this scheme on the last working day of each month

(4) Where a payment of one-twelfth of the amount specified in this scheme in respect of a basic allowance, special responsibility or co-optees' allowance would result in the Member/Co-opted Member receiving more than the amount to which by virtue of paragraph 9, he or she is entitled, the payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.

(5) When Members are standing for re-election in order to ensure that no over payments are made, payment may be stopped with effect from midnight on the third day after the election. If the Member is re-elected payment of any allowances due will restart from midnight on the third day after the election and an adjustment will be made at the next pay day.

Advance Payment

14. (1) Notwithstanding paragraph 12 above, if a Member can show that he/she has reasonable cause to the satisfaction of both the Director of Finance and Resources and Head of Democratic Services he/she may elect in any one year to have up to 20% of the value of his/her annual basic allowance entitlement paid in advance. (The total value of any sums paid in advance must not exceed 20% of the basic allowance payable to the Member for that year).

(2) Any advance payment will be subject to the Member giving a signed undertaking that in the event of his/her ceasing to be an elected Member of the authority he/she or their estate will repay to the Council any moneys owing in respect of the advanced payment.

(3) The Section 151 Officer and Head of Democratic Services have delegated authority to consider and determine requests submitted by Members for advanced payment of part of their basic allowance as provided for under the Scheme.

Membership of Another Authority

15. Where a Member/Co-opted Member is also a member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.

Appendix I – Members' Allowances Scheme 2022-23

SLOUGH BOROUGH COUNCIL
MEMBERS' ALLOWANCES SCHEME

SCHEDULE 1

SPECIAL RESPONSIBILITY ALLOWANCES 2019

	£	% of Leader's SRA unless otherwise indicated
Leader of the Council	21,939	100%
Deputy Leader	15,357	70%
Lead Member (Commissioner)	12,066	55%
Chair of the Audit and Corporate Governance Committee	3,291	15%
Chair of the Overview and Scrutiny Committee	7,679	35%
Vice-Chair of the Overview and Scrutiny Committee	1,536	20.00% of Overview and Scrutiny Committee Chair
Chairs of the Scrutiny Panels	3,291	15%
Chair of the Planning Committee	5,485	25%
Vice-Chair of the Planning Committee	1,828	8.33%
Chair of the Licensing Committee	3,291	15%
Vice-Chair of the Licensing Committee	1,097	33.33% of Licensing Committee Chair
Chair – Trustee Committee	2,194	10%
Chair of the Employment and Appeals Committee	2,194	10%
Leader of the Majority Opposition Group	6,582	30%
Leader(s) of minority group(s)	4,388	20%

Note: An SRA for Leader(s) of Minority Group(s) will be payable provided that the Group has at least 5 Members.

Co-optees' Allowances

	£
Co-optee appointed to the Audit and Corporate Governance Committee	548

The Independent Person

Appendix I – Members' Allowances Scheme 2022-23

The Independent Person (Standards) will receive an allowance of £1,314 per annum.

Appendix I – Members' Allowances Scheme 2022-23

SLOUGH BOROUGH COUNCIL
MEMBERS' ALLOWANCES SCHEME

SCHEDULE 2

APPROVED DUTIES FOR THE PURPOSE OF THE PAYMENT OF TRAVELLING, SUBSISTENCE ALLOWANCES IF HELD OUTSIDE THE BOROUGH

(Not applicable where Outside Body has its own allowance scheme – See Schedule 3)

1. Attendance at Meetings of the following:

   Meeting of any standing Committee, Sub-Committee or Panel

   Joint Committees including –
   - Berkshire Authorities Fire Joint Committee
   - Joint East Berkshire Health Overview and Scrutiny Committee
   - East Berkshire & Buckinghamshire Joint Health Overview & Scrutiny Committee

   Social Services Statutory Panels including –
   - East Berkshire Adoption Panel
   - Registration Appeals Panel
   - Secure Accommodation Panel
   - Complaints Review Board
   - Foster Panel

   Thames Valley Athletics Management Committee and Trust

   Thames Valley Police Authority

   School Admissions Forum

   Local Government Association

   Association of Councils for the Thames Valley Region

   Standing Advisory Council on Religious Education

   NB: Allowances will be paid to voting Members only.

2. Attendance as a representative of the authority on other bodies approved by the Council.

3. Attendance at site visits approved by Council, Cabinet, appropriate Committee, Sub-Committee or Panel.

4. Attendance as an official representative of the Council at meetings, functions and events hosted by outside organisations/bodies.

Appendix I – Members' Allowances Scheme 2022-23

5. Attendance at a conference or similar meeting held inside the United Kingdom approved under the authority delegated to the Head of Democratic Services or specifically by the Council or a Committee including, but not restricted to, the following:-

   Association of Directors of Social Services
   Council for Local Education Authorities
   Institute of Environmental Health Officers
   Institute of Housing
   Local Government Association Fire Conference
   Local Government Association Tourism and Leisure Annual Conference
   Local Government Association
   National Housing and Town Planning Council
   Public Library Authorities Conference
   Standing Conference for Community Development
   Royal Town Planning Institute
   Town and Country Planning Summer School

6. Attendance at non-political conferences or meetings on matters of local government and local interest organised by this Council or other non-profit making bodies.

7. Attendance at training courses, seminars and conferences organised under the Members' Development Programme which the Head of Democratic Services or Council has previously approved for the payment of allowances.

Appendix I – Members' Allowances Scheme 2022-23

SLOUGH BOROUGH COUNCIL
MEMBERS' ALLOWANCES SCHEME

SCHEDULE 3

TRAVEL AND SUBSISTENCE WHERE A MEMBER IS APPOINTED TO AN OUTSIDE BODY THAT HAS ITS OWN ALLOWANCE SCHEME

Where a Member is appointed to an outside body that has its own allowance scheme (e.g. the Local Government Association and Royal Berkshire Fire & Rescue Authority) or provision to pay travel and subsistence (e.g. the Thames Valley Police & Crime Panel) the appointed Member should claim travel and subsistence allowances directly from the respective outside body.

TRAVELLING AND SUBSISTENCE ALLOWANCES FOR MEMBERS 2015/16

The travelling and subsistence allowances payable to Members for duties undertaken outside the Borough:

TRAVELLING ALLOWANCES

Based on HM Revenue & Customs current authorised mileage rates

Rate per business mile

Vehicle Used	First 10,000 business miles	Each mile over 10,000 miles
Cars and vans	**45p**	**25p**
Motorcycles	**24p**	**24p**
Cycles	**20p**	**20p**

For passengers an additional 5p per mile is paid per passenger

Indexation of Travelling Allowances Outside of the Borough

Mileage will be indexed to the HMRC rates

Other Travel: actual costs subject to most cost effective provisions

SUBSISTENCE ALLOWANCES

Based on and indexed to rates set by the South East Employers Organisation

Indexation of Subsistence and Overnight Allowances (Outside of Borough Only)

Allowances to be indexed to the maximum rates payable under the South East Employers Subsistence scheme

Appendix I – Members' Allowances Scheme 2022-23

Breakfast	**£6.88**
Lunch	**£9.50**
Tea	**£3.76**
Evening Meal	**£11.76**
Overnight allowance	**£138.15**

Overnight Absence / Out of pocket expenses

Per night	**£5.28**
Per week	**£21.09**

Appendix I – Members' Allowances Scheme 2022-23

SLOUGH BOROUGH COUNCIL
MEMBERS' ALLOWANCES SCHEME

SCHEDULE 4

APPROVED DUTIES FOR THE PURPOSE OF THE PAYMENT OF DEPENDANTS' CARERS' ALLOWANCE

As prescribed by Regulation 7 of the Local Authorities (Members' Allowances) (England) Regulations 2003

(a) The attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

(b) The attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided that -

    (i) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or

    (ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

(c) the attendance at a meeting of any association of authorities of which the authority is a member;

(d) the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;

(e) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;

(f) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

(g) the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 of the Education Act 1996 (approval of non-maintained special schools); and

(h) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or any of its committees or sub-committees.

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

CAPITAL PROGRAMME 2022/23 TO 2026/27

1 Summary and Recommendations

The report sets out the Council's capital strategy from 2022/23 to 2026/27. The Committee is requested to scrutinise the report and make any comments to Cabinet which meets on 9th March 2022.

Recommendations:

The Committee is requested to consider and comment on the following recommendation to Cabinet:

Cabinet is recommended to:

1.1 Recommend to full Council that it approves the Capital Programme as set out in Appendix A for 2022/23 to 2026/27.

Reason: The Council should have an approved capital programme over the medium-term as part of its overall Financial Framework. This will comply with the requirements of the Capital Strategy as set out in the Treasury Management Strategy which is set out in a separate report. Capital expenditure is defined as expenditure that is predominantly incurred on buying, constructing or improving physical assets such as land, buildings, infrastructure and equipment.

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.

Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government."

Executive summary

Introduction

1.2 The capital programme set out in the Capital Strategy forms a key part of the Council's budget setting process.

1.3 Previous year's capital programmes have been ambitious involving several major projects in any one year and were heavily dependent on borrowing. There was insufficient capacity to deliver the capital programme, resulting in slippage of 40% in delivering the programme. The heavy dependency on borrowing to fund capital expenditure in past years has seen overall borrowing rise four-fold from £170m at 31 March 2016 to £760m at 31 March 2021.

1.4 The cost of servicing this level of debt was significantly under-reported in previous budgets.

1.5 The previous capital programme approved 8 March 2021 envisaged spending £309m over three years 2021/22 to 2023/24 of which £119m was to be funded from borrowing and a further £49m from institutional funding. Both incur capital financing charges. This would have resulted in total Council borrowing exceeding £900m.

Changes to the previous capital programme

1.6 The capital programme has been reviewed to:

- reduce capital expenditure to focus on contractual commitments and health and safety requirement in line with the s.114 Notice – this has reduced the total capital programme by £73m to £219m;
- reduce reliance on borrowing from £119m to £37m;
- extend the capital programme from three years to a five year forward look in line with best practice.

1.7 There were a number of errors in last year's capital programme as follows:

- table 1.1, the summarised capital programme did not cross cast – all tables in this year's Capital Strategy cross-cast;
- the capitalisation direction of £12.2m approved in March 2021, had incorrectly been treated as capital expenditure. It should have been treated as a source of capital finance and has been corrected in this year's programme
- the total borrowing requirement set out in the summarised capital programme did not flow through into the projections of the Capital Financing Requirement (CFR) in the Treasury Management Statement, with the result that the projections were misstated. The capital programme and the TMS have been integrated to ensure both report the same figures.

1.8 Key changes made in the current Capital Strategy include:

- moving the MRP Statement to the TMS;
- deleting the policy to capitalise borrowing costs as this is a redundant policy given that Council is seeking to capitalise revenue costs
- deleting the Community Investment Fund from the capital programme, as the expenditure being incurred did not create capital assets and was in many cases below the threshold for recognition.

Summary of the capital programme

1.9 The total capital programme over the 6 years 2021/22 to 2026/27 is £219m largely funded by capital grant and the major repairs reserve – see summary below:

	General Fund £m	HRA £m	Total £m
Spend	**114**	**105**	**219**
Funded by:			
Capital grants	(65)	0	(65)
Capital receipts	0	(9)	(9)
Developer contributions	(2)	0	(2)
Major Repairs Reserve	0	(68)	(68)
Direct funding from revenue	0	(8)	(8)
Capitalisation Direction	(30)	0	(30)
Total external funding	**(97)**	**(85)**	**(182)**
Total borrowing requirement	**(17)**	**(20)**	**(37)**
Total Funding including borrowing	**(114)**	**(105)**	**(219)**

1.10 The detailed capital programme for both is set out in Appendix A.

1.11 The capital programme has been prepared in the light of the s.114 Notice issued in July 2021, the extremely challenging financial position of the Council the CIPFA Financial Review and the appointment of commissioners, and is designed to be one of the many workstreams to bring the Council's financial situation onto a more sustainable footing.

1.12 In addition to the capital budgets and revenue implications, the report sets out:

- the Council's asset base;
- delivery strategies;
- governance;
- capital funding; and
- risk management.

2 Report

The Council's assets

2.1 The Council has total long-term assets of £1.3 billion comprising property, plant, equipment, investment property, heritage and other assets summarised in table 1 below:

Table 1 Asset portfolio

Asset type	£m
Council dwellings	551
Other land and buildings	305
Investment property	215
Infrastructure assets	118
Assets under Construction	29
Community Assets	10
Vehicles, plant and equipment	58
Surplus assets	18
Intangible assets	1
Total	**1,305**

2.2 The majority of capital expenditure set out in this strategy will be spent on land and buildings and council dwellings.

2.3 The Council carries out regular maintenance on its properties and infrastructure assets. The capital programme ensure that the Council's highways, operational properties and council dwellings are continuously maintained to a good standard.

Overview of delivery strategies

2.4 The Council's capital programme has been split over three key areas in previous years:

- development to regenerate areas of key sites within Slough
- strategic acquisitions to acquire property for investment return to make a contribution to the Council's revenue position; and
- operational to meet service delivery objectives, reduce carbon footprint and meet statutory requirements.

Development

2.5 The Council has engaged in a substantial regeneration and acquisition programme over the past six years principally in partnership with Slough Urban Renewal LLP, its joint venture with Morgan Sindall Investments Ltd. and through its subsidiary company James Elliman Homes Ltd.

2.6 However, both avenues for development are capital intensive and partly as a consequence the Council's overall borrowing has quadrupled from £170m in 2015/6 to £760m at 31 March 2021. This is financially unsustainable for an authority the size of Slough with a below average taxbase. Consequently, the Council has embarked on a process to reduce its activities with SUR and has stopped the James Elliman Homes housing acquisition strategy.

2.7 A key financial risk from development projects is the need to have accurate and reliable financial estimates and profiling of expenditure in line with project milestones.

Whilst this has been provided for SUR, this has not been clearly understood within the Council which has impacted upon the Council's financial planning and accounting treatment. In addition, the Council has experienced a high turnover of directors and representatives on the Boards of its subsidiary companies and joint venture which has weakened the Council's oversight and performance management.

2.8 Consequently:

- there will be no more loan advances to James Elliman Homes through the capital programme.
- loans to SUR will be limited to providing cashflow pending the sale of housing units at the Old Library Site.
- there will be no further capital investment by the Council into the sites that are optioned to SUR.
- improvements have been made to strengthen governance arrangements, including new directors and a Corporate Oversight Board as the Council shifts to a reduced capital programme.

Strategic Acquisitions

2.9 The Council has invested substantially in investment property under the oversight of the Strategic Acquisition Board 2016-2020. However, no strategic consideration was given to target rates of return, investment benchmarks, net yields, investment lot size etc. Instead the Board appears to have been purely focused on generating an income stream of £6m. Furthermore the aims of the Board were confused in that it was both to pursue investment property for return and acquire property for regeneration – these are very different aims requiring different decision-making, performance measurement and length of holding.

2.10 Consequently, the investment portfolio includes assets over £10m as well as smaller assets valued at less than £0.5m, property acquired both within and outside of the council area, a portfolio currently yielding a negative rate of return of 0.60%.

2.11 In view of the need to reduce the high level of borrowing and the negative rate of return from the investment property portfolio, the Council will be disposing of the investment property portfolio as part of the asset disposal strategy approved in September 2021.

Operational

2.12 As a result of stopping all Development and Strategic Acquisitions, the capital programme is focussed solely on improvement works to the Council's operational asset portfolio.

3 Governance

3.1 Once the capital programme is approved by full Council, any changes must be approved in accordance with the Council's financial procedure rules. These are currently being reviewed, but the current rules require the following:

3.1.1 Specific approval by Cabinet for all capital or grant aided scheme. The report to Cabinet must include a full scheme appraisal, including a financial and technical appraisal in a formal prescribed by the Director of Finance. The appraisal should include alternatives to the proposed bid, resources required for delivery, delivery mechanism and timetable.

3.1.2 Approval of the cabinet programme confers authority on Cabinet and officers to incur capital expenditure, subject to compliance with the virement rules for capital.

3.1.3 Directorates should provide progress information to allow a quarterly capital monitoring report to be presented to Cabinet. This report should include level of committed budget, and any areas of underspend or re-profiling required.

3.1.4 Capital schemes may last for more than one financial year, so variations need to be considered in terms of both the impact on the scheme as a whole and on the agreed annual programme. The Director of Finance, following review by the Capital Strategy Board, may authorise a variation to a project subject to the overall cost of the variation (including previous variations) not incurring expenditure of more than 10% of the total cost of the scheme or £250,000 whichever is less.

3.1.5 A variation which results in the total or annual cost of the scheme exceeding the financial limits set out in 3.1.4 must be reported to the Cabinet.

3.1.6 A scheme approved in the capital programme for a future financial year may be brought forward into the current financial year, or a current scheme may be varied, subject to:

(i) The overall revenue impact of the capital programme in the current financial year remaining the same and there being no increase to the underlying borrowing requirement;

(ii) Consideration by the Capital Strategy Board and consultation with the Director of Finance and the respective Lead Member;

(iii) Reporting to Cabinet as part of the next quarterly finance report.

3.1.7 Any re-profiling of capital schemes in year will be reported to Cabinet to consider whether the overall revenue cost of the capital programme is exceeded. Any revenue increase to the Capital Programme or the underlying borrowing requirement must be considered by full Council.

3.1.8 Where a directorate has overspent on capital schemes in any one year, it will be expected to have balancing underspends to enable the Council to stay within the overall annual capital programme.

4 Summary of the Capital Programme 2021/22 to 2026/27

4.1 The capital programme and the proposed funding is set out in Table 2 below.

Table 2 Proposed Capital Programme 2021/22 to 2026/27

	Forecast	Five Year Plan					
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
Expenditure							
General Fund							
People Children	720	2,037	3,050	1,695	1,680	1,680	10,862
Customer and Community	1,146	180	0	0	0	0	1,326
Place	26,549	38,604	2,833	3,933	3,933	2,440	78,292
People Adults	948	353	0	0	0	0	1,301
Finance & Resources	6,582	2,000	2,000	2,000	2,000	2,000	16,582
Corporate	2,378	2,085	450	250	250	250	5,663
HRA	13,001	22,111	24,108	24,770	7,253	13,951	105,194
Total expenditure	**51,324**	**67,370**	**32,441**	**32,648**	**15,116**	**20,321**	**219,220**
External funding	(42,786)	(60,267)	(24,391)	(22,268)	(13,616)	(18,821)	(182,149)
Borrowing Requirement							
General Fund	8,538	4,102	400	1,500	1,500	1,500	17,540
HRA	0	3,001	7,650	8,880	0	0	19,531
Total Borrowing Requirement	**8,538**	**7,103**	**8,050**	**10,380**	**1,500**	**1,500**	**37,071**

4.2 In drawing up the above programme, the emphasis has been on ensuring that only schemes which are largely funded from external sources are included. This is part of the Council's debt reduction strategy. Hitherto, the Council's capital programme has been heavily dependent on borrowing to the extent that the borrowing level and associated costs have become unaffordable and are consuming a substantial part of the net revenue budget.

Table 3 Summary of the reductions in capital programme

	Forecast	Five Year Plan					
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
Original budget							
General Fund	100,439	33,857	13,261				147,557
HRA	40,672	53,874	67,197				161,743
Total	**141,111**	**87,731**	**80,458**	**0**	**0**	**0**	**309,300**
Revised budget							
General Fund	38,323	45,259	8,333	7,878	7,863	6,370	114,026
HRA	13,001	22,111	24,108	24,770	7,253	13,951	105,194
Total	**51,324**	**67,370**	**32,441**	**32,648**	**15,116**	**20,321**	**219,220**
Change	**(89,787)**	**(20,361)**	**(48,017)**	**32,648**	**15,116**	**20,321**	**(90,080)**
Borrowing							
Original budget	65,578	44,943	8,879				119,400
Revised budget	8,538	7,103	8,050	10,380	1,500	1,500	37,071
Change	**(57,040)**	**(37,840)**	**(829)**	**10,380**	**1,500**	**1,500**	**(82,329)**

4.3 Table 3 above summarises the changes to the capital programme arising from the review of the programme following the s.114 Notice and the need to reduce future borrowing. As a result the overall capital budget reduces by £90m over a five year timescale compared with the three years previously and the future need to borrow reduces by £82m to £37m. With a revenue saving of £2.5m per annum. On a three year 2021/22 to 2023/24 like for like comparison with the previous years capital programme the overall reduction is £158m.

4.4 One of the projects cancelled is for an Extra Care Centre at Chalvey. The project involved leasing a plot of land for 42 years and then the project was to build the extra care centre on the plot of land, with income from residents being used to cover the costs of financing the construction and the lease rentals. As a result of cancelling the project, the Council is left with a lease for a plot of land, for which it is contractually committed to pay lease rentals for the unexpired term of the lease which is forty years. As the Council currently is receiving no financial benefit from the lease, this is an abortive cost, and has to be recognised as a provision for an onerous contract, the cost of which is £4.6m for the remaining term of the lease.

Key projects

Place Directorate

4.5 The key projects for the Place Directorate include various highways projects totalling £29m funded through the Berkshire Local Enterprise Partnership, developer contributions and capital grant from the Department for Transport.

4.6 A key project is the provision of loan facilities to GRE5 Ltd to remove cladding from Nova House. The gross budget is £20.7m which is expected to be supported by grant from Homes England totalling £9.3m over the next two years. The expenditure on Nova House is statutorily classified as capital expenditure, as it is a loan to a third party (GRE5 Ltd) for capital works. The loan will be repaid by the company passporting the grant to the Council, and by an insurance claim and charges on leaseholders. The latter two sources depend on the outcome of litigation so have not been included in the capital programme. The initial loan advance is being funded from the Capitalisation Direction.

4.7 There is an ongoing programme of works to address issues arising from the stock condition survey totalling £6.7m which will require funding from borrowing over the next five years in the absence of other alternative capital resources. The works are essential to maintain the condition of the Council's asset portfolio to meet health and safety and fire safety requirements.

4.8 The capital programme includes a project called Sponge City which will improve flood resilience for the Salt Hill Stream and Chalvey Ditches catchment totalling £6m over the next five years. The project is fully funded by capital grant from the Environment Agency.

4.9 In previous years the Council has allocated a substantial budget to the Strategic Acquisition Fund to acquire property for investment returns. Review of the performance of the portfolio shows that these were not adequately managed and lacked a cohesive strategy. This has resulted in a very mixed collection of assets, which have produced a net negative rate of return of 0.60%. For this reason, as part of the Council's debt reduction strategy, the Strategic Acquisition Fund has been terminated.

4.10 Currently British Land plc and the Abu Dhabi Investment Authority are progressing plans to redevelop a large section of central Slough - the Queensmere Centre. The Council currently has no involvement in the project other than as the planning authority. There is a potential that the Council may be called upon to undertake some infrastructure works from 2024 onwards as part of the proposed development. Nothing has been included in the forward capital programme and the Council will consider its priorities and role in relation to the Town Centre development.

4.11 The Council needs to reduce infrastructure very significantly to reduce the borrowings it is carrying, so that it can afford to service the remaining associated debt

of the fewer essential assets it will continue to hold. The capitalisation direction request to DLUHC assumes asset sales in the order of £600m.

4.12 This will mean that the Council will have significantly smaller infrastructure and will need to enable services from fewer buildings. To achieve this, the days of having departmentally occupied and managed buildings must end. The buildings that are retained will either be for a very specific technical/operational purpose or will become more intensively-used hubs for the communities, where residents can access services.

4.13 The Council's Cabinet and Corporate Leadership Team are going through a process to establish the Council's future service offer and which of the Council's buildings will be key locations for service delivery at community/neighbourhood level going forward. Some Council Buildings may need to be adapted to enable a wider range of uses to take place from them, as part of the process to reduce the number of buildings from which services are provided and to consolidate more services into key sites

4.14 Once this is agreed, has been considered by Scrutiny and Cabinet, and full Council have approved the Council's future operating model and core operational assets/sites, additional reports will be presented to ensure the remaining operational assets/sites conform to the forward strategy, backed up by robust business cases and fully taking into account the financial position of the Council - these reports may include adjustments to the capital programme to ensure that the Council's retained assets are fit for purpose and can deliver the agreed strategy within available resources for a sustainable Council.

4.15 In preparing the capital programme, a number of assumptions have been made in respect of the Council's involvement in it's companies:

- there will be no further capital programme costs in relation to sites optioned to SUR LLP;
- there will be no further capital expenditure in relation to GRE5 Ltd over and above the Council's loan facility to the company of £10m;
- no further property acquisitions by James Elliman Homes Ltd, and therefore no further drawdown against the loan facility provided to the company.

People – Childrens Directorate

4.16 The key projects for the Childrens Directorate continue to be the schools modernisation programme and the expansion of the special schools provision in the Council area to meet the increasing numbers of pupils with Special Education Needs. Both projects are largely funded from capital grant from the Department for Education (DfE) supplemented by developer contributions. The programme has been forecast on the assumption that the DfE will continue to provide grant funding beyond the next 12 months, because currently the Department only provides assurance over funding within the next 12 months.

Corporate operations

4.17 The capital programme includes £5.7m to modernise the Council's information technology (IT) infrastructure. This involves modernising a substantial number of systems essential to the continuing effective operation of the Council and to improve the Council's resilience to cyber attack. This will be part funded from grant from DLUHC and the main part through the capitalisation direction.

4.18 Because of the Council's extreme financial pressures the preparation of the capital programme has totally correctly been led by the need to minimise expenditure that is not externally financed to reduce the consequential impact on the revenue budget. Nevertheless it may be necessary for the Council in exceptional circumstances to incur some limited capital expenditure. Hence a sum of £2m per annum has been set to one side. In order for this to be accessed a report of the Director of Finance and relevant Executive Director to Cabinet will be needed. This will be funded from the capitalisation direction in the event that the contingency is needed in any year.

5 Capital Funding

5.1 The Council is required to have a funded capital programme that is affordable. i.e. all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of borrowing should be built into a balanced revenue budget.

5.2 The key sources of funding for the Council are:

- grants
- developer contributions
- capital receipts
- direct revenue funding
- Major Repairs Reserve (HRA only) and
- borrowing

Grants

5.3 These are predominantly government grants and are usually provided to the Council to fund specific schemes or programmes. The majority of grants which the Council receives for capital are from:

- the Department for Education (DfE) to ensure the Council is meeting its statutory duty to provide school places and that school buildings are in good condition;
- the Department for Transport (DfT) for infrastructure (i.e. highways) improvements; and
- the Department for Levelling Up, Housing and Communities (DLUHC) for disabled facilities grant (DFG).

5.4 Capital grants usually have conditions attached which require the grant to be used for specific schemes and potentially require repayment in the event that they are not used for the purpose intended or within a set timetable.

Developer contributions

5.5 Developer contributions are a contract between a developer and the Council, which have to be used on specific projects rather than a more general objective. These are either:

- s.106 agreements made under the section 106 of the Town and Country Planning Act 1990 whereby the planning authority place an obligation on the developer to undertake an obligation as part of the planning permission, and the developer agrees to pay a contribution to the authority for the authority to undertake the works to discharge the obligation; and

- s.278 agreements made under section 278 of the Highways Act 1980 which allow a developer to enter into an agreement with the highways authority to make permanent alterations or improvements to a public highway as part of a planning approval.

Capital receipts

5.6 Capital receipts are generated from the sale of non-current assets (e.g. land and buildings). The use of capital receipts is statutorily prescribed, such that they can only be used primarily to fund capital expenditure or repay borrowing. The Council holds all capital receipts corporately, which ensures that they can be used to fund the overall capital programme.

5.7 As set out the Debt Recovery Strategy approved by Cabinet 20 September 2021, capital receipts generated from asset sales will be used:

- firstly, to finance the much reduced flexible use of capital receipts programme set out in the revenue budget report
- secondly, to finance any expenditure capitalised under any Capitalisation Direction granted by the Government; and
- thirdly, to repay existing external debt.

Direct revenue funding

5.8 The Council can, if it chooses to, fund capital expenditure via its revenue budget. This can be through in-year underspends, earmarked reserves or via the General Fund or Housing Revenue Account (HRA). Any funding of the capital programme via revenue resources has to be considered in light of:

- the Council's overall revenue budget and the Medium Term Financial Plan in respect of the General Fund
- the HRA Business Plan in respect of the Housing Revenue Account.

Major Repairs Reserve

5.9 The Major Repairs Reserve (MRR) is unique to the HRA. Statute requires that depreciation on dwellings within the HRA is transferred to the MRR, and can only be used on capital expenditure on HRA assets.

Borrowing

5.10 Borrowing to fund capital expenditure is normal practice in both the private and public sector. In local government the prudential regime has operated since 2003/04 under which local authorities must take responsibility to ensure that borrowing is both affordable and sustainable for the revenue budget and the council taxpayer.

5.11 Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested on a medium to long-term basis providing the Council with a return on investment. However, the Council does not have any internal borrowing as all internal resources have been used in previous years.

5.12 Consequently, the Council's borrowing is entirely external borrowing. External borrowing is where the Council borrows money from the open market such as from banks or the Government via the Public Works Loans Board or other local authorities.

5.13 Although the capital programme may highlight a need to borrow to fund capital expenditure (the borrowing requirement referred to in Table 2), the timing and type of borrowing depends on cashflow modelling in line with the Council's Treasury Management Strategy.

5.14 The Council's total borrowing requirement is based on capital expenditure incurred historically but yet to be financed is measured and reported as the Capital Financing Requirement. This is published in the Statement of Accounts in the Capital Expenditure and Financing Note and projections are reported in the Treasury Management Strategy.

5.15 All borrowing incurs capital financing costs, namely interest charges and a minimum revenue provision (MRP). MRP is an amount which the Council is statutorily required to set aside to repay borrowing to the extent that the Council's CFR remains positive.

5.16 All capital financing costs must be treated as a revenue cost and built into the Council's budget plans. In essence the more the Council borrows, the greater the call on the revenue budget, which then requires further service savings to be identified to fund this in the longer term. Consequently, it is important that borrowing is set at a level which is both affordable and sustainable in revenue budget terms.

6 Capital Programme Funding 2021/22 to 2026/27

6.1 Table 4 overleaf summarises the funding of the proposed capital programme both for the General Fund and the HRA.

Table 4 Analysis of proposed external funding

	Forecast	Five Year Plan					
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
Funding							
General Fund							
Capital grants	(12,816)	(35,503)	(5,483)	(4,128)	(4,113)	(2,870)	(64,913)
Capital receipts	(41)	0	0	0	0	0	(41)
Developer contributions	(1,194)	(100)	0	0	0	0	(1,294)
Direct funding from revenue	(200)	0	0	0	0	0	(200)
Capitalisation Directive	(15,534)	(5,554)	(2,450)	(2,250)	(2,250)	(2,000)	(30,038)
Total GF funding	**(29,785)**	**(41,157)**	**(7,933)**	**(6,378)**	**(6,363)**	**(4,870)**	**(96,486)**
Housing Revenue Account							
Capital grants							0
Capital receipts	(1,834)	(1,790)	(1,843)	(1,897)	(1,950)	0	(9,314)
Developer contributions							0
Major Repairs Reserve	(11,167)	(15,320)	(12,615)	(9,993)	(5,303)	(13,951)	(68,349)
Direct funding from revenue	0	(2,000)	(2,000)	(4,000)	0	0	(8,000)
Total HRA funding	**(13,001)**	**(19,110)**	**(16,458)**	**(15,890)**	**(7,253)**	**(13,951)**	**(85,663)**
Total funding excluding borrowing	**(42,786)**	**(60,267)**	**(24,391)**	**(22,268)**	**(13,616)**	**(18,821)**	**(182,149)**
Borrowing	(8,538)	(7,103)	(8,050)	(10,380)	(1,500)	(1,500)	(37,071)
Total funding including borrowing	**(51,324)**	**(67,370)**	**(32,441)**	**(32,648)**	**(15,116)**	**(20,321)**	**(219,220)**

6.2 Table 4 above shows that £182m of the overall capital programme is to be funded from external sources (i.e. not borrowing) equivalent to 83% of the capital programme, leaving only £37m, 17%, to be funded from borrowing.

6.3 This is a huge change in capital strategy compared to that approved in March 2021, which was planning to incur additional borrowing of £119m over the shorter period from 2021/22 to 2023/24 or 55% of the capital programme. The reduction in reliance

on borrowing has been achieved by removing schemes which were totally relying on borrowing and seeking alternative sources of funding.

7 Revenue Implications of the Programme

7.1 In respect of any General Fund capital expenditure which is not fully funded from available capital resources (i.e. capital receipts, capital grants, developer contributions and direct funding from revenue) gives rise to borrowing which incurs capital charges in the form of MRP and interest. Where expenditure is to be met from a capitalisation direction, this incurs MRP also which is amortised over 20 years in line with the Statutory Guidance on Minimum Revenue Provision (issued by DCLG 2018).

7.2 HRA capital expenditure falls outside the MRP requirements. Instead, loan repayments are a direct charge to the HRA, as evidenced by the £10m repayment due in March 2022, which is the first repayment arising from the national HRA re-financing exercise carried out in March 2012.

7.3 Table 5 overleaf shows that even with a modest amount of additional borrowing in respect of the General Fund capital programme, the capital financing charges mount up as the incremental impact takes effect.

Table 5 Summary of revenue implications of the GF Capital Programme

	Forecast	Five Year Plan					
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
Borrowing Requirement							
General Fund	8,538	4,102	400	1,500	1,500	1,500	17,540
Additional MRP on borrowing		252	351	390	430	470	1,894
Additional MRP on capitalisation		777	1,054	1,177	1,177	1,177	5,362
Interest charges		138	170	203	236	268	1,015
Total additional MRP and interest charges	**0**	**1,167**	**1,575**	**1,770**	**1,843**	**1,915**	**8,271**
Incremental increase in MRP and interest charges		**1,167**	**408**	**195**	**73**	**73**	

8 Risk Management

8.1 Capital projects require careful management to mitigate the potential risks that can arise. Effective monitoring, management and mitigation of these key risks is a key part of managing the capital strategy, which are set out below.

Interest rate risk

8.2 The Council is planning to potentially borrow £37m for the capital programme over the next five years (£17m General Fund and £20m HRA) as set out in this Capital Strategy. Whilst this seems counter-intuitive given that the Council has a debt reduction strategy in place, nonetheless in order to complete the projects currently outstanding from previous programmes will require some borrowing and some limited borrowing will be essential to allow the Council to function.

8.3 Interest rates are variable and are forecast to increase over the next year as the Bank of England seeks manage inflation nationally. Currently any additional borrowing has been by borrowing short-term from other local authorities. This strategy works well provided that there is surplus money within the local authority money market. In the event that liquidity slows in this market then the Council will

need to lock into fixed borrowing with the PWLB, but will seek to avoid doing so while the current debt reduction strategy is in place.

Inflation risk

8.4 Construction inflation over and above that budgeted could impact on the affordability of the capital programme. A rise of 1% in the cost of the overall programme would increase the cost of the programme by £1.9m. Whilst this is mitigated through regular budget monitoring, this may require projects to be deferred to future years or deleted.

9. Implications of the Recommendation

9.1 Financial implications

9.1.1 These are set out in the main body of this report.

9.2 Legal implications

9.2.1 The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular scheme. Each scheme within the capital programme will be approved in accordance with the Council's constitution and in particular the Financial Procedure Rules.

9.3 Risk management implications

9.3.1 These are set out in the main body of the report

9.4 Environmental implications

9.4.1 Inevitably, with any capital projects there are likely to be environmental implications, which will be considered when approval is sought for particular schemes.

9.5 Equality implications

9.5.1 At this stage, it is not possible to fully measure the impact of these proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of the capital strategy proposals will be felt across all areas of Slough. However, our preliminary equality impact analysis of the planned activity for 2022/23 indicates that whilst the council is focused on making a wide range of changes during 2022/23 in order to balance its budget, it is likely that many of the proposals will have limited negative impacts on the communities that we serve.

9.5.2 In order to ensure that the Council complies with its duty under section 149 of the Equality Act 2010 individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impacts on our communities.

9.6 Procurement implications

9.6.1 Inevitably with any capital projects there are likely to be procurement implications, which will be considered when approval is sought for particular schemes.

9.7 Workforce implications

9.7.1 There are no specific implications.

9.8 Property implications

9.8.1 Inevitably with some capital projects there are likely to be procurement implications, which will be considered when approval is sought for particular schemes.

Appendix

Appendix A Detailed Capital Programme 2022/23 to 2026/27

10. Background Papers

None

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Appendix A

Detailed capital programme 2022/23 to 2026/27

Cost Centre Code	General Fund Capital Programme	Forecast 2021/22			2022/23			2023/24			2024/25			2025/26			2026/27			Grand total		
		Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s
P083	Cemetery extension	775	0	775	80	0	80	0	0	0	0	0	0	0	0	0	0	0	0	855	0	855
P880	Parks & Open Spaces	321	(24)	297	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	321	(24)	297
P165	Leisure Centre Farnham Road	50	0	50	100	0	100	0	0	0	0	0	0	0	0	0	0	0	0	150	0	150
	Customer & Community Directorate total	**1,146**	**(24)**	**1,122**	**180**	**0**	**180**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,326**	**(24)**	**1,302**
P191	Fire Risk Assessment Works	31	0	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31	0	31
P193	Purchase of new Corporate HQ	371	0	371	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	371	0	371
P581	Domestic Wheeled Bins & Containers	0	(29)	(29)	40	(40)	0	40	(40)	0	40	(40)	0	40	(40)	0	40	(40)	0	200	(229)	(29)
P178	Refuse fleet & Grounds Plant equipment	0	0	0	582	(582)	0	0	0	0	0	0	0	0	0	0	0	0	0	582	(582)	0
P220	Urban Tree Challenge Fund	151	(219)	(68)	185	(185)	0	82	(82)	0	82	(82)	0	82	(82)	0	82	(82)	0	664	(732)	(68)
P102	Local Sustainable Transport	188	(188)	0	188	(188)	0	0	0	0	0	0	0	0	0	0	0	0	0	376	(376)	0
P006	Disabled Facilities Grant	1,050	(275)	775	1,199	(1,199)	0	550	(550)	0	550	(550)	0	550	(550)	0	550	(550)	0	4,449	(3,674)	775
P181	Fire Risk Assessment (Nova House)	7,000	(6,626)	374	8,500	(8,500)	0	0	0	0	0	0	0	0	0	0	0	0	0	15,500	(15,126)	374
P192	LTP Implementation Plan	261	(261)	0	211	(211)	0	134	(134)	0	134	(134)	0	134	(134)	0	134	(134)	0	1,008	(1,008)	0
P160	LED Upgrade	163	(163)	0	103	(103)	0	0	0	0	0	0	0	0	0	0	0	0	0	266	(266)	0
P881	Colnbrook Bypass	0	0	0	115	(115)	0	0	0	0	0	0	0	0	0	0	0	0	0	115	(115)	0
P157	Burnham LEP	0	0	0	50	(50)	0	0	0	0	0	0	0	0	0	0	0	0	0	50	(50)	0
P209	Zone 1 Sutton Lane Gyratory (MRT)	2,425	(2,425)	0	3,800	(3,800)	0	0	0	0	0	0	0	0	0	0	0	0	0	6,225	(6,225)	0
P210	Zone 2 [- Foxborough (MRT)	980	(980)	0	980	(980)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,960	(1,960)	0
P211	Zone 3 - Park & Ride	0	0	0	4,689	(4,689)	0	0	0	0	0	0	0	0	0	0	0	0	0	4,689	(4,689)	0
P212	Zone 4 - Stoke Road (Stoke Rd)	1,000	(1,000)	0	6,229	(6,229)	0	0	0	0	0	0	0	0	0	0	0	0	0	7,229	(7,229)	0
P213	Zone 5 - Slough Station (Stoke Rd)	1,500	(1,500)	0	2,950	(2,950)	0	0	0	0	0	0	0	0	0	0	0	0	0	4,450	(4,450)	0
P214	Zone 6 - Wexham (Stoke Rd)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P215	Zone 7 - Offroad cycle routes - Stoke Road	0	(5)	(5)	150	(150)	0	0	0	0	0	0	0	0	0	0	0	0	0	150	(155)	(5)
P186	Bridge Capital Works	551	(551)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	551	(551)	0
P187	Flood Defence Measures (Sponge City Project)	20	(20)	0	1,493	(1,493)	0	1,493	(1,493)	0	1,493	(1,493)	0	1,493	(1,493)	0			0	5,992	(5,992)	0
P238	A4 Safer roads	100	(300)	(200)	1,711	(1,711)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,811	(2,011)	(200)
P240	Traffic Signals Maintenance Grant	0	0	0	500	(500)	0	0	0	0	0	0	0	0	0	0	0	0	0	500	(500)	0
P235	High Street Langley Widening	1,000	(1,000)	0	3,788	(638)	3,150	0	0	0	0	0	0	0	0	0	0	0	0	4,788	(1,638)	3,150
P125	Electric Vehicle Network	50	0	50	157	(157)	0	0	0	0	0	0	0	0	0	0	0	0	0	207	(157)	50
P170	Carbon Management - Fleet Challenge	2	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2
P239	Carbon Management - Public Sector	1,100	(1,100)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100	(1,100)	0
P203	Car Club	0	0	0	100	(100)	0	0	0	0	0	0	0	0	0	0	0	0	0	100	(100)	0
P168	Re-fit Programme	78	0	78	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	78	0	78
P174	Highways Maintenance	296	(296)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	296	(296)	0
P111/P728	Major Highways Programme	350	(350)	0	134	(134)	0	134	(134)	0	134	(134)	0	0	0	0	0	0	0	752	(752)	0
P224	Minor Highway Pavements & Street Improvement	12	0	12	0	0	0	0	0	0	0	0	0	134	(134)	0	134	(134)	0	280	(268)	12
P179	Loan to James Elliman Homes	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P580	Allotment Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P180	Capital works following stock condition survey	1,500	0	1,500	500	0	500	400	0	400	1,500	0	1,500	1,500	0	1,500	1,500	0	1,500	6,900	0	6,900
P204	Britwell Hub Development incl DFE Repayment for Grove (P204 Hub Development)	3,200	(1,000)	2,200	50	0	50	0	0	0	0	0	0	0	0	0	0	0	0	3,250	(1,000)	2,250
P127	Demolitions	4	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	4
P172/P173	Thames Valley University site	233	0	233	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	233	0	233
P156	Strategic Acquisition Fund	273	0	273	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	273	0	273
P001	Reading Archives SBC Contribution	0	0	0	200	0	200	0	0	0	0	0	0	0	0	0	0	0	0	200	0	200
P229	St Martins Place	168	0	168	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	168	0	168
P225	Air Quality Monitoring	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P871	Community Investment Fund	126	0	126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	126	0	126
P218	Community Investment Fund - Cabinet	25	(25)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25	(25)	0
P159	Retention monies re OLS Commercial Development	489	(489)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	489	(489)	0
P194	Compulsory Purchase Orders	927	0	927	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	927	0	927
P216	New Housing Management	770	(770)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	770	(770)	0
P185	Manor Park Hall & Community Centre Refurbishment	9	(9)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	(9)	0
P206	Refurbishment of 32 Chalvey Rd East	2	(2)	0																2	(2)	0
P234	Cultural infrastructure	22	(22)	0																22	(22)	0
P155	Air Quality Monitoring	32	(32)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32	(32)	0
P228	Asbestos Removal (GF)	90	0	90	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90	0	90

	Place Directorate total	**26,549**	**(19,637)**	**6,912**	**38,604**	**(34,704)**	**3,900**	**2,833**	**(2,433)**	**400**	**3,933**	**(2,433)**	**1,500**	**3,933**	**(2,433)**	**1,500**	**2,440**	**(940)**	**1,500**	**78,292**	**(62,580)**	**15,712**	
P331	Care Act: Social Care IT Developments	61	0	61	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	61	0	61	
P195	Autism capital grant	6	(6)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	(6)	0	
P395	Hold long-term disabilities grant	4	(4)	0	331	(331)	0	0	0	0	0	0	0	0	0	0	0	0	0	335	(335)	0	
P577	Learning disability change programme	877	0	877	22	0	22	0	0	0	0	0	0	0	0	0	0	0	0	899	0	899	
	People Adults total	**948**	**(10)**	**938**	**353**	**(331)**	**22**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,301**	**(341)**	**960**	
P051	Primary expansions (Phase 2 for 2011)	23	(23)	0	172	(172)	0	0	0	0	0	0	0	0	0	0	0	0	0	195	(195)	0	
P093	Schools Modernisation Programme	298	(298)	0	1,200	(1,200)	0	600	(600)	0	600	(600)	0	600	(600)	0	600	(600)	0	3,898	(3,898)	0	
P101	SEN Resources Expansion	82	(82)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82	(82)	0	
P153	Special School Expansion	116	(116)	0	435	(435)	0	2,200	(2,200)	0	1,015	(1,015)	0	1,000	(1,000)	0	1,000	(1,000)	0	5,766	(5,766)	0	
P095	Secondary Expansion	60	(60)	0	150	(150)	0	170	(170)	0	0	0	0	0	0	0	0	0	0	380	(380)	0	
P783	Schools Devolved Capital	111	(80)	31	80	(80)	0	80	(80)	0	80	(80)	0	80	(80)	0	80	(80)	0	511	(480)	31	0
P139	323 High St/Haybrook	30	0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30	0	30	
	People Children total	**720**	**(659)**	**61**	**2,037**	**(2,037)**	**0**	**3,050**	**(3,050)**	**0**	**1,695**	**(1,695)**	**0**	**1,680**	**(1,680)**	**0**	**1,680**	**(1,680)**	**0**	**10,862**	**(10,801)**	**61**	
P084	IT infrastructure refresh	2,378	(2,378)	0	2,085	(2,085)	0	450	(450)	0	250	(250)	0	250	(250)	0	250	(250)	0	5,663	(5,663)	0	
											0			0	0								
	Corporate Operations total	**2,378**	**(2,378)**	**0**	**2,085**	**(2,085)**	**0**	**450**	**(450)**	**0**	**250**	**(250)**	**0**	**250**	**(250)**	**0**	**250**	**(250)**	**0**	**5,663**	**(5,663)**	**0**	
P175	Contingency	6,582	(7,077)	(495)	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	2,000	(2,000)	0	16,582	(17,077)	(495)	
	Finance & Resources total	**6,582**	**(7,077)**	**(495)**	**2,000**	**(2,000)**	**0**	**2,000**	**(2,000)**	**0**	**2,000**	**(2,000)**	**0**	**2,000**	**(2,000)**	**0**	**2,000**	**(2,000)**	**0**	**16,582**	**(17,077)**	**(495)**	
	GRAND TOTAL	**38,323**	**(29,785)**	**8,538**	**45,259**	**(41,157)**	**4,102**	**8,333**	**(7,933)**	**400**	**7,878**	**(6,378)**	**1,500**	**7,863**	**(6,363)**	**1,500**	**6,370**	**(4,870)**	**1,500**	**114,026**	**(96,486)**	**17,540**	

	Forecast 2021/22			2022/23			2023/24			2024/25			2025/26			2026/27			Grand total		
	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s	Spend £000s	External Funding total £000s	Net Total £000s
RMI Capital Programme																					
Boiler Replacement and heating	1,072	(1,072)	0	197	(197)	0	147	(147)	0	178	(178)	0	147	(147)	0	459	(459)	0	2,200	(2,200)	0
Kitchen & Bathroom ReplacementReplacement	290	(290)	0	282	(282)	0	211	(211)	0	255	(255)	0	211	(211)	0	657	(657)	0	1,906	(1,906)	0
Electrical Systems	120	(120)	0	195	(195)	0	146	(146)	0	177	(177)	0	146	(146)	0	454	(454)	0	1,238	(1,238)	0
Garage & Environmental Improvements	453	(453)	0	796	(796)	0	595	(595)	0	721	(721)	0	594	(594)	0	1,853	(1,853)	0	5,012	(5,012)	0
Capitalised Repairs	240	(240)	0	200	(200)	0	150	(150)	0	181	(181)	0	149	(149)	0	466	(466)	0	1,386	(1,386)	0
FRA & Asbestos Removal Works	3,300	(3,300)	0	1,884	(1,884)	0	1,408	(1,408)	0	1,707	(1,707)	0	1,407	(1,407)	0	4,386	(4,386)	0	14,092	(14,092)	0
Major Aids & Adaptations	400	(400)	0	572	(572)	0	428	(428)	0	518	(518)	0	427	(427)	0	1,332	(1,332)	0	3,677	(3,677)	0
Decarbonisation works	100	(100)	0	0	0	0	500	(500)	0	0	0	0	0	0	0	0	0	0	600	(600)	0
RMI Capital Programme	**5,975**	**(5,975)**	**0**	**4,126**	**(4,126)**	**0**	**3,585**	**(3,585)**	**0**	**3,737**	**(3,737)**	**0**	**3,081**	**(3,081)**	**0**	**9,607**	**(9,607)**	**0**	**30,111**	**(30,111)**	**0**
Planned Maintenance Capital																					
Windows and Door Replacement	100	(100)	0	181	(181)	0	488	(488)	0	486	(486)	0	314	(314)	0	330	(330)	0	1,899	(1,899)	0
Roof Replacement	696	(696)	0	513	(513)	0	1,381	(1,381)	0	1,378	(1,378)	0	892	(892)	0	936	(936)	0	5,796	(5,796)	0
Structural	484	(484)	0	59	(59)	0	159	(159)	0	159	(159)	0	102	(102)	0	108	(108)	0	1,071	(1,071)	0
Security & Controlled Entry Modernisation	883	(883)	0	388	(388)	0	1,045	(1,045)	0	1,043	(1,043)	0	674	(674)	0	708	(708)	0	4,741	(4,741)	0
Capitalised voids	60	(60)	0	60	(60)	0	162	(162)	0	161	(161)	0	104	(104)	0	110	(110)	0	657	(657)	0
Planned Maintenance Capital	**2,223**	**(2,223)**	**0**	**1,201**	**(1,201)**	**0**	**3,235**	**(3,235)**	**0**	**3,227**	**(3,227)**	**0**	**2,086**	**(2,086)**	**0**	**2,192**	**(2,192)**	**0**	**14,164**	**(14,164)**	**0**
Affordable Homes	4,803	(4,803)		16,784	(13,784)	3,000	17,288	(9,638)	7,650	17,806	(8,926)	8,880	2,086	(2,086)	0	2,152	(2,152)	0	60,919	(41,389)	19,530
HRA GRAND TOTAL	**13,001**	**(13,001)**	**0**	**22,111**	**(19,111)**	**3,000**	**24,108**	**(16,458)**	**7,650**	**24,770**	**(15,890)**	**8,880**	**7,253**	**(7,253)**	**0**	**13,951**	**(13,951)**	**0**	**105,194**	**(85,664)**	**19,530**

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

TREASURY MANAGEMENT STRATEGY 2022/23

1 Summary and Recommendations

1.1 This report sets out the Council's treasury management strategy for 2022/23 covering:

- borrowing and the debt reduction strategy;
- prudential indicators;
- the Minimum Revenue Provision (MRP) policy; and
- the investment strategy which includes loans to third parties.

1.2 The Committee is requested to scrutinise the recommendation and make any comments to Cabinet as appropriate:

Cabinet is asked to recommend to Council the following:

a. Approve the Treasury Management Strategy (TMS) for 2022/23 including:

   i. the Annual Investment Strategy for 2022/23 (Appendix 2)
   ii. Minimum Revenue Provision Policy Statement for 2022/23 (Appendix 1)
   iii. the Prudential Indicators for the period 2022/23 to 2024/25 (Section 4)

b. Agree that the MRP policy as set out in the TMS for 2022/23 shall also apply for the financial year 2021/22.

Reason: To promote effective financial management relating to the Authority's borrowing and investment powers contained in the Local Government Act 2003, associated regulations and guidance.

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.

Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government."

2 Report

Introduction

2.1 The Council has powers to borrow and invest money under Part 1 of the Local Government Act 2003. In applying these powers, the Council is required to have regard to statutory guidance issued by the Secretary of State and Codes of Practice issued by the CIPFA. The Council is obliged to follow these documents, unless there is good reason not to.
The Statutory Guidance requires the Council to:

- agree a treasury strategy for borrowing
- prepare an annual investment strategy
- an interim report and annual treasury management review.

Background

2.2 The Council's borrowing was £760m at 31 March 2021. This is the third highest per head of population amongst all unitary local authorities. Borrowing has quadrupled since 2015/16, but the amount set aside to repay debt (i.e. MRP) for 2021/22 was only budgeted to be £0.040m even though had the Council actually applied its MRP policy the MRP for the year should have been at least £18m.

2.3 Interest payable on the borrowing is £7m, thus the combined cost of debt charges (MRP and interest) is £25m. This is 24% of the net revenue budget. This is neither affordable nor financially sustainable.

2.4 These figures are before setting aside MRP for any capitalisation directions.

2.5 Officers and the Commissioners have applied to the Secretary of State for permission to capitalise £307m of revenue expenditure to 31 March 2023, which has the impact of spreading additional revenue costs over a 20 year period and allows the Council to use capital receipts to finance the capitalisation direction.

2.6 The treasury management operation should help the Council to ensure that its cash flow is adequately planned, with cash being available when it is needed. A second function of treasury management is to fund capital plans. These capital plans provide a guide to the borrowing need of the Council to allow a longer term approach to cash flow planning. As set out above, the Council has previously used both short and long term loans, however this has not always been informed by the long term costs of such borrowing.

2.7 An effective Treasury Management Strategy and service is critical to the Council, as the balance of debt and investment operations should ensure liquidity and the ability to make spending commitments as they fall due.

2.8 CIPFA defines treasury management as:

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

2.9 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.

1. **Treasury Management Strategy Statement Report** – (this report) The first, and most important report is forward looking and covers:

   - the capital plans, (including prudential indicators)
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed)

2. **Mid-Year Review Report** – This is primarily a progress report presented to Cabinet in December/January and updates Members on the progress of the Capital Programme, reporting on Prudential Indicators to give assurance that the treasury management function is operating within the Treasury Limits and Prudential Indicators set out in the TMSS.

3. **Treasury Management Outturn Report** – This is a backward looking review, typically presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the TMSS and Mid-Year Reports.

2.10 **Capital Strategy** – In addition to the three main treasury management reports, the CIPFA 2018 Prudential and Treasury Management Codes introduced a requirement for all local authorities to prepare a capital strategy report which provides the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

2.11 The aim of the Capital Strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is included in the TMS at Section 1.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 This report details the Council's strategies for treasury management and investment activity. The proposed changes to the Council's strategies are designed to bring the Council back onto a financially sustainable footing, principally by reducing debt, but also by disposing of assets.

3.2 Legal implications

3.2.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are contained within this report. The Act, accompanying statutory guidance and Codes of Practice referred to through capital financing regulations requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. This report assists the Council in fulfilling its statutory obligation under the Local Government Act 2003 to monitor its borrowing and investment activities.

3.2.2 The Treasury Management Strategy is a key part of the Financial Framework and approval is reserved to full Council in accordance with Part 3.4 of the Constitution.

3.3 Risk management implications

3.3.1 The key risks are:

- asset sales either do not generate the expected receipts or are delayed. The mitigation is using external consultants to ensure best consideration is achieved through a managed asset disposal plan;

- interest rates rise thus increasing borrowing costs. The temporary borrowing portfolio is at risk of interest rate rises. This can be mitigated by locking into PWLB borrowing.

3.4 Environmental implications

3.4.1 There are no specific implications.

3.5 Equality implications

3.5.1 There are no specific implications.

3.6 Procurement implications

3.6.1 There are no specific implications.

3.7 Workforce implications

3.7.1 There are no specific implications.

3.8 Property implications

3.8.1 In order to reduce the overall level of borrowing and finance the capitalisation direction, the Council will have to generate up to £600m of capital receipts. The Council is currently appointing external consultants with the necessary skills to manage the asset disposal plan.

Appendix

Treasury Management Strategy

4. Background Papers

Draft Treasury Management Strategy 2022/23 - attached

Statutory Guidance on Minimum Revenue Provision, DCLG 2018
Statutory Guidance on Local Government Investments, DCLG 2018

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2022/23

Including commercial activities / non-treasury investments

Treasury Management Strategy executive summary

Introduction

1. All local authorities are required by law to approve a treasury management strategy (TMS), investment strategy and minimum revenue policy before the year to which they apply as part of the budget setting process. The TMS combines all three.

Key changes to the previous Treasury Management Strategy

2. The capital expenditure forecast in the previous TMS did not link back to the capital strategy which meant that the Prudential Indicators to limit borrowing and assess affordability of borrowing were misstated. If corrected the Council's borrowing would have exceeded the capital financing requirement, which whilst not unlawful would nevertheless have indicated that the Council was borrowing to support the revenue budget. The Capital Spending and Fund plans at Table 1 link back to the Capital Strategy to ensure consistency.

3. A requirement of statutory guidance since 2018 has been to set and report performance targets for investment property. The 2021 CIPFA Prudential Code states that it is not prudent to borrow for investment property and that authorities should rebalance their investment property portfolios where they have borrowed. No performance measures had been set or reported in previous years. Measured against standard benchmarks for investment property, the Council's investment property is yielding a negative rate of return and is fully leveraged contrary to the Prudential Code. A key recommendation is to dispose of all the investment property portfolio.

4. The TMS highlights that the Council has 11 companies, 6 of which are dormant and are therefore to be wound up. The Council has had no clear strategy for setting up companies and lacks overall coordination of the companies – a recommendation is to establish a Shareholders Committee to perform this function.

5. The Council's MRP policy previously approved for 2021/22 did not comply with statutory guidance and had not been applied in practice. Paragraphs 54 and 55 explain. Consequently:

   (a) MRP for 2021/22 was understated by £18m;

   (b) The affordability of borrowing was under-reported at 1.48% of net revenue stream for 2021/22 when it should have been 17.82%

6. The MRP policy has been re-written to fully comply with statutory guidance and correct understatements of MRP. Officers have liaised closely with DLUHC on amendments to legislation to improve the capital finance legislation and guidance.

7. The TMS highlights the comparatively high level of borrowing of the Council (Slough's borrowing is the third highest per capita amongst unitary authorities) and sets out a debt reduction strategy to bring borrowing onto a sustainable and affordable footing over the next 5 years.

8. Loans to third parties under the previous TMS were limited to James Elliman Homes Ltd and SUR LLP, even though the Council had advanced loans to Slough Children First Ltd. and St Bernards School. The TMS:

   (a) provides a more general authority to advance loans to third parties subject to due diligence on security and risk;

   (b) recommended interest rates levied cover the Council's capital financing costs and other related costs plus 1% for risk;

   (c) increases the limit for such advances to £90m to allow for advances to GRE5 Ltd.

INTRODUCTION

9. The Council is required to set a balanced annual revenue budget. The timing and nature of income and expenditure within the budget needs to be understood and managed so that cash is available when it is required (**Liquidity**). This is a key function of the Treasury Management operation.

10. The second key function is the funding of the Council's capital plans, which is the key driver for the borrowing needs of the Council. This may involve arranging new or replacement loans of the planned use of cash balances.

11. The Treasury Management Strategy (TMS) for 2022/23 – 2026/27 sets out the Council's approach to ensuring cashflows are adequately planned to ensure that the Council's capital programme and corporate investment plans are adequately funded, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested in low risk counterparties (**Security**), providing access to funds when required (**Liquidity**) before considering optimising investment return (**Yield**).

Background

12. The Council's Treasury Management Strategy has been set in line with:

    - the Local Government Act 2003;
    - the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended;
    - Statutory Guidance on Minimum Revenue Provision issued by MHCLG (now DLUHC) 2018;
    - Statutory Guidance on Local Government Investments issued by MHCLG (now DLUHC) 2018;
    - the Prudential Code issued by CIPFA 2017;
    - the Treasury Management Code of Practice issued by CIPFA 2017.

13. Consideration has also been given to updated versions of the above two CIPFA Codes issued in December 2021, but which do not take full effect until 2023/24.

14. The strategy also has regard to:

    - the Markets in Financial Instruments Directive II (MiFID II);
    - international Financial Reporting Standard (IFRS) 9 Financial Instruments; and
    - the UK Money Markets Code issued by the Bank of England April 2021.

Treasury Management Policy Statement

15. In setting the Treasury Management Strategy, the Treasury Management Code recommends that an organisation's Treasury Management Strategy adopts the following to define the policies and objectives of its treasury management activities:

(a) The Council defines its treasury management activities as the management of the authority's borrowing, investments, and cash flows including 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.

(b) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into manage these risks.

(c) The Council acknowledges that effective treasury management will provide support towards achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

16. In implementing the Treasury Management Code, Appendix 5 to this TMS sets out how the Council follows the key requirements of the Code.

17. The TMS covers five main areas summarised below:

Section 1 Capital spending

- Capital strategy
- Commercial activity
- Capital Finance Requirement (CFR)
- Affordability
- Minimum Revenue Provision (MRP) policy statement

Section 2 Borrowing

- Overall borrowing strategy
- Post-PWLB interest rate increase borrowing strategy
- Alternative Borrowing Options
- Limits on external borrowing
- Maturity structure of borrowing
- Policy on borrowing in advance of need
- Debt rescheduling

Section 3 Managing cash balances

- The current cash position and cash flow forecast
- Prospects for investment returns
- Pension pre-funding payment
- Council policy on investing and managing risk
- Balancing short and long term investments

Section 4 Summary of Prudential Indicators

Section 5 Legal Implications

18. The Annual Investment Strategy (AIS) at Appendix 2 provides more detail on how the Council's surplus cash is to be invested in 2021/22 and future years. In particular, the approved schedules of specified and non-specified investments have been revised to comply with DLUHC Guidance and the Council's actual investment activities.

SECTION 1 - CAPITAL STRATEGY

Capital spending plans

19. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

20. Table 1 summarises the Council's capital expenditure plans, both in terms of those projects agreed previously, and those forming part of the current budget cycle. The table sets out the Council's current expectations for financing the capital expenditure.

21. In response to the section 114 Notice issued in July 2021, the capital programme has been rigorously reviewed to reduce the extent to which it was to be funded from borrowing. As a result, 35 schemes have either been cancelled, re-profiled and different sources of finance sought. Consequently, the reliance on borrowing in the capital programme has been reduced by 80% compared with the previously approved programme. Given that the Council was already experiencing slippage of about 40% in the capital programme, this exercise probably resets the capital programme to one which the Council has the capacity to deliver.

Table 1 Capital spending and funding plans (Prudential Indicator 1)

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	Total £m
	Expenditure							
75	General Fund	38	46	8	8	8	6	114
49	HRA	13	22	24	25	7	14	105
124		**51**	**68**	**32**	**33**	**15**	**20**	**219**
	Funding							
	General Fund							
(11)	Government Grant	(13)	(36)	(6)	(4)	(4)	(3)	(66)
(4)	Capital Receipts	0	0	0	0	0	0	0
(2)	Developer contributions (s.106)	(1)	0	0	0	0	0	(1)
	Revenue contributions	0	0	0	0	0	0	0
	Capitalisation Direction	(16)	(6)	(2)	(2)	(2)	(2)	(30)
	HRA							
	Government Grant							0
(5)	Capital Receipts	(2)	(2)	(1)	(2)	(2)	0	(9)
(15)	Major Repairs Reserve	(11)	(15)	(13)	(10)	(5)	(14)	(68)
	Revenue contributions	0	(2)	(2)	(4)	0	0	(8)
(6)	Developer contributions (s.106)							0
(43)		**(43)**	**(61)**	**(24)**	**(22)**	**(13)**	**(19)**	**(182)**
81	**Net financing need for the year**	**8**	**7**	**8**	**11**	**2**	**1**	**37**
	Capitalisation Direction	223	84	66	47	33	23	476
	Total Financing Need for the Year	**231**	**91**	**74**	**58**	**35**	**24**	**513**

22. A major change this year from previous years is the inclusion of an additional line in Table 1 above to reflect the capitalisation direction being sought from the Department of Levelling Up, Housing and Communities (DLUHC). The purpose of the capitalisation direction is to allow the Council to classify revenue expenditure as capital expenditure – this is referred to as revenue expenditure funded from capital under statute (REFCUS). This allows the Council to then spread the cost of this expenditure over a number of years or finance from capital receipts.

23. As set out the Debt Recovery Strategy approved by Cabinet 20 September 2021, capital receipts generated from asset sales will be used:

- to finance the much reduced flexible use of capital receipts programme set out in the revenue budget report

- to finance any expenditure capitalised under any Capitalisation Direction granted by the Government; and
- to repay existing external debt and reduce the Capital Financing Requirement (CFR) and thus reduce the Minimum Revenue Provision (MRP).

24. The risks are that:

- slippage in the asset disposal programme could result in the need to set aside more MRP in the short-term pending receipts being realised;
- interest rates start to rise, thus increasing interest charges. This could be mitigated by fixing temporary borrowing through the PWLB to reduce the volatility from temporary borrowing rates.

Governance

25. All projects included in the capital programme have to have a full business case which is subject to approval by finance, legal, CLT and by the Commissioners before approval by Cabinet. The primary aim of this process is to ensure that any capital expenditure incurred is fully justified in the light of the need to reduce overall borrowing but also maintain service delivery. Consequently, there is a greater emphasis on schemes which are funded from capital grants or developer contributions.

Commercial activity

26. As well as investing in assets owned by the Council and used in the delivery of services, the Council can also invest, where appropriate, in:

- investment property for return;
- loans to third parties;
- shareholdings, and loans to limited companies and joint ventures

27. Such investments are treated as capital expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Annual Investment Strategy.

28. Currently the Council is invested in the following activities which fall within the category of commercial activity under the CIPFA Prudential Code:

- a substantial investment property portfolio currently valued at £95m, acquired under the direction of the now defunct Strategic Acquisition Board;
- loans to third parties totalling £77m - see Table 14 and paragraphs 116 to 122 below;
- investment in a number of Council companies summarised in Table 3 below.

29. The Council started investing in investment property in 2016/17 following Cabinet approval on 14 September 2015 to establish a Strategic Asset Board. From the outset, the Board had blurred objectives in that it was partly focussed on acquiring property for investment return and partly for acquiring property for regeneration. There were no targets set for returns or other performance measures.

30. CIPFA's guidance Prudential Property Investment issued 2019 advises that the following key issues should be taken into account when considering directly investing in property:

Key issue	Assessment	Actions taken
Transparency and democratic accountability -proposals should be compliant with the investment strategy;	The investment strategies have lacked targets for proposals to be measured against	Draft performance benchmarks set out in Table 2 below
Contribution – the contribution that investments make toward service delivery should be disclosed;	Gross rental income of £5.7m was disclosed in the 2021/22 Investment Strategy but not the contribution net of costs including operating and capital financing costs	Gross rental income for 2021/22 is £7.2m. Capital financing charges are £6.2m. The value of investment property fell by £1.6m. This is an overall net loss of £0.6m on a portfolio costing £138m
Performance indicators should be published to allow Members and the public assess the authority's risk exposure	The only indicator published in the 2021/22 Investment Strategy was gross yield of 5.78%, but takes no account of changes in market value of the investment property.	Performance set out in Table 2 below
Security – there should be a process in place for assessing risk of loss before entering into a transaction, including any security obtained	No demonstrable process in place	Due diligence process to include credit rating and company searches of all new tenants
Liquidity – the investment strategy should set out the procedures for accessing funds invested in property when needed	No exit strategy	The Council has approved an asset disposal strategy to realise capital receipts to reduce borrowing costs.
Proportionality – procedures for assessing the maximum amount that the revenue budget could reasonably support in terms of rent shortfalls	No assessment of the risk of loss to the revenue budget	At £7.2m rental income from investment property is 7% of the net revenue budget before the capitalisation direction.
Capacity, skills and culture – capacity of Members and officers to manage an investment property portfolio	No evidence that the capacity, skills and knowledge of Members and officers to manage an investment portfolio had been considered or the evidence to support such an assessment	Member training to be provided

31. Income generated from the investment property portfolio in 2021/22 is £7.2m per annum or 5.2% based on the cost of the assets. However this is a gross return and does not take account of the fact that the assets have all been acquired through borrowing, so are fully leveraged, and have suffered an 5% fall in value. Because the investment properties were acquired by borrowing, any returns would need to cover the full costs of capital finance (i.e. interest and MRP) plus operating costs (i.e. maintenance, insurance, rent concessions etc) before they generated a positive rate of return. This would mean generating a return of at least 5.5%.

32. The Statutory Guidance on Local Government Investments issued by the DCLG in 2018 requires local authorities to develop quantitative indicators to allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. Set out in Table 2 below is a range of key performance indicators recommended in the Guidance.

Table 2 Performance indicators

Indicator		Benchmark	Performance
Commercial income to net service expenditure			7%
Investment cover ratio		more than 3	1.36
Loan to value ratio		less than 80%	106%
Benchmark returns		5.00%	-0.60%

33. Because the investment portfolio has been entirely acquired using borrowing:

    - investment cover ratio measures the extent to which investment income net of expenses cover interest expense. Good practice is that this should be in excess of 3 and that 2 is the minimum acceptable amount. The Council's investment cover ratio is below the minimum acceptable amount

    - the loan to value ratio is more than the value of the assets. This is because the Council solely used borrowing to finance the acquisitions and values have fallen since acquisition. Consequently, the Council is at risk of realising losses of £9m from disposing of the investment portfolio at current values

    - the rate of return on investment on the investment property portfolio is a negative c0.50%. Although the Council did not set a target, local authority pension funds with direct property investments typically have benchmark targets of around 5%.

34. Paragraph 51 of the Prudential Code 2021 states that to comply with the Code an authority must not borrow to invest primarily for financial return. Paragraph 53 of the Code goes onto say that authorities should not automatically exit such investments but seek to rebalance their portfolios.

35. As demonstrated in Table 2 above, against all the recommended performance indicators, the Council's investment property portfolio is performing significantly below the benchmark rate of return. Based on the above performance, notwithstanding that there is a potential unrealised loss of £7m, the investment property portfolio is a cost to the Council rather than generating a return. Therefore, the investment property will be included in the asset disposal programme. This will ensure full compliance with the Prudential Code.

36. The Council's investment in companies is summarised in Table 3 below. The Council has Board representation on all companies. However, there is no overall coordination of oversight of the Council's involvement in companies.

Table 3 Investment in Council companies

Company name	Share ownership	Nominal value £	Net worth 31/3/2021 £000s
Subsidiaries			
Slough Asset Management Ltd	100%	1	Dormant
James Elliman Homes **	100%	1	(630)
Herschel Homes Ltd	100%	1	Dormant
Ground Rent Estates 5 Ltd **	100%	455,001	21
Development Initiative for Slough Housing Co Ltd	100%*	1	0
DISH RP FP Ltd	100%	2	Dormant
DISH CLS Ltd	100%	2	Dormant
Slough Children First Ltd **	100%*	1	0
Slough Direct Services Ltd	100%	100	Dormant
Joint Venture			
Slough Urban Renewal LLP ***	50%	100	9,478
Associate			
DISH RP Ltd.	24%*	1	Dormant
Total		**455,211**	**8,869**

* companies limited by guarantee rather than share capital. The Council controls these companies via voting rights

** Net worth based on 2019/20 accounts as 2020/21 accounts not yet published

*** net worth shown is the Council's 50% share

37. 6 out of the 11 companies in Table 3 are dormant. Review of the companies as part of the accounts closedown indicates that there was no clear strategy for creating companies nor exiting them. As part of the Finance Action Plan, the dormant companies are being closed down.

38. The Council is not dependent on income generated from the companies, as they are generally not making a substantial return primarily for delivering service policy objectives for the Council. The investment in SUR was to deliver a return arising from profit distributions from site developments and has delivered a return in previous years. However, the performance of the companies represent a substantial financial risk to the Council:

- James Elliman Homes – the company is breaking even but has £51.7m of borrowing from the Council all secured on property owned the company, and has significantly higher levels of rent arrears from its tenants, than compared with the HRA;

- GRE5 – the loan agreement has yet to be executed, and there is uncertainty over the extent to which the loan advances will be recoverable from the company. Therefore, there may be a need to impair the loan by up to £3.6m;

- Slough Urban Renewal – the company has accumulated substantial costs, which would ordinarily be recoverable from future asset sales. However, given that the Council is looking to sever its involvement with SUR, then the Council will have to bear its half of the accumulated costs – estimated to be £4m.

Capital Financing Requirement (CFR)

39. The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

40. In addition to traditional capital expenditure on tangible assets, such as buildings, the CFR includes PFI schemes and finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these contracts include an element of the charge to repay the financing provided by the PFI provider or the lessor. Consequently, the Council is not required to separately borrow for these schemes. At 31 March 2021, £35.8m of the CFR was in respect of PFI schemes and finance leases.

41. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

42. Table 4 shows that the CFR will increase over the medium term. The major contributor to the £187m increase in the General Fund CFR in 2021/22 is the £223m Capitalisation Direction (see Table 1 above) which is necessary to avoid the Council's General Fund being in deficit for understated costs in the years to 2021/22. The CFR is forecast to peak at £916m in 2022/23. The size of the CFR is a major driver in the amount required to be charged to council tax as MRP.

Table 4 Capital Financing Requirement forecast (Prudential Indicator 2)

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
	CFR as at 31 March						
532	General Fund	720	730	692	612	504	398
194	HRA	184	187	195	204	204	204
726		**904**	**917**	**887**	**816**	**708**	**602**
	Annual change						
	General Fund	188	10	(38)	(80)	(108)	(106)
	HRA	(10)	3	8	9	0	0
0		**178**	**13**	**(30)**	**(71)**	**(108)**	**(106)**
	Reason for change						
	Net financing	8	7	8	11	2	1
	Capitalisation Direction	223	84	67	47	33	22
	Less repayment of debt	(35)	(50)	(75)	(100)	(119)	(112)
	Less MRP	(18)	(28)	(30)	(29)	(24)	(17)
0	**Net financing**	**178**	**13**	**(30)**	**(71)**	**(108)**	**(106)**

43. It should be noted that the 2020/21 figure of £726m for the CFR is provisional pending completion of the statement of accounts.

44. Table 5 below confirms that the Council's gross debt is not forecast to exceed the total of the CFR in the preceding year (i.e. 2021/22) plus the estimates of any additional CFR for current year and the following financial years (i.e. 2022/23 and succeeding years).

45. However, actual gross debt in 2020/21 exceeded the CFR by £46m. Whilst it is possible that sometimes external borrowing might exceed the CFR on a temporary basis, this is very unusual and indicates that the Council could have been borrowing for a revenue purpose. The Capital Strategy and the Treasury Management Strategy were prepared independent of each other in 2021 leading to the above position. Because there has been limited headroom

between the CFR and total borrowing in previous years, it meant that borrowing always ran the risk of exceeding the CFR. Had the Council continued with the capital programme and additional borrowing required as set out in the capital programme approved in March 2021, then the Council's borrowing would have exceeded the CFR for the period of that programme (i.e. 4 years). Hence it has been necessary to limit all new borrowing for capital expenditure in 2021/22 to all but essential works.

Table 5 Borrowing compared to the CFR (Prudential Indicator 3)

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
772	Gross Projected Debt	675	615	529	414	303	258
726	Capital Financing Requirement	904	917	887	816	708	602
(46)	**Under/(over) borrowing**	**229**	**302**	**358**	**402**	**405**	**344**

46. The impact of the Capitalisation Direction is to restore the headroom between external borrowing and the CFR. Normally this would indicate that the Council has funded capital expenditure from internal borrowing. In Slough's case it reflects that the Council has had to capitalise £223m of revenue expenditure, which will then have to be repaid over the next 20 years or financed from capital receipts.

Affordability

47. The objective of the affordability indicator is to ensure that the level of investment in capital assets proposed remains within sustainable limits and, in particular, highlight the impact of capital financing costs (i.e. MRP and interest) on the Council's "bottom line". The estimates of financing costs include current commitments and the proposals in the Council's budget report. Table 6 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

Table 6 Ratio of capital financing costs to income (Prudential Indicator 4)

2020/21 Actual %		2021/22 Forecast %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
14.36%	General Fund	17.82%	27.87%	29.08%	27.24%	22.53%	16.17%
39.80%	HRA	38.54%	38.29%	37.79%	36.65%	37.21%	37.12%

48. For the medium-term, capital financing charges (loan interest, MRP and finance and PFI payments net of interest receivable) for the General Fund capital programme are forecast to exceed 20% of income receivable. By way of comparison, the ratio of capital financing charges for the General Fund and HRA at other unitary authorities tends to be around 5-7% and 25-33% respectively. Therefore, whilst the HRA ratio is roughly in line with other housing authorities, the General Fund ratio is considerably more and is a major pressure on the revenue budget.

49. Expressed as a percentage of the net revenue budget capital financing charges (excluding interest receivable) will exceed 30% for the next three years as shown Table 7 below. This is the result of the Council's over-ambitious capital programmes since 2016/17. The forecasts in Tables 6 and 7 are heavily dependent on capital receipts being generated from the asset disposal strategy. If receipts are not generated in the quantum forecast or to time, then the Council budget will continue to be heavily weighted to servicing the debt that has built up since 2016.

Table 7 Ratio of capital financing charges to net revenue budget

2020/21 Actual %	2021/22 Forecast %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
19.95%	24.18%	32.32%	33.33%	31.31%	26.21%	19.40%

50. The capital financing charges arising from the HRA capital programme increase in line with the forecast increase income, hence capital charges as a proportion of the HRA net revenue stream remain fairly steady. Table 6 shows a slight decrease of 2% between the outturn for 2020/21 and the five year estimate to 2026/27. This is because the increase in depreciation charges (which fund the Major Repairs Reserve) are expected to track the overall increase in rental income. As the HRA is statutorily ring-fenced there are no consequences for the General Fund arising from the HRA capital programme.

Minimum Revenue Provision Policy Statement

51. Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ('the 2003 Regulations') requires local authorities to 'charge to a revenue account a minimum revenue provision (MRP) for that year'. The minimum revenue provision is an annual amount set aside from the General Fund to meet the cost of capital expenditure that has not been financed from available resources, namely: grants, developer contributions (e.g. s.106 and community infrastructure levy) revenue contributions, earmarked reserves or capital receipts.

52. MRP is sometimes referred to as the mechanism for setting aside monies to repay external borrowing. In fact, the requirement for MRP set aside applies even if the capital expenditure is being financed from the Council's own cash resources and no new external borrowing or other credit arrangement has been entered into.

53. Regulation 28 of the 2003 Regulations requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. This statement is designed to meet that requirement.

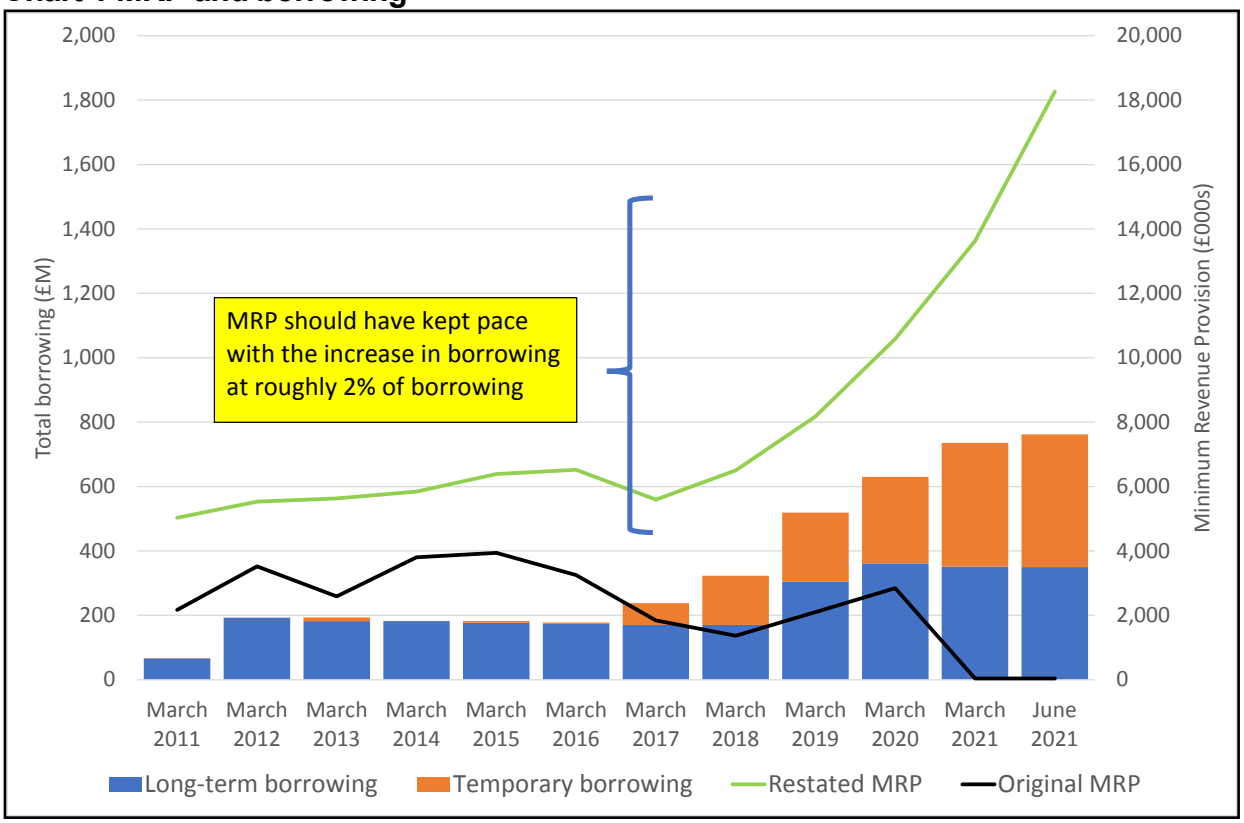
54. In setting a prudent level of MRP local authorities must "have regard" to guidance issued from time to time by the Secretary of State for Housing, Communities and Local Government. The latest version of this guidance (version four) was issued by Ministry of Housing, Communities and Local Government (MHCLG) in February 2018.

55. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.

56. Therefore, the implication is that MRP bears a relationship to the overall level of borrowing of the Council. In other words if borrowing increases, the MRP should increase.

57. However, as Chart 1 below shows the MRP policy and the application of the policy have resulted in a material understatement of MRP for a number of years. The MRP charged or budgeted to be charged is the black line in the chart and the green line shows what the MRP charge should have been by correctly applying the MRP policy and complying with statutory guidance.

Chart 1 MRP and borrowing



58. The Guidance sets out four "possible" options for calculating MRP, as set out below,

Option	Calculation method	Applies to
1: Regulatory method	Formulae set out in 2003 Regulations (later revoked)	Expenditure incurred before 1 April 2008
2: CFR method	4% of Capital Financing Requirement	Expenditure incurred before 1 April 2008
3: Asset life method	Amortises MRP over the expected life of the asset	Expenditure incurred after 1 April 2008
4: Depreciation method	Charge MRP on the same basis as depreciation	Expenditure incurred after 1 April 2008

59. Two main variants of Option 3 are set out in the Guidance (i) the equal instalment method and (ii) the annuity method. The annuity method weights the MRP charge towards the later part of the asset's expected useful life and is increasingly becoming the most common MRP option for local authorities.

60. The Guidance also includes specific recommendations for setting MRP in respect of finance lease, investment properties and revenue expenditure which is statutorily defined as capital expenditure under the 2003 Regulations (also referred to as revenue expenditure funded from capital under statute or REFCUS). Examples of REFCUS include:

Example	**MRP amortisation period**
Revenue expenditure capitalised under Direction from the Secretary of State	20 years
Loans or grants to third parties for capital purposes	Life of assets being financed by loan

Purchase of shares in limited companies	20 years

61. Other approaches are not ruled out however they must meet the statutory duty to make prudent MRP provision each financial year.

62. The Council approved an MRP policy for 2021/22 as part of its Capital Strategy on 8 March 2021 which in summary comprised:

- calculating MRP on all unfinanced capital expenditure using the annuity method under Option 3;
- setting MRP on finance leases and PFI schemes equivalent to the principal repayment element of the contracts;
- deducting the "saving" of £3.6m (amortised over 10 years) which would have applied had the Council used the annuity method prior to 1 April 2016, when it changed MRP policy; and
- using capital receipts to fund the MRP calculated.

63. The policy approved did not comply with legislation nor was it in line with the Statutory Guidance on MRP as follows:

- the use of capital receipts is prescribed in Regulation 23 of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended. Primarily this is to finance capital expenditure or repay borrowing. It does not extend to meeting revenue expenditure, including MRP;
- the Statutory Guidance on MRP explains that Option 3 should only be used for self-financed borrowing (i.e. borrowing not supported from Revenue Support Grant [RSG]). Therefore, it should not have been applied to the £48m of supported borrowing outstanding at 31 March 2016, but should have continued to be calculated using Option 1 or 2;
- the Statutory Guidance states that changes in MRP policy should only be applied prospectively from the date of change. Therefore, deducting the "saving" of £3.6m did not comply.

64. Paragraph 19 of the Statutory Guidance on MRP permits the MRP policy to be amended during the year provided this is presented to full Council for approval. In view of the non-compliance issues highlighted in paragraph 63 above, the MRP policy has been amended to take effect from 1 April 2021. The changes are:

- MRP on supported borrowing will be calculated using Option 1 i.e. 4% of the closing Capital Financing Requirement from the previous financial year;
- MRP on unsupported borrowing will be calculated using the annuity method under Option 3.

65. Both changes bring the Council MRP policy in line with the Statutory Guidance on MRP. In addition, the deduction of the "saving" and the use of capital receipts to fund MRP will be reversed.

Application of the MRP policy

66. Notwithstanding that the Council had approved MRP policies in the past, the actual calculation of the MRP charge in previous financial years did not comply either with the approved policy nor the Statutory Guidance as follows:

- MRP should be based on the amount of capital expenditure which is unfinanced (i.e. capital expenditure which has been incurred but not financed from capital receipts, capital grants, developer contributions or revenue contributions). However, since 2012/13, the MRP calculation has been based on the net change in borrowing in the year rather than capital expenditure incurred. This is a fundamental error of principle;
- the asset life method under Option 3 aligns MRP with the useful life of the asset. Although the approved MRP Policy was to calculate MRP based on asset lives, the MRP calculation has been based on the total net change in borrowing (see above) divided by the maximum asset life of the Council's assets i.e. 50 years. This approach has resulted in the average asset life used for MRP being significantly overstated (the average asset life is about 23-27 years), and consequently MRP being materially understated;
- when the Council changed MRP policy in 2016/17 to the annuity method, the MRP calculation omitted charging MRP on the residual CFR as at 31 March 2016; and
- the discount rate used in the annuity calculation of MRP did not vary with the life of the assets being financed nor did it link back to evidence of an appropriate interest rate. Although the term "appropriate interest rate" is not defined in the Statutory Guidance on MRP, the rate should reflect the rate for equivalent borrowing at the beginning of the year when MRP starts. Therefore given that the majority of the Council's borrowing is maturity borrowing, MRP has been recalculated using the certainty rate for new maturity loans offered by the PWLB at 1 April of the year when MRP started with the rate reflecting the asset life of the asset.

67. The failure to calculate the MRP in line with the policy is an accounting error. As the sums are material, the error has had to be corrected in previous financial years as a prior period adjustment of £26.8m in the 2018/19 accounts. The cumulative understatement of MRP for the period 2008/09 to 2021/22 is £70.031m including the prior period adjustment.

SECTION 2 - BORROWING

Overall borrowing strategy

68. One of the main functions of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

69. The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. Since 2016/17 the Council's borrowing strategy has been to use temporary borrowing from other local authorities to fund the capital programme as shown in Chart 2 below.

Chart 2 Total borrowing to date

70. Whilst this approach has served the Council well in keeping interest costs down compared with fixing borrowing through the PWLB, it is not a sustainable approach long-term, because the principal of the loans must be repaid at some point in time.

71. In addition, this approach presents risk in that the Council may not be able to continue to borrow at low rates from other local authorities, and therefore potentially have to replace temporary borrowing at with fixed term borrowing at short notice which may not provide value for money.

72. Following the s.114 notice the number of local authorities willing to lend to the Council reduced a little. Notwithstanding this, the Council has been able to continue to renew and obtain new

temporary loans from other local authorities. However it remains a risk that the temporary loan market may not be as accessible in the future.

73. The capital strategy approved 8 March 2021 would have seen external borrowing increase to circa £900 million by 31 March 2022. This is three times the level which a local authority the size of Slough Borough Council can reasonably sustain of £335m.

74. In response to the s.114 notice and the Finance Action Plan, the capital programme for 2021/22 has been pared back so that only essential capital work is undertaken and that so far as possible all projects are fully funded from sources other than external borrowing.

75. Accordingly, the key factors influencing the 2022/23 strategy are:

- the need to reduce borrowing to a sustainable level,
- the current economic and market environment, and
- interest rate forecasts.

76. The Council is currently maintaining a fully borrowed position (excluding the capitalisation direction). This means that the capital borrowing need (the Capital Financing Requirement), has been fully funded with loan debt. This strategy is not considered prudent because it means that the Council is having to use a significant percentage of the net revenue budget to service the MRP and interest on the borrowing. Thus, reducing the ability of the Council to spend on service delivery.

77. Bearing in mind the risk posed by interest rates impacting on the Council's temporary borrowing portfolio, rates are monitored daily, to assess whether to lock into fixed rate borrowing from the PWLB. However, the risk with locking into PWLB borrowing is that the Council could end up paying premiums if it is able to repay borrowing before the maturity of the loan.

78. Currently rising inflation is driving interest rate rises. Inflation in January 2022 was at 4.6% - the highest rate for 30 years. The Bank of England is forecasting inflation to rise to about 6% in February and March 2022 peaking at around 7.25% in April 2022, but to then fall back to a little over 2% in two years time.

79. The Bank of England Monetary Policy Committee (MPC) increased base rate from 0.25% to 0.50% on 3 February 2022 in response to the rise in inflation. It is expected that base rate will rise to 0.75% at the next MPC meeting in March 2022, and will increase steadily to 1.25% by the end of 2022. Thereafter base rate is forecast to trend around 1.75% in 2023 and 2.00% in 2024.

80. If interest rates increase in line with expectations, then interest charges on borrowing could increase by £3.3m in 2022/23 and a further £1m in 2023/24. This makes it critical that assets are disposed of promptly through the asset disposal strategy to avoid the need to consider fixing interest rates by taking out fixed term loan debt.

Post-PWLB Interest Rate Change Borrowing Strategy

81. On 5 November 2020, the Public Works Loan Board (PWLB) reversed its decision to increase the cost of borrowing for local authorities for general fund purposes by 1%, bringing the rates offered in line with those for housing revenue account purposes. All new loans are therefore now subject to the relevant gilt yields +0.8% (certainty rate).

82. The Council's treasury management strategy permits borrowing from various sources, but it has not been previously anticipated that any alternatives to PWLB would need to be utilised, given the current low cost of PWLB funding.

83. The key advantage of PWLB is the speed and ease of transaction processing and the low fee and administration cost associated with the loans. Alternative types of funding could result in lengthy due diligence, consultancy costs, legal advice and fees and will be far more costly administratively.

Alternative Borrowing Options

84. There are a range of alternatives to borrowing from the PWLB, namely:

- commercial loans from banks
- pension fund institutional investors
- issuing a bond privately; or
- borrowing via the Municipal Bonds Agency.

85. However, given that the Council is having to seek a substantial capitalisation direction from central government in order to balance the budget lawfully, the Council is not an attractive proposition for other lenders. Therefore, these options are not available to the Council and the primary source of borrowing will remain the PWLB for fixed term borrowing (should the need arise to fix borrowing) and other local authorities for temporary borrowing.

86. Immediate liquidity needs can be satisfied by borrowing from other local authorities in the short term, consistent with the Council's current approved treasury management strategy.

Debt Reduction Strategy

87. In view of the unsustainably high level of borrowing highlighted in Chart 2 above, the strategy will be to use capital receipts from the asset disposal programme to repay borrowing. The loan portfolio at 31 March 2022 is forecast to be £640m and the target level would be to reduce borrowing by £366m bringing the Council's borrowing down to £305m (excluding PFI and finance lease liabilities), which would still be above average for unitary authorities – see table 8 below.

Table 8 external borrowing composition

31 March 2021 £m		31 March 2022 £m	Target borrowing £m
338	PWLB borrowing	315	315
13	Market loans	13	13
409	Temporary borrowing	312	7
760		**640**	**335**

88. The target capital receipts from asset sales over the next five years under the asset disposal programme are set out below. The aspirational aim for 2022/23 is to actually realise £100m of capital receipts, which would help improve the Council's financial position sooner.

Target asset sales	£m
2021/22	25
2022/23	50
2023/24	75
2024/25	100
2025/26	175
2026/27	175
	600

89. Although temporary borrowing bears much lower interest than PWLB borrowing, the short-term nature of the borrowing means that the loans can be repaid without incurring premiums for premature repayment. In contrast, if PWLB loans are repaid before their maturity date, the Council would be obliged to pay a premium to the PWLB as compensation for future interest foregone.

90. Therefore, the debt reduction strategy will be to use the target capital receipts to repay temporary borrowing in the first instance. This will save the Council interest in the medium-term and bring overall borrowing down below the target of £335m by 2025/26, as shown in Table 9 below.

Table 9 Borrowing projection

	31 March 2022 £m	31 March 2023 £m	31 March 2024 £m	31 March 2025 £m	31 March 2026 £m	31 March 2027 £m
External borrowing	641	582	498	385	276	233
PFI	30	29	28	26	24	23
Finance leases	4	4	3	3	3	2
Total borrowing	**675**	**615**	**529**	**414**	**303**	**258**

Limits on external borrowing

91. The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 10 below. The Authorised Limit has been increased in line with the CFR.

Table 10 Overall borrowing limits (Prudential Indicators 5a and 5b)

2020/21 Actual £m		2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
	Authorised Limit:						
859	Borrowing and other long-term liabi	904	917	887	816	708	602
	Operational boundary:						
772	Borrowing	743	677	582	455	333	284
36	Other long-term liabilities	38	36	34	32	30	28
808	**Operational boundary:**	**781**	**713**	**616**	**487**	**363**	**312**

92. The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 5a)** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term. This has been set at the level of the CFR forecast in Table 6

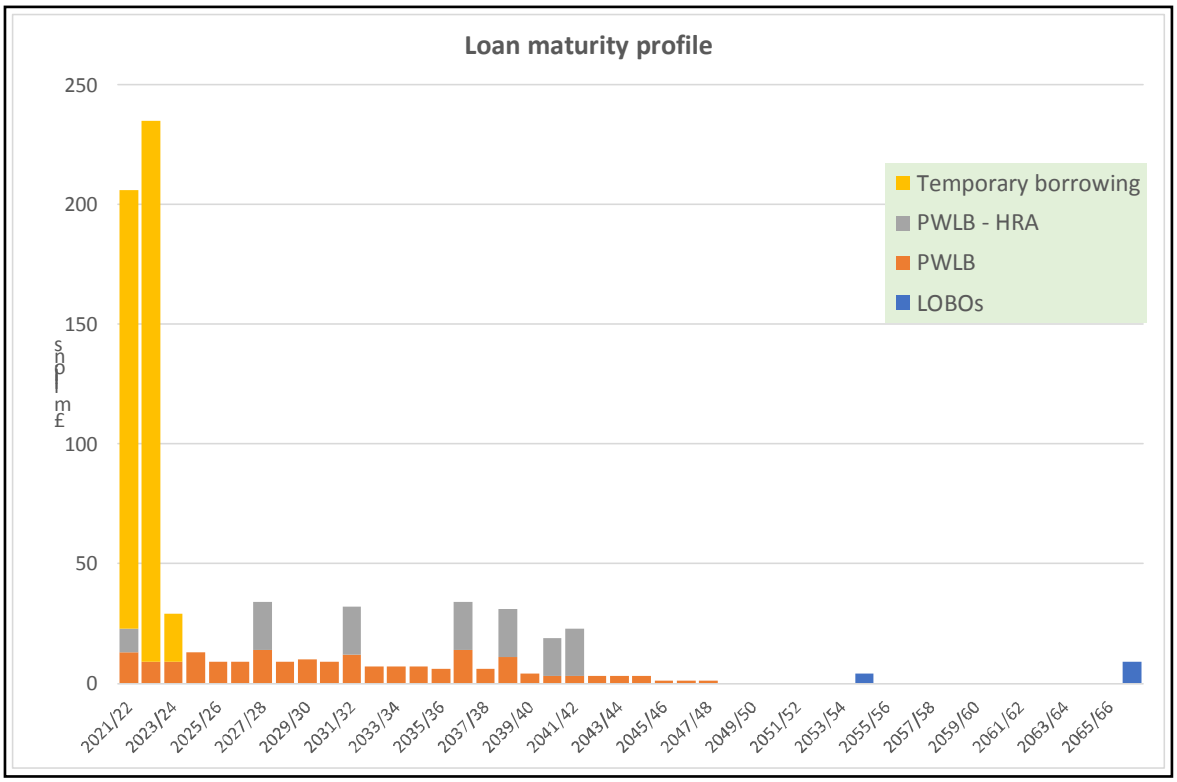
- **Operational Boundary (Prudential Indicator 5b)** – This is the limit which external debt is not normally expected to exceed. The boundary is based on current debt plus anticipated net financing need for future years plus a tolerance of 10% on gross projected debt.

93. The Director of Finance reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Maturity structure of borrowing (Prudential Indicator 7)

94. Managing the maturity profile of debt is essential for reducing the Council's exposure to large fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost.

Chart 3 Maturity of borrowing



95. Table 11 below sets out current upper and lower limits for debt. The principal repayment profile for current council borrowing remains within these limits.

Table 11 Debt maturity profile limits (Prudential Indicator 7)

Actual maturity at 31 March 2021 %		Upper Limit %	Lower Limit %
55%	Under 12 months	70%	0%
1%	1 to 2 years	50%	0%
4%	3 to 5 years	35%	0%
9%	6 to 10 years	25%	0%
30%	more than 10 years	25%	0%
100%			

96. Table12 below sets out the upper limits for interest rate exposures.

Table 12 Interest rate exposures

	2021/22 Upper	2022/23 Upper	2023/24 Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	60%	50%

97. In the event that there is a much sharper rise in long and short term rates than currently forecast, then the balance of the loan portfolio will be revisited with a view to taking on further longer term fixed rate borrowing in anticipation of future rate rises – see paragraphs 65 and 66 above.

Policy on borrowing in advance of need

98. 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.

99. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. There are no plans to borrow in advance of need while the Council reduces its overall borrowing over the next 5-6 years.

Debt rescheduling

100. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).

101. The reasons for any rescheduling to take place will include:

- generating cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

102. Should an opportunity for debt rescheduling arise, it will be reported to the Audit and Governance Committee and full Council at the earliest meeting following its action.

SECTION 3 – MANAGING CASH BALANCES

The current cash position and cash flow forecast

103. 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).

104. As at 31 December 2021 core cash and short-term investments totalled £70.346m. The medium-term cashflow forecast is that it will remain around this level particularly while the Government provides Covid-19 funding for local businesses through grant support schemes channelled through local authorities. Treasury officers will work closely with the Corporate Finance team to monitor slippage within the capital programme and income through the Collection Fund, which will impact on cashflow levels.

Prospects for investment rates

105. Notwithstanding that base rate is forecast to rise to 2.00% by 2024 (see paragraphs 65 and 66), investment returns are likely to remain low during 2022/23 with little change in the following two years.

106. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the Covid-19 crisis; this has caused some local authorities to have sudden large increases in cash balances searching for an investment home, some of which was only very short term until those sums were able to be passed on. It is expected that the surplus cash within the local authority market is likely to persist into 2022/23.

107. Money market fund (MMFs) yields remain low currently and are not expected to rise substantially.

108. Inter-local authority lending continues due to the plentiful levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur or when further large receipts will be received from the Government. However, borrowing rates are starting to increase in response to increases in base rate and inflation – currently rates for 12 month borrowing vary between 0.60% and 1.50%.

109. It is very difficult to say when investment returns from money market-related instruments may start rising so it may be best to assume that they will be sub 0.50% for the foreseeable future. Therefore, it may be preferable to invest temporarily with other local authorities in the event that the Council has surplus cash.

110. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are set out in Table 13 below (the long-term forecast is for periods over 10 years in the future):

Table 13 Forecast investment returns

Average earnings in each year	
2021/22	0.30%
2022/23	0.50%
2023/24	0.60%
2024/25	0.70%
2025/26	0.80%
2026/27	1.00%
Long-term later years	2.00%

Pension pre-funding payment

111. Prepaying pension fund contributions to the pension fund has been seen to provide a better rate of return than typical short-term investment returns for many local authorities for the past 15 years. The Council prepaid primary and secondary contributions to Berkshire Pension Fund for 2021/22 which achieved a return of 2.6%. This is significantly better than investment in the money market for 12 months which is currently generating less than 1%. Not only does prepaying pension fund contributions provide good value for money but it also reduces counter-party risk.

112. Berkshire Pension Fund will be offering employer authorities the option to prepay primary and secondary contributions in 2022/23 for one year, and in 2023/24 are likely to be offering employer authorities the option to prepay for three years. The advantage of prepaying for three years is that the authority benefits from the compounding of the discount offered over the three-year period, which would be equivalent to 4.8-5.3%.

113. Some audit firms have questioned the lawfulness of prepaying employers primary contributions as this would be contributions for pay not yet earnt. With this in mind, Berkshire Pension Fund would be encouraging member authorities considering prepaying both primary and secondary contributions to seek their own legal advice on the lawfulness of prepaying primary contributions.

114. The Director of Finance will enter into agreement with Berkshire Pension Fund to prepay secondary employer contributions to the Fund for 2022/23.

Council policy on investing and managing risk

115. The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

Balancing short and long-term investments

116. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

117. The Council has long-term investments in the form of loans to third parties set out in Table 14 below. The loans to third parties generate an interest stream to the Council of £1.9m with an effective rate of 2.58%.

Table 14 Loans to third parties

Debtor	Balance outstanding at 31/3/2022 £000s	Interest receivable 2021/22 £000s	Rate %
James Elliman Homes Ltd	51,700	1,551	3%
SUR LLP - senior debt	3,109	418	5%
SUR LLP - loan notes	7,424	0	5%
GRE5 Ltd	9,339	N/A	N/A
Slough Children First Ltd	5,000	6	1.41%
St Bernards School	130	2	2.49%
Total	**76,702**	**1,977**	**2.58%**

118. No interest is receivable in respect of the loan to GRE5 Ltd regarding the de-cladding at Nova House, because the loan agreement has not yet been executed. In addition, review of the cashflows associated with GRE5 Ltd indicate that the loan limit of £10m approved in June 2021 may need to be increased to £12-15m. This is a risk to the Council as costs are continuing to be incurred without certainty of repayment.

119. The loans to James Elliman Homes Ltd, St Bernards School and Slough Children First Ltd have all been advanced at below commercial rates (known as soft loans).

120. All the loans are all for capital purposes, the Council incurs a Minimum Revenue Provision charge as these have all been financed from borrowing. The combination of MRP and interest mean that the Council is losing money on these loans. The only loan generating a net return is the senior debt loan to SUR.

121. Given the Council's financial position, any future loans to third parties should no longer provided as soft loans. Instead the interest rate charged should cover all the Council's capital financing costs (i.e. interest, MRP over the life of the loan plus 1% for risk).

122. For 2021/22 the Council set an upper limit of £79.458m for its longer-term investments based on the approved loan limits to James Elliman Homes and SUR LLP only. However, as Table 14 shows the Council has lent money to other organisations (GRE5, Slough Children First and St Bernards School) taking total loans outstanding to £77m. In addition, the Council has long-term investments in companies with a nominal value £0.5m. Therefore, the Council is close to the upper limit for long-term investments.

123. Notwithstanding that the Council's long-term investments of £77.5m are forecast to remain within the limits of £79.458m for 2021/22, it is proposed that the upper limit is increased to £90m to provide flexibility particularly if there are increases in the loan to GRE 5.

Table 15 Investment limits (Prudential Indicator 6)

	2021/22 Forecast £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Upper limit for principal sums invested for more than 364 days	79	90	90	90

SECTION 4 - SUMMARY OF PRUDENTIAL INDICATORS (PIs)

124. The purpose of prudential indicators (PIs) is to provide a reference point or "dashboard" so that senior officers and Members can:

- easily identify whether approved treasury management policies are being applied correctly in practice and,
- take corrective action as required.

125. As the Council's S151 officer, the Director of Finance has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

126. The Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2021/22 and he does not envisage at this stage that there will be any difficulty in achieving compliance with the proposed indicators for 2022/23-2024/25.

PI Ref	Para ref	Prudential Indicator	2020/21 Actual £m	2021/22 Forecast £m	2022/23 Proposed £m	2023/24 Proposed £m	2024/25 Proposed £m
1	21	Capital expenditure	124	51	68	32	33
2	42	Capital financing requirement	726	904	917	887	816
3	45	Net debt vs. CFR - under/(over) borrowed	(46)	229	302	358	402
4		Ratio of financing costs to revenue stream					
	47	General Fund	14.36%	17.82%	27.87%	29.08%	27.24%
	47	HRA	39.80%	38.54%	38.29%	37.79%	36.65%
5a	91	Authorised limit for external debt	859	904	917	887	816
5b	91	Operational debt boundary	808	781	713	616	487
6	123	Limit on surplus funds held for more than 364 days (i.e. non-specified investments)	61	79	90	90	90
7		Maturity structure of borrowing					
	95	Upper limit under 12 months	55%	70%	70%	70%	70%
	95	Lower limit 10 years or more	30%	25%	25%	25%	25%

SECTION 5 - LEGAL IMPLICATIONS

127. The Local Government Act 2003 provides that a local authority has the power both to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Act requires the Council to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, provide that, in complying with this duty, the Council must have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council is also required to have regard to the CIPFA Treasury Management Code of Practice.

128. The CIPFA Treasury Management Code of Practice 2021 and the Secretary of State's Investment Code both require the Section 151 officer (Director of Finance) to present an Annual Treasury Management Strategy Statement, which includes an Annual Investment Strategy, for the forthcoming year for approval by the Full Council before the beginning of each financial year.

129. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out various indicators that are to be used to support capital expenditure plans and treasury management decisions. The prudential and treasury indicators have to be set by the Full Council when the budget is set and are monitored during the year. The prudential indicators are included in section 4 of this report.

130. The Council is also required to approve a Treasury Management Policy Statement setting out the overarching framework for treasury management services within the Council. This statement is set out at paragraph 7 of this report and Appendix 5 sets out how the Council complies.

10. APPENDICES

1 Minimum Revenue Provision (MRP) Policy

2 Annual Investment Strategy

3 Approved Counterparty List

4 Approved Countries for Investments

5 CIPFA Treasury Management Code requirements including:

a. Treasury Management Scheme of Delegation

b. Treasury Management role of s.151 officer

BACKGROUND PAPERS

1. Treasury Management Strategy Statement 2021/22 (approved by Council 8 March 2021)
2. Capital Strategy and Capital Programme: 2021/22 to 2023/24 (approved by Council 8 March 2021)
3. CIPFA Prudential Code – Guidance Notes, 2017 and 2021
4. CIPFA Treasury Management Code - Guidance Notes 2017 and 2021

APPENDIX 1

Minimum Revenue Provision (MRP) policy statement

1. Having regard to current Guidance on MRP issued by MHCLG and the "options" outlined in that Guidance, the Council is recommended to approve the following MRP Statement to take effect from 1 April 2021:

   - For all supported borrowing, MRP will be calculated using Option 1, ie 4% of the closing CFR from the previous year;
   - all capital expenditure incurred since 2007/08 financed from unsupported borrowing, MRP will be based on expected useful asset lives (Option 3 – asset life), calculated using the annuity method;
   - asset lives will be arrived at after discussion with valuers, but on a basis consistent with depreciation policies set out in the Council's annual Statement of Accounts, and will be kept under regular review;
   - MRP for finance leases and service concession contracts shall be charged over the primary period of the lease, in line with the Guidance,
   - for expenditure capitalised by virtue of a capitalisation direction under section 16(2)(b) of the Local Government Act 2003 or Regulation 25(1) of the 2003 regulations, the 'asset' life should equate to the value specified in the statutory Guidance.

2. In applying 'Option 3':

   - MRP should normally begin in the financial year following the one in which the expenditure was incurred. However, in accordance with the Statutory Guidance, commencement of MRP may be deferred until the financial year following the one in which the asset becomes operational;
   - the estimated useful lives of assets used to calculate MRP should not exceed a maximum of 50 years except as otherwise permitted by the Guidance (and supported by valuer's advice);
   - if no life can reasonably be attributed to an asset, such as freehold land, the estimated useful life should be taken to be a maximum of 50 years.

APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment policy

1. The Council's investment policy has regard to the following:

   - MHCLG' Guidance on Local Government investments (the "Guidance)
   - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
   - CIPFA Treasury Management Guidance Notes 2018

2. The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

   i. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

   ii. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings where applicable.

   iii. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

   iv. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

      - **Specified investments** are those with a high level of credit quality and subject to a maturity limit at the start of the investment of up to one year.

      - **Non-specified investments** are any financial investments that are not loans and do not meet the criteria to be treated as specified investments. These tend to be lower credit quality than specified investments and carry a higher degree of credit risk.

   v. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

   vi. This authority has engaged **external consultants**, (see paragraph 4-7 Appendix 5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

   vii. All investments will be denominated in **sterling**.

viii. As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

3. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy

4. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

5. After this main principle, the Council will ensure that:

- it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

7. Credit rating information is supplied by the Council's treasury advisors, Arlingclose Ltd. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing.

8. The Council takes into account the following relevant matters when proposing counterparties:

- the financial position and jurisdiction of the institution;
- the market pricing of credit default swaps for the institution;
- any implicit or explicit Government support for the institution;
- Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries; and
- core Tier 1 capital ratios.

9. Changes to the credit rating will be monitored and, in the event, that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix 1, the following action will be taken immediately:

- no new investments will be made;
- existing investments will be recalled if there are no penalties; and
- full consideration will be given to recall or sale of existing investments which would be liable to penalty clause.

Specified and Non-specified investments

10. The MHCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments.

11. A specified investment is defined as an investment which satisfies all of the conditions below:

- the investment and any associated cash flows are denominated in sterling;
- the investment has a maximum maturity of one year;
- the investment is not defined as capital expenditure; and
- the investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

12. Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. In addition to the long-term investments listed in the table at the end of Appendix 1, the following non-specified investments that the Council may make include:

- **Green Energy Bonds** - Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.

- **Social Housing Bonds** – Various fund managers facilitate the raising of financing housing associations via bond issues. The investment is therefore asset backed and provides enhanced returns. Officers will need to undertake due diligence on each potential investment in order to understand the risks and likelihood of default. This is a type of vehicle a number of local authorities are involved which not only helps to meet a local authority's statutory duty to house the homeless, but also provides a return in excess of short-term investment rates.

- **Loans** - The Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of services to the Council's Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £60 million for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans will need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.

- **Shareholdings in limited companies and joint ventures** – The Council currently invests in two forms of company:

    i. Trading vehicles which the Council has set up to undertake particular functions. These are not held primarily as investments but to fulfil Council service objectives. Examples include Slough Children First Ltd and James Elliman Homes Ltd. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even. Given that 7 out of the 11 companies that the Council has set up are dormant it is not envisaged that any new companies will be set up for the foreseeable future.

ii. Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. An example is the joint venture Slough Urban Renewal for undertaking regeneration of various sites across the council.

13. For any such investments, specific proposals will be considered by the Director of Finance after taking into account of the following:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks.

14. The nominal value of non-specified investments will be capped at £90m (see Table 12 above).

Country of Domicile

15. Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

16. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch except the UK. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 4. This list will be kept under review and any proposed changes to the policy reported to the next meeting.

Schedule of investments

17. The criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are set out in Appendix 3.

18. Officers will monitor the impact of the UK's exit from the European Union on the names within the Council's counterparty list.

Other considerations

19. Sector limits will be monitored regularly for appropriate ness, to help mitigate concentration risk. This is the risk of having a significant proportion of the Council's investments in one sector of the market and that market failing.

20. To ensure sufficient liquidity, detailed cashflow forecasts will be kept by the Treasury team to provide as accurate a picture as possible of the movement and timing of income and expenditure and the resulting daily cash balances.

21. When considering placing investments or temporary borrowing, officers will refer to the cashflow forecast to determine the best duration for the transaction.

22. Under the Markets in Financial Derivatives II Directive (MiFID II), the Council would be classed as a retail investor with an option to opt-up to professional status. The Council opted up to professional status in 2017.

APPENDIX 3
Approved counterparty list

	Minimum credit criteria	Max % of total investments/ £ limit per institution	Max. maturity period
Specified Investments			
DMADF – UK Government	N/A	100%	6 months*
Money market funds: CNAV and VNVAV	AAA	100%	Daily Liquidity
Local authorities	N/A	100%/£20m	10 years
Lloyds Bank plc (the Council's bankers)	A+	£20m £5m	Overnight deposits ** Up to 12 months
Term deposits with banks and rated building societies	A+		Up to 3 years
Current and Ex - Government Supported banks	A+	50%	Up to 1 year
Non-specified investments			
UK Government supported banks and Ex- Government supported banks	n/a	£70m or 50% of total investments	3 yrs.
Pooled Vehicles: Enhanced Money Market Funds: UK Government and Government Guaranteed securities Pooled Property Funds Short – Term Investment – grade sterling denominated instruments	N/A	£25m	4yrs

* DMO – is the maximum period offered by the Debt Management Office of H.M.Treasury

** Over £20 million with the explicit agreement of the Director of Finance

APPENDIX 4

APPROVED COUNTRIES FOR INVESTMENTS

1. This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Lowest available rating	Approved Country
AAA	Australia Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland USA
AA+	Canada Finland
AA	Abu Dhabi (UAE) France
AA-	Belgium Hong Kong Qatar United Kingdom

APPENDIX 5
CIPFA TREASURY MANAGEMENT CODE

1. The Council has formally adopted CIPFA's Code of Practice on Treasury Management 2021 and complies with the requirements of the Code as detailed in this Appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting which are summarised below:

   - Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.

   - Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives.

   - Presenting the Full Council with an annual TMSS statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report) a half year review report and an annual report (stewardship report) covering compliance during the previous year.

   - A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions. (see below)

   - Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Slough Borough Council this role is undertaken by the Audit and Governance Committee

Knowledge and Skills

2. The Council uses the knowledge and skills of its officers when considering treasury investment and borrowing decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

3. Finance staff are professionally qualified to advise the Council on all areas of finance. Included within the team is an officer with specialist knowledge of treasury management. All finance staff undertake Continuous Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and attending specialist courses. Staff follow the Treasury Management Practices approved by the Director of Finance.

4. Training for Members on treasury management matters does not appear to have occurred in the past year. A programme of training is being developed and will be open to all Members to assist in their understanding of the treasury management strategy.

Treasury management consultants

5. The Council uses Arlingclose Ltd as its external treasury management advisors.

6. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance

is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

7. 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.

8. The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council uses Arlingclose Ltd in relation to this activity.

Treasury Management Delegations and Responsibilities

9. The respective roles of the Council, Audit and Governance Committee and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

(i) Full Council

- Approval of annual strategy, mid-year review and Annual Report

(ii) Director of Finance

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

(iii) Audit and Governance Committee with responsibility for scrutiny

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

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

UPDATE ON DEDICATED SCHOOLS GRANT MANAGEMENT PLAN

1 Summary and Recommendations

1.1 Local authorities are facing increased demand for places for pupils requiring specialist education provision, which has risen in Slough by 86% since 2015. As well as the significant increase in numbers, the complexity of pupils' needs is also increasing.

1.2 The Council's Dedicated Schools Grant (DSG) deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and a lack of management action up to May 2021. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021. The DSG has a forecast deficit at the end of 2021/22 of £25.5m, which is a £4.9m increase since 31st March 2021 due to the overspend on the High Needs Block.

1.3 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.

1.4 Whilst the authority did prepare and present a management plan to Schools Forum in January 2021, this was prepared prior to the finalisation of the 20/21 outturn position which was estimated to be £4m at the time and was used as a basis for projecting forward and therefore resulted in the year-end positions being underestimated. Also, the plan only included the projected unmitigated position without any focus on mitigating actions that would reduce the deficit position.

1.5 The Council had made no practical positive progress on taking actions to address this growing deficit until May 2021 when the lack of progress was identified, and action began on preparing a revised management plan that was more reliable and included mitigations.

1.6 Slough's revised deficit management plan was shared with the DfE in July 2021 (see table 5 below). The management plan indicated that the deficit could potentially grow to £43m by 2024/25 if no mitigating actions are taken. Actions to manage demand for HNB funding and address the DSG deficit are included in this plan.

1.7 The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of

the actions outlined within this report it is now anticipated that an overspend of £4.9m in 2021/22 will occur, a reduction of £2.3m when compared to last year's position. Attention is drawn to paragraph 4.1.8 in coming to this forecast and the risks that this may change.

1.8 The Council has been invited to take part in the 'safety valve' intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

1.9 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

1.10 This report updates Members on the High Needs Budget position and the progress to date of the DSG Management Plan 2021/22 to 2024/25.

Recommendations

The Committee is requested to scrutinise and comment on the following recommendation to Cabinet which meets on 9th March 2022.

That the Cabinet note the following and recommend the report to Council for noting:

- the forecast position for DSG spend in 2021/22 to 2024/25
- the overarching issues that have resulted in the DSG deficit and the actions taken to date to address these
- the Council has been invited to take part in the 'safety valve' intervention programme with the DfE which is expected to commence in April/May 2022.

Reasons

1.11 Those who receive services via the Local Authority's DSG (High Needs Block) are the most vulnerable children and young people (aged 0-25) with special educational needs and disabilities. An effective Management Plan for DSG High Needs Block spending is required to address the current overspend and ensure that services are sustainable and can continue to meet the needs of children, young people and their families in Slough.

1.12 This priority has to be achieved within a balanced budget and this has not been the case in the past with increasing deficits and no management action to address them.

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.

Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government.

The DSG deficit in Slough is significant and has increase 5 fold in the last 5 years. Without urgent action this will more than double by 2024/25. The report outlines some actions already underway to improve this position, but more needs to be done to identify further savings and ensure systems and process changes are embedded. Without this, the overall financial situation of SBC will worsen."

2. Background

2.1. School Funding is received through the DSG, and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)** – funds primary and secondary schools through the school's funding formula, and growth funding for new and growing schools/bulge classes.

- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.
- **Early Years Block (EYB)** – funds the free entitlement for 2-, 3-, & 4-year-olds in all early year's settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream schools.
- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

2.2. The Council's DSG deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and the lack of management action. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021, and could potentially grow to £43m by 2024/25 if no mitigating actions are taken.

2.3. All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

2.4. Slough's revised deficit management plan was shared with the DfE in July 2021 (see para 4.1.6 below). Actions to manage demand for HNB funding and address the DSG deficit are included in this plan. The key areas of risk, actions taken to date and mitigations are identified in the sections that follow.

2.5. The Council has been invited to take part in the 'safety valve' intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

2.6. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

2.7. The following governance structure has been and is being implemented to ensure there is oversight of the delivery of the DSG Action Plan:

2.7.1. DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact. These actions are set out below in section 3

2.7.2. SEND Transformation Board; will meet monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice and Adult Social Care. This Board will provide challenge and oversight of the DSG Management Plan and links to improving SEND outcomes

2.8. This report is provided to Members to share detailed information about the financial pressures faced by the Council and local schools in providing services to children with additional needs including Special Educational Needs and Disabilities (SEND) through its nationally allocated High Needs Block (HNB) funding.

2.9. The report sets out strategic aims and strategies to address these pressures. High Needs funding is one of the four funding blocks within the DSG for the Council. The Council has authority regarding funding decisions about the DSG allocations including allocation of funding from the high needs block, although it is required to consult the local Schools' Forum (a school stakeholders' body) who also hold some regulatory powers for specific circumstances.

3. Overarching Issues

The Council is facing unprecedented financial challenges across the whole spectrum of its budgets potentially totalling £307m to March 2022 with further pressures beyond this as reported separately on this agenda. In addition, the DSG was facing a potential projected overspend of £43m by 2024/25 without management action which until May 2021 had not been addressed.

3.1 Increasing numbers of Education Health Care Plans (EHCPs) and Education Health Care Needs Assessments (EHCNA)

Context

Since the introduction of the Children & Families Act 2014 and the SEND reforms, local authorities (LAs) across England have seen a year-on-year increase in the number of Education, Health and Care Plan's (EHCPs.) Whilst the increase in Slough is in line with national statistics (see below), the growing numbers have placed an increasing demand on statutory Special Educational Needs and Disability (SEND) resources. Auditing of the SEND Panel decisions has identified a tendency to make decisions outside of SEND panel in some cases and demonstrated that processes in Slough since the reforms were introduced have lacked the rigour necessary to ensure that assessments and the issuing of plans takes place only when appropriate under the SEND Code of Practice (2015). This has included a tendency to make decisions to agree to assess and issue plans without ensuring accountability and robust evidence.

Table 1 – Percentage of pupils with an EHCP

	2018	2019	2020	2021
All schools in Slough	3.1%	3.2%	3.4%	3.7%
England	2.9%	3.1%	3.3%	

Actions taken to date

- a new Chair of SEND Panel since April 2021 has ensured: robust adherence to terms of reference and SEND Code of Practice (2015) ensuring transparency of decision-making and all decisions have been appropriately recorded and tracked

- the membership of SEND Panel has widened to include regular contributions from head teachers and other agencies such as Adult Social Care and we are seeking Health attendance
- the SEND Commissioner has been attending the Panel every week since May 2021 and this has enabled rigour and consistency in our approach to commissioning across cases and particularly with complex cases
- the triage process introduced in June 2021 has added a layer of quality assurance which ensures that all cases presented include the relevant and available evidence for the SEND Panel to make their decisions.

Ensuring sustainability of changes

The processes at the SEND Panel need to remain fully embedded to ensure ongoing rigour and transparency. Focus needs to remain on quality and outcomes for Children and Young (CYP) with SEND, while also having regard for the financial envelope.

3.2 Increasing cost of top-up funding for EHCPs

Context

In 2019, a new matrix system for banding EHCP top-up funding was introduced in Slough. Analysis has shown that in the first 18 months this has resulted in a 14% increase in the cost of top-up funding to mainstream schools. Contributory factors include:

- a failure to undertake a comprehensive financial modelling of the new matrix system to consider the cost impact and sustainability within the existing financial envelope.
- a lack of consideration of existing models in other South-East authorities and statistical neighbours.
- banding levels that are spread too far apart, such that the increase from one increment to the next is frequently between £5,000 and £10,000. This limits options when considering a need to fund additional provision which could be delivered more cost-effectively than stepping to the next available banding level
- no ‘like-for-like’ banding levels identified for assimilating existing EHCPs that were previously banded under the old system, leading to a tendency for plans to increase in cost without any evidence that provision funded by the top-up needs to increase
- panel decisions on banding reflecting a culture of low expectation of schools’ ordinarily available provision and SEND capacity
- the matrix descriptors now require reviewing to better take into account the age/stage of the CYP and other provision funded separately from top-up funding (such as Speech & Language Therapy and Berkshire Sensory Consortium packages)

Actions taken to date

- an increased rigour and scrutiny of SEND Panel decisions and processes has already resulted in a reduction in costs, including a 7% reduction in the cost of top-ups for plans finalised naming a mainstream setting, based on comparing 3-month periods one year apart (see below).

Table 2 – Cost Reductions Analysis

	3-month period July-Sept 2020			3-month period July-Sept 2021		
	Mainstream	**Special**	**All plans**	**Mainstream**	**Special**	**All plans**
No. of EHCPs finalised	47	11	58	38	8	46
Cost of top-up	£443,000	£200,000	£643,000	£333,000	£140,000	£473,000
Average cost per plan	£9,426	£18,181	£11,086	£8,763	£17,500	£10,283
Average cost reduction per plan finalised	------	-------	------	£663	£681	£803
% cost reduction per plan	------	------	------	7.0%	3.7%	7.2%

- proposals have been shared with Schools Forum to mitigate risk of banding inflation at phase transfer from this point forward. These will be applied to all EHCPs amended as part of the September 2022 phase transfer process (from February 2022 onwards).

Ensuring sustainability of changes

Commencing February 2022, a full review of the current matrix banding system will be undertaken. This will ensure that:

- the existing models used by statistical neighbours and other South-East authorities are fully considered and benchmarked against Slough.
- descriptors are reviewed to ensure that decisions regarding banding accurately reflects the provision that the LA must fund through top-up in line with each EHCP.
- banding levels are set at appropriate increments to ensure a graduated response to need.
- any EHCPs assimilated from previous system can be funded at a level which reflects provision required without arbitrary inflation due to a lack of 'like-for-like' banding increment.
- proposals are fully modelled both operationally and financially to ensure that needs are met while keeping regard to sustainability and the existing financial envelope.

3.3 Reliable Data and Finance Information

Context

Data in Slough has historically not been collected in a systematic way. Data Management Systems have not been used to their full potential and lack of training for

staff has led to poor data inputting. A lack of reliable data has impacted on SEND Planning, Commissioning and decision making.

Actions taken to date

- data in Capita system audited and cleansed
- training on Capita delivered to SEND Officers currently in post
- joint funded packages identified, and discussions have taken place with Commissioners at Slough Children's First and Health
- child level data has been updated
- finance data is being updated
- additional member of staff for processing of client data has been appointed to support SEND
- SEND and Finance Managers working closely together to interrogate data and for future budget setting.

Ensuring Sustainability of Changes

- further Capita training and staff development needs have been identified and are being costed. A system of ongoing training needs to be developed along a "super-user" model to ensure expertise is maintained and shared on an ongoing basis with new and existing staff. This model will ensure ongoing accuracy and reliability of data.
- data sharing agreements with Schools, Social Care and Health to be put in place.
- joint commissioning developments need to be ongoing across partners both locally and regionally.

3.4 Independent Non-Maintained Special School (INMSS)

Context

The Independent Non-Maintained Special School Providers and Independent Providers are used as provision for a small number of CYP who have, due to the complexity of their needs, not been successful within Maintained Provision or their needs are not able to be met within Maintained Settings. The number of these placements has historically been quite low in Slough but since 2018/19 these placements have increased, and their use has not necessarily been monitored or audited to ensure that they are meeting need and providing value for money. A small number of these placements can have a significant financial implication as a placement costing £50,000 per annum for secondary phase will cost potentially over £350,00 for the time the CYP is in the school.

Analysis has indicated that:

- projections in the DSG Management Plan indicate that, unmitigated, numbers in this sector will increase to 77 by 2025.
- the costs of these placements are growing, and it is important to ensure that CYP are only placed in these provisions if all local Maintained Provisions clearly cannot meet need and all other options have been exhausted.

- when auditing SEND Panel minutes, some of the decisions made lack transparency, other decisions have been made outside of the Panel so clear rationale is not always available as to why and how the decision was reached.
- it is apparent that for these placements the Commissioning arrangements have lacked rigour, and Contracts and Individual Placement Agreements have not always been in place with charges varying from young person to young person and agreements about uplifts or changes in prices being arbitrary.

Action taken to date

- panel processes are ensuring that only CYP whose needs cannot be met at local Maintained Provisions are being placed in INMSS.
- consultation processes are being strengthened and INMSS schools are only being consulted with where appropriate
- commissioning is being better informed and quality, appropriateness and value for money are the key considerations
- all children and young people attending Independent Non-Maintained Providers have been identified and at Annual Review all these cases are being audited to ensure this is the most appropriate placement to meet need.
- at key transitions consideration is given to whether these placements are still the most appropriate placement for the child or young person.
- all INMSS Providers have/are being met by the Group Manager for Inclusion and SEND Commissioner to review the cost of placements and to renegotiate costings if appropriate.
- bench marking exercise occurring with South-East authorities to ensure consistency of costing and whether there are joint authority commissioning opportunities.
- additional commissioned capacity is being developed within one of our maintained special schools to ensure that the needs of more complex, difficult to place CYP's can potentially be met. Through this there is an identified cost reduction for three young people of £150,000 and further cost reductions have been identified for the next academic year.
- the current number of CYP in these placements is reducing and there are fewer children in these provisions than we were projecting. For this year it was 67 and at the time of writing we have 59.

Ensuring sustainability of changes

- it is important to reiterate that without continued thorough SEND Panel process and rigour of decision making these numbers could very easily increase.
- continued work is needed with other local authorities to ensure more effective joint commissioning to better meet the "area" needs and to thus have more cost-effective placements and better joined up working and decision making.
- the SEND Commissioner role is vital to securing agreement with Providers around costings and uplifts, also to ensure effective Contract management and ensuring Quality Indicators are met.

3.5 Post-16

Context

The Children and Families Act 2014 extended the age range for when an Education, Health and Care Plan can be secured. This has meant that where previously plans were ceased between the age of 16-19 now Young People can continue to have a Plan if they have an unmet educational outcome. Slough like other Local Authorities has seen an increase in the numbers of Young People with EHCP's and this growth continues. With the increasing numbers the costs have also increased, and this is putting increasing pressure on the High Needs Block.

The data for this group of young people has been interrogated and it has become clear that there has been a lack of focus on Preparation for Adulthood. The Statutory Year 9 Reviews where the focus on transition planning occurs with other agencies have not always been carried out effectively. It has also highlighted that young people's plans have not always been ceased when their education has been completed meaning that the LA is still responsible for a Plan when the young person is not accessing provision and in some cases is over 25.

Since the introduction of EHCPs for 19-25 year-olds we are now maintaining approximately 335 Post-16 EHCPs and if left unmitigated this number is projected to increase to over 450 by 2025. The Post-19 cohort have mainly accessed costly Independent Provisions and what has become clear through file audits is that many of the Young People are repeating the same entry level courses and there is no progression in their educational outcomes. For many of these young people, a lack of transition planning has meant delays in them moving to the next stage in their life and thus an increased cost of educational provision which has impacted on the High Needs Block over spend.

The all-age special school in Slough takes children from Early Years through to Post-16. Historically it has offered places to all young people in Year 14 (age 19) who have been in Year 13.

According to the DfE High Needs Funding 2021 to 22 Operational Guide (sections 226-227, p53-54), *there is an exception by which 19-year-olds with an EHCP can be funded in a school (rather than an FE institution, independent learning provider or special post-16 institution); this applies to 19-year-olds who are completing a secondary education course started before they were 18 years old.*

The practice to date has not been an exception and significant numbers have been attending a special school when they should be moving onto FE Provision.

Actions taken To Date

- data has been audited and all Post-16 Placements identified with costs.
- any EHCPs which may need to cease have reviews and actions underway to send cease to maintain letters.
- decisions at SEND Panel are ensuring that Young People's placements are agreed after taking into consideration the young person's aspirations but also ensuring quality of placements and value for money.

- decisions to continue to fund young people for the same courses in different institutions are being challenged and only agreed if it can be demonstrated that a key outcome is still to be achieved.
- individual placement costings are being scrutinised and where necessary being challenged.
- all placements now have a contract and an Individual Partnership Agreement (IPA) in place.
- all Year 14 placements are being scrutinised to ensure that there is an exceptional reason for why they need to stay in a school placement. Transition Plans at Years 9, 11 and 13 are being put in place to ensure that the assumption of Year 14 places in school are no longer the norm.
- all colleges are being met with to discuss both the Local Authorities and their Statutory duties toward Young People with EHCPs. These meetings are also allowing discussions around the importance of progression in courses and the need to have clear Transition Plans on leaving college.
- more effective commissioning arrangements are being discussed with other South-East LAs.

Ensuring sustainability of changes

- a transition group is being developed which will be chaired by the AD of Adults' Service and will work with all stakeholders including young people to ensure that clear pathways are in place to enable a smooth transition into other services if appropriate.
- it is important to reiterate that without continued thorough SEND Panel processes and rigour of decision making these numbers could very easily increase exponentially.

3.6 Additional Resource Provisions (ARPs)

Context

Slough currently has 16 ARP's, 3 in nursery schools, 8 in primary schools and 5 in secondary schools. A review is ongoing and has identified that, particularly in the primary phase, a number of Slough's ARPs are functioning as SEN Units rather than Resource Bases (the DfE define a resource base as an ARP where the CYP have access to the mainstream classroom for at least 51% of the time; the amount of time in a mainstream classroom can be significantly lower than 51% in a SEN Unit). Auditing of the CYP's attending the ARP's suggests that there are some children placed in our special schools whose needs could be better met in an ARP, while at the same time there are a number of CYP in our ARPs whose needs would be best met in a special school.

Slough has become reliant on its ARPs to meet the needs of a significant number of CYP with complex needs. A contributing factor has been a lack of rigour applied to the process of consultations when EHCPs are first issued, and at subsequent phase transfer points. Service Level Agreements between the LA and ARPs were found upon review not to be consistently in place and where they did exist required significant updating.

Actions taken to date

- increased scrutiny of which CYP are placed in Slough ARPs, to ensure that only CYP with an ARP named in their EHCP are filling a commissioned place.
- two primary ARPs which are currently functioning as SEN Units are carrying out a consultation to ensure that this status can be reflected in their SLA with Slough to ensure that CYP are placed appropriately.
- one primary ARP is currently consulting with stakeholders around closure in July 2022, due to difficulty in sustaining delivery to the small number of complex CYP for which it has ARP capacity. Plans are in place with the setting and individual families to identify new placements where required for September 2022 (this would have a low impact as the number of CYP requiring alternative placement totals 5)
- one ARP is to reduce from 60 by a decrease in 10-20 places over the next 2-3 years. This is as result of the proportion of statutory SEND CYP in relation to mainstream Published Admission Number (PAN) is becoming unsustainable, particularly as the school's PAN is due to decrease as part of Slough's place planning strategy.
- agreement with our all-through special school to ensure that all our commissioned places are focused on years 0 to 13. Commissioning of Nursery and Year 14 placements will occur separately to maximise placements for CYP aged 4 to 18 years and in line with the High Needs Block Guidance.
- increase in SEND EHCP commissioned placements for September 2022 onwards within our secondary special school.
- SLAs are re-drafted and with our legal advisors for scrutiny and feedback.
- process of consulting with ARPs when issuing new EHCPs, or for phase transfers, has been made more robust to ensure full compliance with the SEND Code of Practice (2015)

Ensuring sustainability of changes

- once newly agreed SLAs are in place, there will be regular contract monitoring meetings.
- newly embedded processes must be maintained to ensure compliance
- contract monitoring and data monitoring need to be considered when looking at future place planning within the SEND sector.

3.7 Alternative Education Provision

Context

All children and young people regardless of their circumstances are entitled to a full time education. For most this will be within a school setting however for some they will not be able to access these settings due to illness, social emotional mental health needs or because they have been excluded either temporarily or permanently.

The DfE defines alternative provision as:

- *education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education.*

- *education arranged by schools for pupils on a fixed term exclusion.*
- *pupils being directed by schools to off-site provision to help improve their behaviour.*

The Local Authority has a statutory duty to provide education from the 6th day of a permanent exclusion or for children who are otherwise not able to be educated in school . In Slough this provision is provided by Littledown School for primary children and by Haybrook Alternative Provision (AP) Academy for Secondary aged young people.

Historically, Slough has commissioned and funded a significant amount of non- places at both Littledown and Haybrook AP Academy which have been used by schools under the label of early intervention. The funding for these places has come from the High Needs Block and has been in excess of £1.5 million. The cost for these places has been 30-50% above the £10,000 per commissioned place. Though there is some data available, it is difficult to demonstrate the outcomes of these places and the impact for such a high spend.

The LA is also funding a significant amount of individual tuition which is purchased on an ad hoc basis without a clear commissioning process to ensure quality, value for money and outcomes.

Actions taken to date

The LA has reviewed benchmarking data from different authorities all whom have differing models. Most provide the minimum statutory provision and some preventative places where schools either fund the majority of the place or fund top up above the £10,000 base funding. The numbers for these preventative places are significantly lower than those provided by Slough.

Unusually, Slough has not got a strong alternative education offer within a broader market, unlike some of the other authorities in the South-East, and this appears to be due mainly to the fact that the LA has fully funded full time AP places at Haybrook and Littledown so schools have not needed to look elsewhere to purchase or fund their AP Provision. The model of AP provided in Slough fails to have regard for the DfE definition of AP with the vast majority of costs being borne by the LA as opposed to Schools.

The existing model is not sustainable and cost reductions have been put forward around a more manageable costing to reflect the LA's Statutory Responsibilities around Permanent Exclusions. Cost Reductions have been proposed over a three-year period to mitigate impact and allow the schools to develop other models of delivery with schools.

Discussions have started with both our existing AP Providers. This area requires significant systemic change.

Ensuring sustainability of changes

AP costs in Slough are likely to remain disproportionately high compared to our statistical neighbours unless there is a strong, clear strategy which highlights Academies and Maintained Schools' statutory responsibilities toward vulnerable CYP.

The development of a stronger market for AP Providers from different sectors would allow for a better range of vocational options for children, young people and their families and would introduce an element of competition to the market for schools and the LA

Current proposals to reduce LA-commissioned places over the next 3 years will deliver the following savings:

Table 3 – Projected Savings over 3 years

Year	**Saving**
Year 1	£538,000
Year 2	£571,000
Year 3	£220,000
Total	**£1,329,000**

4. Implications of the Recommendation

4.1 Financial implications

4.1.1 The Council's DSG deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and lack of management awareness or action to address this. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021.

Table 4 – DSG Deficit

£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
B/F	5.7	4.9	2.4	5.4	7.5	13.4
In-year	-0.8	-2.5	3.0	2.1	5.9	7.2
C/F	**4.9**	**2.4**	**5.4**	**7.5**	**13.4**	**20.6**

4.1.2 In response to the growing pressure on the DSG as a result of increasing demand on the High Needs Block, the DfE undertook a consultation seeking to clarify the accounting arrangements. The government response was published on 30 January 2020 which set out a number of regulatory changes.

4.1.3 The Local Authorities (Capital Finance and Accounting) (England) Regulations were amended to require any deficit on a local authority's DSG account to be carried forward to be funded from future DSG income unless permission is sought from the secretary of state for education to fund the deficit from general resources. The change in regulation only applies to financial years beginning on 1st April 2020, 1st April 2021 and 1st April 2022.

4.1.4 It is not yet clear whether this arrangement will continue in subsequent financial years. If it does not continue and based on original projections, the Councils financial position would worsen by an additional £43m and therefore it is imperative that the pressures are managed in an appropriate and effective way.

4.1.5 All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

4.1.6 Slough's revised deficit management plan was shared with the DfE in July 2021 (see table 5 below). The management plan indicated that the deficit could potentially grow to £43m by 2024/25 if no mitigating actions are taken. Actions to manage demand for HNB funding and address the DSG deficit are included in this plan.

Table 5 – DSG projection without mitigations

£m	2021/22	2022/23	2023/24	2024/25
B/F	20.6	27.8	33.8	38.9
In-year	7.2	6.0	5.1	4.5
C/F	**27.8**	**33.8**	**38.9**	**43.4**

Table 6 – DSG projection with mitigations

£m	2021/22	2022/23	2023/24	2024/25
B/F	20.6	25.5	28.9	31.1
In-year	4.9	3.4	2.2	1.0
C/F	**25.5**	**28.9**	**31.1**	**32.1**

4.1.7 The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions outlined within this report it is now anticipated that an overspend of £4.9m will occur in 2021/22, a reduction of £2.3m when compared to last year's position.

4.1.8 As is well documented in other reports on this agenda there are considerable financial risks with significant historic matters being identified as the Council closes off its accounts from 2018/19 to 2021/22. The above estimates have been based on the original management plan submitted to the DfE adjusted for historic issues identified to date and changes to income projections based on recent announcements with contingency built in to allow for any issues that arise from the work that is ongoing. However, the magnitude of the issues facing the Council are such that these projections may well change

4.1.9 Officers are currently in the process of updating the management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022 and therefore the above estimates are subject to change.

4.2 Legal implications

4.2.1 Under the Education Act 1996, the Council has a statutory duty to ensure that sufficient schools are available for primary and secondary education. Under s.19 of the 1996 Act the Council has a duty to make arrangements for the provision of suitable education at school or otherwise than a school for those children of compulsory school age, who by reason of illness, exclusion from school or otherwise may not for any period receive suitable education unless such arrangements are made for them.

4.2.2 The Children and Families Act 2014 created a new framework for supporting CYP with special educational needs, including the introduction of Education, Health and Care Plan (EHCP) and extending the age range for special educational provision. The SEND Code of Practice (2015) contains guidance that Local Authorities have to adhere to. As part of its place planning duties the Council should ensure sufficient schools are available for children with special educational needs. The statutory framework and guidance requires local authorities to:

- consider the views of children, young people, and families.
- enable children, young people, and parents to participate in decision making.
- collaborate with partners and stakeholders in education, health and social care to provide support.

- early identification of children and young people's needs.
- inclusive practice and removing barriers to learning.
- help children and young people prepare for adulthood

4.3 Risk management implications

4.3.1 The following are identified risks to the delivery of the action plans and the cost reduction measures:

- High Needs budgets would continue to experience escalating cost pressures due to continued increase demand for EHCNAs. This would further compound an unsustainable position for the LA.
- increasing placements in independent non-maintained special schools at higher costs to the LA
- risk that demands / growth in pupils with EHCPs may increase at a higher rate than planned or forecast.
- slippage and delay in the delivery of the above actions or measures which would negatively impact on funding forecasts It is imperative that there are strong governance arrangements in place to ensure the effective delivery of the DSG Management Plan which is dependent on the actions of partners across the SEND system including education, health and care partners.

4.4 Environmental implications

Not applicable

4.5 Equality implications

4.5.1 The DSG Management plan will support the local authority to continue to meet its statutory functions and to improve and develop new and existing systems and processes. This will impact positively on children and people with SEND and their families – it is an opportunity to improve co-production with parents and young people, decision making, transparency and equity of service delivery.

4.5.2 The Management Plan will exclusively help towards improving the educational experience of children and young people with a protected characteristic as defined by the Equality Act 2010 through placing the onus on equipping local mainstream and special schools to best meet their needs,

4.5.3 An Equalities Impact Assessment will be completed for each identified cost reduction if appropriate and required.

4.6 Procurement implications

4.6.1 Officers are exploring the procurement implications for the DSG Management Plan and will be subject to Cabinet reports if necessary to ensure alignment to the councils contractual procedural rules and the Public Contract Regulations 2015 (amended).

4.6.2 Several options will be considered to ensure best value and where appropriate, competition. In accordance with the SEND code of Practice, service provision will be offered in a wide and flexible manner to meet the needs of children and young people with special education needs and disabilities, this may be direct payments to increase personal choice.

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4.7 Workforce implications

Not applicable

4.8 Property implications

Not applicable

5. Background Papers

None

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

COUNCIL TAX SUPPORT SCHEME 2022/23

1. Summary and Recommendations

1.1 This report sets out the proposed Council's Council Tax Support scheme for 2022-23. The Committee is requested to scrutinise the report and make any comments to Cabinet which meets on 9th March 2022.

Recommendations:

Cabinet is requested to recommend to Council that the Council Tax Support Scheme remaining unchanged for 2022-23 and that as allowed within the scheme the income bands are updated once more in line with inflation (3.1%) to protect the most vulnerable from the ongoing and significant cost of living rises.

Reason:

The Council must have a Council Tax Support scheme in place each year and legislation states that the scheme must be ratified by members no later than the 11 March preceding the start of the scheme.

Legislation also requires that if there are to be amendments to the scheme a full public consultation must take place prior to the changes being made and since this has not taken place the scheme being recommended contains no changes (other than the allowed annual uprating of the income bands as stipulated within the scheme)

Commissioner Review

"On 1st December 2021, the Secretary of State issued Directions to Slough Borough Council under Section15(5) and (6) of the Local Government Act 1999. Annex B of the Directions provides that Commissioners shall exercise…

The requirement from Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authorities financial affairs, and all functions associated with the strategic financial management of the Authority. This Direction included as d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

The set of budget reports presented to this cycle of meetings exposes the recklessness in the way the Authority has managed its affairs over the past few years and the scale of both central government support required and the challenge in re-establishing financial stability.

Commissioners consider that the proposals contained in this set of budget reports meet the requirements of the Directions. It should be made clear however, that no variation from either the general or specific proposals identified can be agreed or acted upon without the prior approval of Commissioners who reserve their right to amend budgets if required. This will require commitment and determination from all Councillors and every budget holding officer who will need to recognise their personal accountability in these matters.

At this stage it is not proposed to extend any additional funding, whether by cashflow or longer term finance to any of the Council's subsidiary companies and the Council's shareholder representatives should be required to make this clear.

It will be essential for a full appraisal of the Council's let estate, both GF and HRA but excluding HRA housing, to be undertaken and reported. In the first instance it should be explicit that all renewals and new leases or licenses will be based on the principles of normal commercial terms and a fully repairing and insuring basis.

This budget specifies a level of capital receipts required to balance the budget overall. This figure needs to be regarded as a minimum goal in cash terms to be achieved by year end and a disposal strategy will need to be brought forward to identify a significant increase in receipts banked in the early years of the MTFS.

Commissioners do not underestimate the scale of the challenge, both financial and operational, facing the Council. We will continue to provide advice and challenge to assist the Authority on its journey back to mainstream local government."

2. Report

Introductory paragraph

2.1 The awarding of Council Tax Support is in line with government legislation and government guidance and is a key priority of the Council by providing support in housing needs and helps residents to contribute to strong, healthy and attractive neighbourhoods.

Options considered

2.2 To continue the banded income Council Tax Support Scheme with two options:

- retain the income bands used for the 2021-22 scheme (Appendix 1)
- uprate the income bands by 3.1% for the 2022-23 scheme (Appendix 2)

2.3 If uprating of the bands is agreed, it should be recognised that the current scheme allows the Council to uprate by the appropriate level of inflation measured by the Consumer Price Index (CPI) at 1st October preceding the effective financial year **or** by a percentage representing the increase in personal allowance within the applicable amounts for the Housing Benefit for the relevant financial year, **whichever is the lowest.** The CPI was 4.2% but the personal allowance uprating has been announced as 3.1% and so the recommendation is that the latter is applied.

Background

2.4 The Council Tax Support scheme was introduced in April 2013. At this time the government changed it from a national scheme for all customers to a local scheme for working age customers. The national scheme remained for all non-working age customers.

2.5 Slough Borough Council in line with the legislation developed a Local Council Tax Support scheme which was approved by members on 10 December 2012. SBC did not make any changes (apart from uprating) to the scheme for 2014-15 or 2015-16, and then a number of changes were made for 2016-17. There were no material changes made to the scheme for 2017-18, 2018-19 or 2019-20 and the limited uprating was applied.

2.6 The Council changed from a scheme with needs-based assessment to a banded income scheme from April 2020 following a consultation process carried out in October and November 2019. An income banded scheme is one where the income of the person claiming (and their partner if they have one) minus any relevant disregarded income (e.g. Child Benefit, Personal Independence Payments, housing element of Universal Credit) is compared to the table of bands in Appendix (1 or 2) .

2.7 The scheme has remained unchanged apart from the allowed uprating of the income bands. The scheme retains a criteria of protected claimants (these are persons previously receiving severe disability premium, enhanced disability premium, disabled child premium, war pension, war widow's pension or a war disablement pension) who continue to be exempt from the band C restriction and allowed up to 100% of their liability. All of their income, unless it is disregarded, will be used to calculate which band they fall in.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 The current working age CTS expenditure for 2021-22 as of 23 Jan 2022 is £9.30m compared to £8.87m at this time last year (2020-21).

3.1.2 The current caseload stands at 10,008 which is a decrease of 724 claims to the finishing position at the end of 2020/21. This can be directly attributed to the impact of the pandemic starting to ease.

3.1.3 If the council does not uprate the income bands there will be less CTS paid out which will be a financial benefit to the Council. It is not possible to model this and give a specific figure at this time because this will be dependent on the level of council tax set, the caseload figure and the number paid out within each band. However it is worth noting that any actions to reduce the amount of CTS paid would mean that this difference would have to be collected from financially vulnerable residents at a time when the cost of living is rising sharply, these additional sums are likely to be difficult to collect and the costs of collection and the amount of bad debt provision required is therefore unlikely to give the council any financial gain.

3.2 Legal implications

3.2.1 Section 13A (2) of the Local Government Finance Act 1992 requires the Council as the billing authority to make a localised Council Tax Reduction Scheme in accordance with Section 1A of the act. Each financial year the Council must consider whether it wants to revise the scheme or replace it.

3.2.2 Council Tax Support legislation set a number of criteria that local authorities must adhere to in developing a scheme

Local authorities should ensure support for vulnerable groups;

3.2.3 Slough Borough Council defines vulnerable groups as those who meet the definition of protected claimants listed above. As such all of these households will remain entitled to be assessed with a maximum Council Tax Support of 100%.

Local schemes should support work incentives, and in particular avoid disincentives to move into work.

3.2.4 The current scheme ensures that SBC supports people into work by changing the income disregards in order to encourage work incentives, the first £25 earned will not be taken into account as income. Also a further £17.10 will not be taken into account as income where the applicant works more than 16 hours per week and have children or, if there are no children but the hours worked are 30 hours or more per week. The scheme also continues the award of extended payments. An extended payment is 4 weeks extra Council Tax Support, awarded when a claimant or their partner start work (including self-employment) or their hours or earnings from your current employment increase (for a period of at least five weeks).

3.3 Risk management implications

3.3.1 The scheme was previously reviewed by HB Law the Council's legal services provider and they have done so again this year. They have confirmed that the making or revising of a Council Tax Reduction Scheme can only be discharged by the authority, i.e. full council and that changes can only be made following a full public consultation. As no changes are now proposed there are no mitigating actions.

3.3.2 The council proposes to support people who are most vulnerable by continuing to offer a Council Tax Hardship Scheme. This is a discretionary discount policy to help those in severe financial difficulty to reduce their Council Tax liability if they are struggling to pay. It is therefore clear that any person negatively affected by this change would meet these criteria and would therefore be signposted in this direction and prioritised for help. The level of support provided by the Council Tax Hardship Scheme is subject to separate proposals depending on the level of Council Tax increase agreed. It is likely that increased funds of will be available to support those in hardship.

3.3.3 During the year the scheme will be evaluated by for example using complaints monitoring to assess the impact it is having on our customers and consideration given to amending the scheme.

3.4 Environmental implications

3.4.1 Not applicable.

3.5 Equality implications

3.5.1 The scheme is generic and aims to provide support to all parts of the community based on their weekly household income and so all working age Council Tax Payers could be affected by this proposal as they could all potentially claim Council Tax Support

4. Appendices attached

‘A’ - Council Tax Support scheme 2022-23
‘1’ - CTS income bands 2021-22
‘2’ - CTS Income Bands 2022-23 (CPI increase)

5. Background Papers

‘1’ - Council Tax Support scheme 2021-22
‘2’ - Council Tax Support legislation
‘3’ - The Council Tax reduction schemes (amendment) (England) Regulations. 2017 no. 1305

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Council Tax Support Scheme for Working Age Applicants

This scheme relates to the financial year beginning with 1 April 2022 and should be cited as Slough Borough Council – Council Tax Support Scheme.
S13A and Schedule 1a of the Local Government Finance Act 1992

Table of Contents

1.0 Introduction to the Council Tax Support Scheme

1.1 The following has been adopted by the Council and details the Council Tax Support scheme for the period from 1st April 2022.

1.2 This document details how the scheme will operate for working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2022 for a period of one financial year.

1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England)
  Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015:
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017;
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2018;
- The Council Tax Reduction Schemes (Amendment) (England) Regulations 2020:
  and
- Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

The scheme for pension age applicants is defined by Central Government's scheme as defined under the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 as amended.

1.4 There are three main classes under the prescribed pension age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;

a. has attained the qualifying age for state pension credit; and
b. is not, or, if he has a partner, his partner is not;

i. a person on income support, on an income-based Jobseeker's Allowance or on an income-related Employment and Support Allowance; or
ii. a person with an award of Universal Credit

The three prescribed classes are as follows;

Class A: pensioners whose income is less than the applicable amount.

On any day Class A consists of any person who is a pensioner:

a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
c. who does not fall within a class of persons prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
d. whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance Act 1992;
e. not have capital savings above £16,000; and
f. who has made an application for a reduction under the authority's scheme.

Class B: pensioners whose income is greater than the applicable amount.

On any day class B consists of any person who is a pensioner:

a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
c. who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
d. whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
e. in respect of whom amount A exceeds amount B where;
    (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
    (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
f. not have capital savings above £16,000; and
g. who has made an application for a reduction under the authority's scheme.

Class C: alternative maximum Council Tax Reduction

On any day class C consists of any person who is a pensioner:

a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day;
c. in respect of whom a maximum Council Tax Reduction amount can be calculated;
d. who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the 1992 Act and excluded from the authority's scheme;
e. who has made an application for a reduction under the authority's scheme; and
f. in relation to whom the condition below is met.

The condition referred to in sub-paragraph f. is that no other resident of the dwelling is liable to pay rent to the applicant in respect of the dwelling and there is an alternative maximum Council Tax Reduction in respect of the day in the case of that person which is derived from the income, or aggregate income, of one or more residents to whom this sub-paragraph applies.

The above applies to any other resident of the dwelling who:

a. is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;
b. is not a person who is liable for council tax solely in consequence of the provisions of section 9 of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
c. is not a person who is residing with a couple or with the members of a polygamous marriage where the applicant is a member of that couple or of that marriage and
    (i) in the case of a couple, neither member of that couple is a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount; or
    (ii) in the case of a polygamous marriage, two or more members of that marriage are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount;
d. is not a person who, jointly with the applicant, falls within the same paragraph of section 6(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant; or
e. is not a person who is residing with two or more persons both or all of whom fall within the same paragraph of section 6(2)(a) to (e) of the 1992 Act where two or more of those persons are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount.

Disregard of certain incomes

1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:
    a. a war disablement pension;
    b. a war widow's pension or war widower's pension;
    c. a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or

have died in consequence of service as members of the armed forces of the Crown;

d. a guaranteed income payment;
e. a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
f. a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
g. pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

The disregards permitted by SBC exceed the minimum required by the Government.

THE SCHEME FOR WORKING AGE APPLICANTS – THE COUNCIL'S LOCAL SCHEME

1.6 The adopted scheme for working age applicants is an income banded / grid scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;

a. has not attained the qualifying age for state pension credit; or
b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based Jobseeker's Allowance, on an income-related Employment and Support allowance or on Universal Credit.

1.7 The Council has resolved that there will be one class of persons who will receive a reduction in line with adopted scheme. The scheme has qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

Class D

To obtain reduction the individual (or partner) must:

a. have not attained the qualifying age for state pension credit; or
b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
d. is not deemed to be absent from the dwelling;
e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
f. be somebody in respect of whom a maximum Council Tax Support amount can be calculated;
g. not have capital savings above £16,000;
h. not have income above the levels specified within the scheme;

i. be a person in respect of whom a day in which s/he is liable to pay council tax in respect of which the person's income is within a range of incomes specified within Schedule 1;

and

j. has made a valid application for reduction.

Sections 2- 8 Definitions and interpretation

2.0 Interpretation – an explanation of the terms used within this scheme

2.1 In this scheme–

'the Act' means the Social Security Contributions and Benefits Act 1992;
'the Administration Act' means the Social Security Administration Act 1992;
'the 1973 Act' means the Employment and Training Act 1973;
'the 1992 Act' means the Local Government Finance Act 1992;
'the 2000 Act' means the Electronic Communications Act 2000;
'Abbeyfield Home' means an establishment run by the Abbeyfield Society including all bodies corporate or incorporate which are affiliated to that Society;
'adoption leave' means a period of absence from work on ordinary or additional adoption leave by virtue of section 75A or 75B of the Employment Rights Act 1996;
'an AFIP' means an armed forces independence payment payable in accordance with an armed and reserve forces compensation scheme established under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004
'applicant' means a person who the authority designates as able to claim Council Tax Support – for the purposes of this scheme all references are in the masculine gender but apply equally to male and female;
'application' means an application for a reduction under this scheme:
'appropriate DWP office' means an office of the Department for Work and Pensions dealing with state pension credit or office which is normally open to the public for the receipt of claims for income support, a jobseeker's allowance or an employment and support allowance;
'assessment period' means such period as is prescribed in sections 19 to 21 over which income falls to be calculated;
'attendance allowance' means–

a) an attendance allowance under Part 3 of the Act;
b) an increase of disablement pension under section 104 or 105 of the Act;
c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;
d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;
e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983or any analogous payment; or
f) any payment based on need for attendance which is paid as part of a war disablement pension;

'the authority' means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;
'Back to Work scheme(s)' means any scheme defined within the Jobseekers (Back to Work Schemes) Act 2013 or Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
'basic rate', where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).
'the benefit Acts' means the Act (SSBA) and the Jobseekers Act 1995 and the Welfare Reform Act 2007;
'board and lodging accommodation' means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person

to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;
'care home' has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 or a residential care home within the meaning of Article 10 of that Order;
'the Caxton Foundation' means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;
'child' means a person under the age of 16;
'child benefit' has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;
'the Children Order' means the Children (Northern Ireland) Order 1995;
'child tax credit' means a child tax credit under section 8 of the Tax Credits Act 2002;
'claim' means a claim for Council Tax Support;
'close relative' means a parent, parent-in-law, son, son-in-law, daughter, daughter- in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;
'concessionary payment' means a payment made under arrangements made by the Secretary of State with the consent of the Treasury which is charged either to the National Insurance Fund or to a Departmental Expenditure Vote to which payments of benefit or tax credits under the benefit Acts or the Tax Credits Act are charged;
'the Consequential Provisions Regulations' means the Housing Benefit (Consequential Provisions) Regulations 2006; 'contributory employment and support allowance" means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;
'council tax benefit' means council tax benefit under Part 7 of the SSCBA;
'council tax reduction scheme' has the same meaning as 'Council Tax Support or reduction'
'Council Tax Support' means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);
'couple' means;

(a) a man and a woman who are married to each other and are members of the same household;
(b) a man and a woman who are not married to each other but are living together as if they were a married couple or civil partners;
(c) two people of the same sex who are civil partners of each other and are members of the same household; or
(d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners,

Two people of the same sex are to be treated as living together as if they were civil partners if, and only if, they would be treated as living together as husband and wife were they of opposite sexes. The above includes the Marriage (Same Sex Couples) Act 2013 and The Marriage (Same Sex Couples) Act 2013 (Commencement No. 3) Order 2014;

‘date of claim’ means the date on which the application or claim is made, or treated as made, for the purposes of this scheme
‘designated authority’ means any of the following;
the local authority; or a person providing services to, or authorised to exercise any function of, any such authority;
‘designated office’ means the office designated by the authority for the receipt of claims for Council Tax Support;

(a) by notice upon or with a form approved by it for the purpose of claiming Council Tax Support; or
(b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or
(c) by any combination of the provisions set out in sub-paragraphs (a) and (b) above;

‘disability living allowance’ means a disability living allowance under section 71 of the Act;
‘dwelling’ has the same meaning in section 3 or 72 of the 1992 Act;
‘earnings’ has the meaning prescribed in section 22 or, as the case may be, 24;
‘the Eileen Trust’ means the charitable trust of that name established on 29th March 1993 out of funds provided by the Secretary of State for the benefit of persons eligible for payment in accordance with its provisions;
‘electronic communication’ has the same meaning as in section 15(1) of the Electronic Communications Act 2000;
‘employed earner’ is to be construed in accordance with section 2(1)(a) of the Act and also includes a person who is in receipt of a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay or statutory maternity pay;
‘**Employment and Support Allowance Regulations’** means the Employment and Support Allowance Regulations 2008 and the Employment and Support Regulations 2013 as appropriate;
‘Employment and Support Allowance (Existing Awards) Regulations’ means the Employment and Support Allowance (Transitional Provisions, Housing Benefit and Council Tax Benefit) (Existing Awards) Regulations 2010;
‘the Employment, Skills and Enterprise Scheme’ means a scheme under section 17A (schemes for assisting persons to obtain employment; ‘work for your benefit’ schemes etc.) of the Jobseekers Act 1995 known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to assist applicants to obtain employment, including self-employment, and which may include for any individual work-related activity (including work experience or job search). This also includes schemes covered by The Jobseekers Allowance (Employment, Skills and Enterprise Scheme) Regulations 2011 as amended by the Jobseekers (Back to Work Schemes) Act 2013 – see **‘Back to Work Schemes’;**
‘enactment’ includes an enactment comprised in, or in an instrument made under, an Act of the Scottish Parliament;
‘extended reduction’ means a payment of Council Tax Support payable pursuant to section 59;
‘family’ has the meaning assigned to it by section 137(1) of the Act and Section 9 of this scheme;
‘the Fund’ means moneys made available from time to time by the Secretary of State for the benefit of persons eligible for payment in accordance with the provisions of a scheme established by him on 24th April 1992 or, in Scotland, on 10th April 1992;

‘a guaranteed income payment’ means a payment made under article 15(1)(c) (injury benefits) or 29(1)(a) (death benefits) of the Armed Forces and Reserve Forces (Compensation Scheme)
Order 2011;
‘he, him, his’ also refers to the feminine within this scheme
‘housing benefit’ means housing benefit under Part 7 of the Act; ‘the Housing Benefit Regulations’ means the Housing Benefit Regulations 2006;
‘Immigration and Asylum Act’ means the Immigration and Asylum Act 1999;
‘an income-based jobseeker’s allowance’ and ‘a joint-claim jobseeker’s allowance’ have the meanings given by section 1(4) of the Jobseekers Act 1995;
‘income-related employment and support allowance’ means an income-related allowance under Part 1 of the Welfare Reform Act 2007;
‘Income Support Regulations’ means the Income Support (General) Regulations 1987(a);
‘independent hospital’–
(a) in England, means a hospital as defined by section 275 of the National Health Service Act 2006 that is not a health service hospital as defined by that section;
(b) in Wales, has the meaning assigned to it by section 2 of the Care Standards Act 2000; and
(c) in Scotland means an independent health care service as defined by section 10F of the National Health Service (Scotland) Act 1978;
‘the Independent Living Fund (2006)’ means the Trust of that name established by a deed dated 10th April 2006 and made between the Secretary of State for Work and Pensions of the one part and Margaret Rosemary Cooper, Michael Beresford Boyall and Marie Theresa Martin of the other part;
‘invalid carriage or other vehicle’ means a vehicle propelled by a petrol engine or by electric power supplied for use on the road and to be controlled by the occupant;
‘Jobseekers Act’ means the Jobseekers Act 1995; ‘Jobseeker’s Allowance Regulations’ means the Jobseeker’s Allowance Regulations 1996 and Jobseeker’s Allowance Regulations 2013 as appropriate;
‘limited capability for work’ has the meaning given in section 1(4) of the Welfare Reform Act;
‘limited capability for work-related activity’ has the meaning given in section 2(5) of the Welfare Reform Act 2007;
‘the London Bombing Relief Charitable Fund’ means the company limited by guarantee (number 5505072), and registered charity of that name established on 11th July 2005 for the purpose of (amongst other things) relieving sickness, disability or financial need of victims (including families or dependants of victims) of the terrorist attacks carried out in London on 7th July 2005;
‘lone parent’ means a person who has no partner and who is responsible for and a member of the same household as a child or young person;
‘the Macfarlane (Special Payments) Trust’ means the trust of that name, established on 29th January 1990 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia;
‘the Macfarlane (Special Payments) (No.2) Trust’ means the trust of that name, established on 3rd May 1991 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia and other beneficiaries;
‘the Macfarlane Trust’ means the charitable trust, established partly out of funds provided by the Secretary of State to the Haemophilia Society, for the relief of poverty or distress among those suffering from haemophilia;
‘main phase employment and support allowance’ means an employment and support

allowance where the calculation of the amount payable in respect of the applicant includes a component under section 2(1)(b) or 4(2)(b) of the Welfare Reform Act 2007 except in Part 1 of Schedule 1;

'the Mandatory Work Activity Scheme' means a scheme within section 17A (schemes for assisting persons to obtain employment; 'work for your benefit' schemes etc.) of the Jobseekers Act 1995 known by that name and provided pursuant to arrangements made by the Secretary of State that is designed to provide work or work-related activity for up to 30 hours per week over a period of four consecutive weeks with a view to assisting applicants to improve their prospect of obtaining employment;

'maternity leave' means a period during which a woman is absent from work because she is pregnant or has given birth to a child, and at the end of which she has a right to return to work either under the terms of her contract of employment or under Part 8 of the Employment Rights Act 1996;

'member of a couple' means a member of a married or unmarried couple;

'MFET Limited' means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements made with the Secretary of State to persons who have acquired HIV as a result of treatment by the NHS with blood or blood products;

'mover' means an applicant who changes the dwelling in which the applicant is resident and in respect of which the applicant liable to pay council tax from a dwelling in the area of the Authority to a dwelling in the area of the second authority;

'net earnings' means such earnings as are calculated in accordance with section 23;

'net profit' means such profit as is calculated in accordance with section 25;

'non-dependant' has the meaning prescribed in section 3;

'occasional assistance' means any payment or provision made by a local authority, the Welsh Ministers or the Scottish Ministers for the purposes of:

(a) meeting, or helping to meet an immediate short-term need;

(i) arising out of an exceptional event or exceptional circumstances, or

(ii) that needs to be met to avoid a risk to the well-being of an individual, and

(b) enabling qualifying individuals to establish or maintain a settled home, and—

(i) 'local authority' has the meaning given by section 270(1) of the Local Government Act 1972; and

(ii) 'qualifying individuals' means individuals who have been, or without the assistance might otherwise be:

(aa) in prison, hospital, an establishment providing residential care or other institution, or

(bb) homeless or otherwise living an unsettled way of life; and 'local authority' means a local authority in England within the meaning of the Local Government Act 1972;

'occupational pension' means any pension or other periodical payment under an occupational pension scheme but does not include any discretionary payment out of a fund established for relieving hardship in particular cases;

'occupational pension scheme' has the same meaning as in section 1 of the Pension Schemes Act 1993

'ordinary clothing or footwear' means clothing or footwear for normal daily use, but does not include school uniforms, or clothing or footwear used solely for sporting activities;

'partner' in relation to a person, means

(a) where that person is a member of a couple, the other member of that couple;

(b) subject to paragraph (c), where that person is polygamously married to two or more members of his household, any such member to whom he is married; or

(c) where that person is polygamously married and has an award of universal credit with

the other party to the earliest marriage that still subsists, that other party to the earliest marriage;
'paternity leave' means a period of absence from work on leave by virtue of section 80A or 80B of the Employment Rights Act 1996;
'payment' includes part of a payment;
'pensionable age' has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 as amended by the Public Services Pension Act 2013 and Pensions Act 2014;
'pension fund holder' means with respect to a personal pension scheme or an occupational pension scheme, the trustees, managers or scheme administrators, as the case may be, of the scheme concerned;
'pensioner' a person who has attained the age at which pension credit can be claimed;
'person affected' shall be construed as a person to whom the authority decides is affected by any decision made by the council;
"person from abroad" means, subject to the following provisions of this regulation, a person who is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland. Persons of working or pension age entering the UK from Afghanistan must be treated as habitually resident in the UK if they

- have been granted leave to remain by virtue of the Afghan Relocations and Assistance Policy, the Afghan Citizens Resettlement Scheme or the previous scheme for locally employed staff in Afghanistan; or
- left Afghanistan in connection with the collapse of the Afghan government that took place on 15 August 2021.

'person on income support' means a person in receipt of income support;
'personal independence payment' has the meaning given by Part 4 of the Welfare Reform Act 2012 and the Social Security (Personal Independence Payments) 2013;
'person treated as not being in Great Britain' has the meaning given by section 7;
'personal pension scheme' means–
(a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;
(b) an annuity contractor trust scheme approved under section 620 or 621of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004;
(c) a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;
'policy of life insurance' means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, or any instrument evidencing a contract which is subject to payment of premiums for a term dependent on human life;
'polygamous marriage' means a marriage to which section 133(1) of the Act refers namely;
(a) a person is a husband or wife by virtue of a marriage entered into under a law which permits polygamy; and
(b) either party to the marriage has for the time being any spouse additional to the other party.
'public authority' includes any person certain of whose functions are functions of a public nature;
'qualifying age for state pension credit' means (in accordance with section 1(2)(b) and (6) of the State Pension Credit Act 2002)–

(a) in the case of a woman, pensionable age; or
(b) in the case of a man, the age which is pensionable age in the case of a woman born on the same day as the man;

'qualifying contributory benefit' means;
(a) severe disablement allowance;
(b) incapacity benefit;
(c) contributory employment and support allowance;

'qualifying course' means a qualifying course as defined for the purposes of Parts 2 and 4 of the Job Seeker's Allowance Regulations 1996

'qualifying income-related benefit' means
(a) income support;
(b) income-based jobseeker's allowance;
(c) income-related employment and support allowance;

'qualifying person' means a person in respect of whom payment has been made from the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;

'reduction week' means a period of seven consecutive days beginning with a Monday and ending with a Sunday;

'relative' means a close relative, grandparent, grandchild, uncle, aunt, nephew or niece;

'relevant authority' means an authority administering Council Tax Support;

'relevant week' In relation to any particular day, means the week within which the day in question falls;

'remunerative work' has the meaning prescribed in section 6;

'rent' means 'eligible rent' to which regulation 12 of the Housing Benefit Regulations refers less any deductions in respect of non-dependants which fall to be made under regulation 74 (non-dependant deductions) of those Regulations;

'resident' has the meaning it has in Part 1 or 2 of the 1992 Act;

'Scottish basic rate' means the rate of income tax of that name calculated in accordance with section 6A of the Income Tax Act 2007;

'Scottish taxpayer' has the same meaning as in Chapter 2 of Part 4A of the Scotland Act 1998

'second authority' means the authority to which a mover is liable to make payments for the new dwelling;

'self-employed earner' is to be construed in accordance with section 2(1)(b) of the Act;

'self-employment route' means assistance in pursuing self-employed earner's employment whilst participating in–
(a) an employment zone programme;
(b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);
(c) the Employment, Skills and Enterprise Scheme;
(d) a scheme prescribed in regulation 3 of the Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
(e) Back to Work scheme.

'Service User' references in this scheme to an applicant participating as a service user are to
(a) a person who is being consulted by or on behalf of—
(i) the Secretary of State in relation to any of the Secretary of State's functions in the field of social security or child support or under section 2 of the Employment and Training Act 1973; or

(ii) a body which conducts research or undertakes monitoring for the purpose of planning or improving such functions in their capacity as a person affected or potentially affected by the exercise of those functions or the carer of such a person; or

(b) the carer of a person consulted as described in sub-paragraph (a) where the carer is not being consulted as described in that sub-paragraph.

'service user group' means a group of individuals that is consulted by or on behalf of;

(a) a Health Board, Special Health Board or the Agency in consequence of a function under section 2B of the National Health Service (Scotland) Act 1978,
(b) a landlord authority in consequence of a function under section 105 of the Housing Act 1985,
(c) a public authority in Northern Ireland in consequence of a function under section 49A of the Disability Discrimination Act 1995,
(d) a public authority in consequence of a function relating to disability under section 149 of the Equality Act 2010;
(e) a best value authority in consequence of a function under section 3 of the Local Government Act 1999,
(f) a local authority landlord or registered social landlord in consequence of a function under section 53 of the Housing (Scotland) Act 2001,
(g) a relevant English body or a relevant Welsh body in consequence of a function under section 242 of the National Health Service Act 2006,
(h) a Local Health Board in consequence of a function under section 183 of the National Health Service (Wales) Act 2006,
(i) the Care Quality Commission in consequence of a function under section 4 or 5 of the Health and Social Care Act 2008,
(j) the regulator or a private registered provider of social housing in consequence of a function under section 98, 193 or 196 of the Housing and Regeneration Act 2008, or
(k) a public or local authority in Great Britain in consequence of a function conferred under any other enactment, for the purposes of monitoring and advising on a policy of that body or authority which affects or may affect persons in the group, or of monitoring or advising on services provided by that body or authority which are used (or may potentially be used) by those persons;

'single applicant' means an applicant who neither has a partner nor is a lone parent;

'the Skipton Fund' means the ex-gratia payment scheme administered by the Skipton Fund Limited, incorporated on 25th March 2004, for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with the scheme's provisions.

'special account' means an account as defined for the purposes of Chapter 4A of Part 8 of the Jobseeker's Allowance Regulations or Chapter 5 of Part 10 of the Employment and Support Allowance Regulations;

'sports award' means an award made by one of the Sports Councils named in section 23(2) of the National Lottery Act 1993 out of sums allocated to it for distribution under that section;

'the SSCBA' means the Social Security Contributions and Benefits Act 1992

'State Pension Credit Act' means the State Pension Credit Act 2002;

'student' has the meaning prescribed in section 43;

'subsistence allowance' means an allowance which an employment zone contractor has agreed to pay to a person who is participating in an employment zone programme;

'the Tax Credits Act' means the Tax Credits Act 2002;

'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next;

‘training allowance’ means an allowance (whether by way of periodical grants or otherwise) payable–

(a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People’s Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;

(b) to a person for his maintenance or in respect of a member of his family; and

(c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

It does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the 1973 Actor is training as a teacher;

‘the Trusts’ means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

‘Universal Credit’ means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

‘Uprating Act’ means the Welfare Benefit Up-rating Act 2013, the Welfare Benefits Up-rating Order 2014 and the Welfare Benefits Up-rating Order 2015;

‘voluntary organisation’ means a body, other than a public or local authority, the activities of which are carried on otherwise than for profit;

’war disablement pension’ means any retired pay or pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003;

‘war pension’ means a war disablement pension, a war widow’s pension or a war widower’s pension;

‘war widow’s pension’ means any pension or allowance payable to a woman as a widow under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

‘war widower’s pension’ means any pension or allowance payable to a man as a widower or to a surviving civil partner under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

‘water charges’ means;

(a) as respects England and Wales, any water and sewerage charges under Chapter 1 of Part 5 of the Water Industry Act 1991,

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

‘week’ means a period of seven days beginning with a Monday;

‘Working Tax Credit Regulations’ means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended[1]; and

‘young person’ has the meaning prescribed in section 9(1) and in section 142 of the SSCBA.

2.2 In this scheme, references to an applicant occupying a dwelling or premises as his home shall be construed in accordance with regulation 7 of the Housing Benefit Regulations 2006.

2.3 In this scheme, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.

1 The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2013; The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2015

2.4 For the purpose of this scheme, a person is on an income-based jobseeker's allowance on any day in respect of which an income-based jobseeker's allowance is payable to him and on any day;

(a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker's allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker's allowance is not payable); or

(b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker's allowance is payable to him or would be payable to him but for regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;

(c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker's allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;

(d) in respect of which an income-based jobseeker's allowance or a joint-claim jobseeker's allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).

2.5 For the purposes of this scheme, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;

(a) In respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or

(b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income- related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.

2.6 For the purposes of this scheme, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.

2.7 In this scheme, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

3.0 Definition of non-dependant

3.1 In this scheme, 'non-dependant' means any person, except someone to whom paragraph 3.2 applies, who normally resides with an applicant or with whom an applicant normally resides.

3.2 This paragraph applies to;
(a) any member of the applicant's family;
(b) if the applicant is polygamously married, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;
(c) a child or young person who is living with the applicant but who is not a member of his household by virtue of section 11 (membership of the same household);
(d) subject to paragraph 3.3, any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under sections 6, 7 or 75 of the 1992 Act (persons liable to pay council tax);
(e) subject to paragraph 3.3, any person who is liable to make payments on a commercial basis to the applicant or the applicant's partner in respect of the occupation of the dwelling;
(f) a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.

3.3 Excepting persons to whom paragraph 3.2 a) to c) and f) refer, a person to whom any of the following sub-paragraphs applies shall be a non-dependant–

(a) a person who resides with the person to whom he is liable to make payments in respect of the dwelling and either;
    i. that person is a close relative of his or her partner; or
    ii. the tenancy or other agreement between them is other than on a commercial basis;
(b) a person whose liability to make payments in respect of the dwelling appears to the authority to have been created to take advantage of the Council Tax Support scheme except someone who was, for any period within the eight weeks prior to the creation of the agreement giving rise to the liability to make such payments, otherwise liable to make payments of rent in respect of the same dwelling;
(c) a person who becomes jointly and severally liable with the applicant for council tax in respect of a dwelling and who was, at any time during the period of eight weeks prior to his becoming so liable, a non-dependant of one or more of the other residents in that dwelling who are so liable for the tax, unless the authority is satisfied that the change giving rise to the new liability was not made to take advantage of the support scheme.

4.0 Requirement to provide a National Insurance Number[2]

4.1 No person shall be entitled to support unless the criteria below in 4.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming support.

4.2 This subsection is satisfied in relation to a person if–

(a) the claim for support is accompanied by;
   i.. a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
   ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or

2 Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

4.3 Paragraph 4.2 shall not apply–
(a) in the case of a child or young person in respect of whom Council Tax Support is claimed;
(b) to a person who;
   i. is a person in respect of whom a claim for Council Tax Support is made;
   ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act; and
   iii. has not previously been allocated a national insurance number.

5.0 Persons who have attained the qualifying age for state pension credit

5.1 This scheme applies to a person if:
i. he has not attained the qualifying age for state pension credit; or
ii. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is;
   (a) a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or
   (b) a person with an award of universal credit.

6.0 Remunerative work

6.1 Subject to the following provisions of this section, a person shall be treated for the purposes of this scheme as engaged in remunerative work if he is engaged, or, where his hours of work fluctuate, he is engaged on average, for not less than 16 hours a week, in work for which payment is made or which is done in expectation of payment.

6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in work where his hours of work fluctuate, regard shall be had to the average of hours worked over;

(a) if there is a recognisable cycle of work, the period of one complete cycle (including, where the cycle involves periods in which the person does no work, those periods but disregarding any other absences);
(b) In any other case, the period of 5 weeks immediately prior to that date of claim, or such other length of time as may, in the particular case, enable the person's weekly average hours of work to be determined more accurately,

6.3 Where, for the purposes of paragraph 6.2 a), a person's recognisable cycle of work at a school, other educational establishment or other place of employment is one year and includes periods of school holidays or similar vacations during which he does not work, those periods and any other periods not forming part of such holidays or vacations during which he is not required to work shall be disregarded in establishing the average hours for which he is engaged in work.

6.4 Where no recognisable cycle has been established in respect of a person's work, regard shall be had to the number of hours or, where those hours will fluctuate, the average of the hours, which he is expected to work in a week.

6.5 A person shall be treated as engaged in remunerative work during any period for which he is absent from work referred to in paragraph 6.1 if the absence is either without good cause or by reason of a recognised customary or other holiday.

6.6 A person on Income Support, an income-based Jobseeker's Allowance or an income-related Employment and Support Allowance for more than 3 days shall be treated as not being in remunerative work in that week.

6.7 A person shall not be treated as engaged in remunerative work on any day on which the person is on maternity leave, paternity leave or adoption leave, or is absent from work because he is ill.

6.8 A person shall not be treated as engaged in remunerative work on any day on which he is engaged in an activity in respect of which;
(a) a sports award has been made, or is to be made, to him; and
(b) no other payment is made or is expected to be made to him.

7.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control

Persons treated as not being in Great Britain

7.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.

7.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.

7.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.

7.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
- (a) regulation 13 of the EEA Regulations;
- (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
  - (i) a jobseeker for the purpose of the definition of "qualified person" in regulation 6(1) of those Regulations, or
  - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
- (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).

7.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—
- (a) article 3 (grant of leave to EEA and Swiss nationals) of the Immigration (European Economic Area Nationals) (EU Exit) Order 2019 made under section 3A of that Act;
- (b) Appendix EU to the immigration rules made under section 3(2) of that Act; or
- (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act.

7.5 A person falls within this paragraph if the person is—
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations (5) as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967; Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971[3] where that leave is—
  - (i) discretionary leave to enter or remain in the United Kingdom,
  - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
  - (iii) leave deemed to have been granted by virtue of regulation 3 of the

Displaced Persons (Temporary Protection) Regulations 2005.

(f) a person who has humanitarian protection granted under those rules;

(g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;

(h) in receipt of income support or on an income-related employment and support allowance; or

(i) a person who is treated as a worker for the purpose of the definition of "qualified person" in regulation 6(1) of the EEA Regulations pursuant to regulation 5 of the Accession of Croatia (Immigration and Worker

3 As amended by the Immigration Act 2014 and the Immigration Act 2014 (Commencement No. 2) Order 2014

(j) Authorisation) Regulations 2013 (right of residence of a Croatian who is an "accession State national subject to worker authorisation")

7.6 A person falls within this paragraph if the person is a Crown servant or member of Her Majesty's forces posted overseas.

7.7 A person mentioned in sub-paragraph (6) is posted overseas if the person is performing overseas the duties of a Crown servant or member of Her Majesty's forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.

7.8 In this section—
"claim for asylum" has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;
"Crown servant" means a person holding an office or employment under the Crown;
"EEA Regulations" means the Immigration (European Economic Area) Regulations 2006; The Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014; and
"Her Majesty's forces" has the same meaning as in the Armed Forces Act 2006.

Persons subject to immigration control

7.9 Persons subject to immigration control are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.

7.10 A person who is a national of a state which has ratified the European Convention on Social and Medical Assistance (done in Paris on 11th December 1953) or a state which has ratified the Council of Europe Social Charter (signed in Turin on 18th October 1961) and who is lawfully present in the United Kingdom is not a person subject to immigration control for the purpose of paragraph 7.9.

7.11 "Person subject to immigration control" has the same meaning as in section 115(9) of the Immigration and Asylum Act 1999.

7A.0 Transitional provision

7A.1 The above does not apply to a person who, on 31st March 2015
- (a) is liable to pay council tax at a reduced rate by virtue of a Council Tax Support under an authority's scheme established under section 13A (2) of the Act; and
- (b) is entitled to an income-based jobseeker's allowance, until the first of the events in paragraph 7A.2 occurs.

7A.2 The events are—
- (a) the person makes a new application for a reduction under an authority's scheme established under section 13A (2) of the Act; or
- (b) the person ceases to be entitled to an income-based jobseeker's allowance.

7A.3 In this section "the Act" means the Local Government Finance Act 1992.

8.0 Temporary Absence (period of absence)

8.1 A person is not absent from a dwelling in relation to any day which falls within a period of temporary absence from that dwelling.

8.2 In sub-paragraph (1), a "period of temporary absence" means:

- (a) a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation where and for so long as:
  - (i) the person resides in that accommodation in Great Britain;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let; and
  - (iii) that period of absence does not form part of a longer period of absence from the dwelling of more than 52 weeks, and where he has entered the residential accommodation for the purpose of ascertaining whether it suits his needs and with the intention of returning to the dwelling if it proves not to suit his needs;
- (b) a period of absence within Great Britain not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as:
  - (i) the person intends to return to the dwelling;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let;
  - (iii) that period is unlikely to exceed 13 weeks; and
- (c) a period of absence within Great Britain not exceeding 52 weeks, beginning with the first whole day of that absence, where and for so long as:
  - (i) the person intends to return to the dwelling;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let;
  - (iii) the person is a person to whom sub-paragraph (3) applies; and
  - (iv) the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period and;
- (d) subject to sub-paragraphs (2F), (3C), (3E) and (3G) and where sub-paragraph (2E) applies, a period of absence outside Great Britain not

exceeding 4 weeks, beginning with the first day of that absence from Great Britain where and for so long as:

(i) the person intends to return to the dwelling;

(ii) the part of the dwelling in which he usually resides is not let or sub-let; and

(iii) the period of absence from Great Britain is unlikely to exceed 4 weeks.

8.2A The period of 13 weeks referred to in sub-paragraph (2)(b) shall run or continue to run during any period of absence from Great Britain.

8.2B Where:

(a) a person returns to Great Britain after a period of absence from Great Britain (period A);

(b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 13 weeks beginning with the first day of absence from that dwelling; and

(c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence, then any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(b).

8.2C The period of 52 weeks referred to in sub-paragraph (2)(c) shall run or continue to run during any period of absence from Great Britain.

8.2D Where:

(a) a person returns to Great Britain after a period of absence from Great Britain (period A);

(b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 52 weeks beginning with the first day of absence from that dwelling; and

(c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence, then, any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(c).

8.2E This sub-paragraph applies where:

(a) a person is temporarily absent from Great Britain;

(b) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

8.2F If the temporary absence referred to in sub-paragraph (2)(d) is in connection with the death of:

(a) the person's partner or a child or young person for whom the person or the person's partner is responsible;

(b) the person's close relative;

(c) the close relative of the person's partner; or

(d) the close relative of a child or young person for whom the person or the person's partner is responsible, then the period of 4 weeks in the opening words of sub-paragraph (2)(d) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person

to return to Great Britain within the first 4 weeks (and the reference in sub-paragraph (iii) of that paragraph to a period of 4 weeks shall, where the period is extended, be taken as referring to the period as so extended).

8.3 This sub-paragraph applies to a person who—
- (a) is detained in custody on remand pending trial or required, as a condition of bail, to reside—
  - (i) in a dwelling, other than the dwelling referred to in sub-paragraph (1), or
  - (ii) in premises approved under section 13 of the Offender Management Act 2007, or is detained in custody pending sentence upon conviction;
- (b) is resident in a hospital or similar institution as a patient;
- (c) is undergoing, or whose partner or dependent child is undergoing, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- (d) is following, a training course;
- (e) is undertaking medically approved care of a person;
- (f) is undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care or medical treatment;
- (g) is receiving medically approved care provided in accommodation other than residential accommodation;
- (h) is a student;
- (i) is receiving care provided in residential accommodation and is not a person to whom sub-paragraph (2)(a) applies; or
- (j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

8.3A This sub-paragraph applies to a person ("P") who is:
- (a) detained in custody on remand pending trial;
- (b) detained pending sentence upon conviction; or
- (c) as a condition of bail required to reside—
  - (i) in a dwelling, other than a dwelling P occupies as P's home; or
  - (ii) in premises approved under section 13 of the Offender Management Act 2007(7), and who is not also detained in custody following sentence upon conviction.

8.3B This sub-paragraph applies where:
- (a) a person is temporarily absent from Great Britain;
- (b) the person is a member of Her Majesty's forces posted overseas, a mariner or a continental shelf worker;
- (c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

8.3C Where sub-paragraph (3B) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
- (a) the person intends to return to the dwelling;
- (b) the part of the dwelling in which he usually resided is not let or sub-let;
- (c) the period of absence from Great Britain is unlikely to exceed 26 weeks.

8.3D This sub-paragraph applies where—
(a) a person is temporarily absent from Great Britain;
(b) the person is a person described in any of paragraphs (b), (c), (g) or (j) of sub-paragraph (3);
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

8.3E Where sub-paragraph (3D) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
(a) the person intends to return to the dwelling;
(b) the part of the dwelling in which he usually resided is not let or sub-let;
(c) the period of absence is unlikely to exceed 26 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.

8.3F This sub-paragraph applies where:
(a) a person is temporarily absent from Great Britain;
(b) the person is a person described in any of paragraphs (a), (d), (e), (f), (h) or (i) of sub-paragraph (3);
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

8.3G Where sub-paragraph (3F) applies, a period of absence from Great Britain not exceeding 4 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
(a) the person intends to return to the dwelling;
(b) the part of the dwelling in which he usually resided is not let or sub-let;
(c) the period of absence is unlikely to exceed 4 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.";

8.4 This sub-paragraph applies to a person who is—
(a) detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983, or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003 or the Criminal Procedure (Scotland) Act 1995 or, in Northern Ireland, under Article 4 or 12 of the Mental Health (Northern Ireland) Order 1986); and
(b) on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952 or the Prisons (Scotland) Act 1989.

8.5 Where sub-paragraph (4) applies to a person, then, for any day when he is on temporary release—
(a) if such temporary release was immediately preceded by a period of temporary absence under sub-paragraph (2)(b) or (c), he must be treated, for the purposes of sub-paragraph (1), as if he continues to be absent from the dwelling, despite any return to the dwelling;
(b) for the purposes of sub-paragraph (3A), he must be treated as if he remains in detention;

(c) if he does not fall within paragraph (a), he is not to be considered to be a person who is liable to pay council tax in respect of a dwelling of which he is a resident.

8.6 In this paragraph—
"continental shelf worker" means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any of the activities mentioned in section 11(2) of the Petroleum Act 1998;
"designated area" means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964 as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;
"mariner" means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where—
(a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
(b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;";
"medically approved" means certified by a medical practitioner;
"member of Her Majesty's forces posted overseas" means a person who is a member of the regular forces or the reserve forces (within the meaning of section 374 of the Armed Forces Act 2006(**10**)), who is absent from the main dwelling because the person has been posted outside of Great Britain to perform the duties of a member of Her Majesty's regular forces or reserve forces;
"patient" means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution;
"prescribed area" means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;"
"residential accommodation" means accommodation which is provided in:

(a) a care home;
(b) an independent hospital;
(c) an Abbeyfield Home; or
(d) an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;

"training course" means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

Sections 9 - 11
The family for Council Tax Support purposes

9.0 Membership of a family

9.1 Within the support scheme adopted by the Council ‘family’ means;

(a) a married or unmarried couple;

(b) married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;

(c) two people of the same sex who are civil partners of each other and are members of the same household (with or without children);

(d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),

(e) and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;

(f) except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

For the purposes of the scheme a child is further defined as a ‘child or young person’
A ‘child’ means a person under the age of 16 and a ‘Young Person’ is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

- they are aged 16, have left 'relevant education' or training, and 31 August following the sixteenth birthday has not yet been passed;
- they are aged 16 or 17, have left education or training, are registered for work, education or training, are not in remunerative work and are still within their 'extension period';
- they are on a course of full-time non-advanced education, or are doing 'approved training', and they began that education or training before reaching the age of 19;
- they have finished a course of full-time non-advanced education, but are enrolled on another such course (other than one provided as a result of their employment);
- they have left 'relevant education' or 'approved training' but have not yet passed their 'terminal date'.

9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;

(a) on income support;

(b) an income-based Jobseeker’s Allowance or an income-related Employment and Support allowance; or has an award of Universal Credit; or

(c) a person to whom section 6 of the Children (Leaving Care) Act 2000 (exclusion from benefits) applies.

9.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that Child Benefit is payable

10.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.

10.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him and this includes a child or young person to whom paragraph 9.3 applies

10.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;

(a) the person who is receiving child benefit in respect of him; or
(b) if there is no such person;
  i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or
  ii. in any other case the person who has the primary responsibility for him.

10.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

10.4 In accordance with Schedule 1 of this scheme, the number of dependants determined to be within the household shall be limited to two.

11.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household

11.1 Subject to paragraphs 11.2 and 11.3, the applicant and any partner and, where the applicant or his partner is treated as responsible by virtue of section 10 (circumstances in which a person is to be treated as responsible or not responsible for a child or young person) for a child or young person, that child or young person and any child of that child or young person, shall be treated as members of the same household notwithstanding that any of them is temporarily absent from that household.

11.2 A child or young person shall not be treated as a member of the applicant's household where he is;

(a) placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
(b) placed, or in Scotland boarded out, with the applicant or his partner prior to adoption; or
(c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009.

11.3 Subject to paragraph 11.4, paragraph 11.1 shall not apply to a child or young person who is not living with the applicant and he–

(a) is being looked after by, or in Scotland is in the care of, a local authority under a relevant enactment; or
(b) has been placed, or in Scotland boarded out, with a person other than the applicant prior to adoption; or
(c) has been placed for adoption in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009; or in accordance with an adoption allowance scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (adoption allowances schemes).

11.4 The authority shall treat a child or young person to whom paragraph 11.3 a) applies as being a member of the applicant's household where;
(a) that child or young person lives with the applicant for part or all of that reduction week; and
(b) the authority considers that it is responsible to do so taking into account the nature and frequency of that child's or young person's visits.

11.5 In this paragraph 'relevant enactment' means the Army Act 1955, the Air Force Act 1955, the Naval Discipline Act 1957, the Matrimonial Proceedings (Children) Act 1958, the Social Work (Scotland) Act 1968, the Family Law Reform Act 1969, the Children and Young Persons Act 1969, the Matrimonial Causes Act 1973, the Children Act 1975, the Domestic Proceedings and Magistrates' Courts Act 1978, the Adoption and Children (Scotland) Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012.

Sections 12 – 30 & Schedules 2 & 3
Definition and the treatment of income for Council Tax Support purposes

12.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage

12.1 The income and capital of:
(a) an applicant; and
(b) any partner of that applicant,
is to be calculated in accordance with the provisions of this Part.

12.2 The income and capital of any partner of the applicant is to be treated as income and capital of the applicant, and in this Part any reference to the applicant applies equally to any partner of that applicant.

12.3 Where an applicant or the partner of an applicant is married polygamously to two or more members of his household:

(a) the applicant must be treated as possessing capital and income belonging to each such member; and
(b) the income and capital of that member is to be calculated in accordance with the following provisions of this Part in like manner as for the applicant.

13.0 Calculation of income and capital: persons who have an award of universal credit

13.1 In determining the income of an applicant
(a) who has, or
(b) who (jointly with his partner) has,
an award of universal credit the authority must, subject to the following provisions of this paragraph use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit.

13.2 The calculation of income such an applicant defined within 13.1 shall be:

The Universal Credit award as defined in paragraph 13.3;
Less
The housing costs element of Universal Credit as determined by the authority as appropriate (where the housing element within the Universal Credit exceeds the Universal Credit award, then for the sake of the calculation the Universal Credit award and housing costs shall be treated as zero);
Plus
Any other income declared by the applicant including their net Universal Credit earnings, tariff income and any Universal Credit other income (from the net earnings the authority shall deduct the earnings disregards);
Less
Any disregarded income as specified in schedule 3;
Equals
Total income for the purposes of this scheme.

13.3 **'Net Universal Credit Earnings'**
Means any earnings defined by the secretary of state for work and pensions (DWP) prior to any earnings allowance. For the sake of clarity net universal credit earnings are calculated by reducing the gross earnings during the universal credit assessment period by any tax, national insurance or 50% pension contributions assessed by the secretary of state for work and pensions (DWP).

'Universal Credit Award'
Means, the award of Universal Credit before any deductions for loans, advances, budgeting, other deductions or sanctions (excluding Benefit Cap Reduction).

14.0 Circumstances in which capital and income of non-dependant is to be treated as applicant's

14.1 Where it appears to the authority that a non-dependant and the applicant have entered into arrangements in order to take advantage of the Council Tax Support scheme and the non-dependant has more capital and income than the applicant, that authority shall, except were the applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, treat the applicant as possessing capital and income belonging to that non-dependant, and, in such a case, shall disregard any capital and income which the applicant does possess.`

14.2 Where an applicant is treated as possessing capital and income belonging to a non-dependant under paragraph 14.1 the capital and income of that non-dependant shall be calculated in accordance with the following provisions in like manner as for the applicant and any reference to the 'applicant' shall, except where the context otherwise requires, be construed for the purposes of this scheme as if it were a reference to that non-dependant.

15.0 Calculation of income on a weekly basis

15.1 For the purposes of this scheme and in line with regulation 34 of the Housing Benefit Regulations 2006 (disregard to changes in tax, contributions etc.), the income of an applicant shall be calculated on a weekly basis by estimating the amount which is likely to be his average weekly income in accordance with this Section and in line with Sections 2, 3, 4 and 5 of Part 6 of the Housing Benefit Regulations 2006 and then by then deducting any relevant childcare charges to which paragraph 18 (treatment of childcare charges) applies from any earnings which form part of the average weekly income.

15.2 The conditions of this paragraph are that;
(a) the applicant's earnings which form part of his average weekly income are less than the lower of either his relevant childcare charges or whichever of the deductions specified in paragraph (3) otherwise applies in his case; and
(b) that applicant or, if he is a member of a couple either the applicant or his partner, is in receipt of either working tax credit or child tax credit.

15.3 The maximum childcare deduction to which paragraph 18 refers shall be;
(a) where the applicant's family includes only one child in respect of whom relevant childcare charges are paid, £175.00 per week.
(b) where the applicant's family includes more than one child in respect of whom relevant childcare charges are paid, £300.00 per week.

16.0 Average weekly earnings of employed earners

16.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment–
(a) over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
i. 5 weeks, if he is paid weekly; or
ii. 2 months, if he is paid monthly; or
(b) whether or not sub-paragraph 16.1a i) or ii) applies, where an applicant's earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated as made as may, in any particular case, enable his average weekly earnings to be estimated more accurately.

16.2 Where the applicant has been in his employment for less than the period specified in paragraph 16.1 a)(i) or (ii)
(a) if he has received any earnings for the period that he has been in that employment and those earnings are likely to represent his average weekly earnings from that employment his average weekly earnings shall be estimated by reference to those earnings;
(b) in any other case, the authority shall require the applicant's employer to furnish an estimate of the applicant's likely weekly earnings over such period as the authority may require and the applicant's average weekly earnings shall be estimated by reference to that estimate.

16.3 Where the amount of an applicant's earnings changes during an award the authority shall estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed 52 weeks.

16.4 For the purposes of this section the applicant's earnings shall be calculated in accordance with sections 22 and 23

17.0 Average weekly earnings of self-employed earners

17.1 Where an applicant's income consists of earnings from employment as a self-employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately but the length of the period shall not in any case exceed a year.

17.2 An applicant's income which does not consist of earnings shall be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately but the length of the period shall not in any case exceed 52 weeks.

18.0 Treatment of childcare charges

18.1 This section applies where an applicant is incurring relevant child-care charges and;
(a) is a lone parent and is engaged in remunerative work;
(b) is a member of a couple both of whom are engaged in remunerative work; or
(c) is a member of a couple where one member is engaged in remunerative work and the other;
  i. is incapacitated;
  ii. is an in-patient in hospital; or
  iii. is in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).

18.2 For the purposes of paragraph 18.1 and subject to paragraph 18.4, a person to whom paragraph 18.3 applies shall be treated as engaged in remunerative work for a period not exceeding 28 weeks during which he–
(a) is paid statutory sick pay;
(b) is paid short-term incapacity benefit at the lower rate under sections 30A to 30E of the Act;
(c) is paid an employment and support allowance;
(d) is paid income support on the grounds of incapacity for work under regulation 4ZA of, and paragraph 7 or 14 of Schedule 1B to, the Income Support Regulations 1987; or
(e) is credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975.

18.3 This paragraph applies to a person who was engaged in remunerative work immediately before
(a) the first day of the period in respect of which he was first paid statutory sick pay, short-term incapacity benefit, an employment and support allowance or income support on the grounds of incapacity for work; or
(b) the first day of the period in respect of which earnings are credited, as the case may be.

18.4 In a case to which paragraph 18.2 d) or e) applies, the period of 28 weeks begins on the day on which the person is first paid income support or on the first day of the period in respect of which earnings are credited, as the case may be.

18.5 Relevant childcare charges are those charges for care to which paragraphs 18.6 and 18.7 apply and shall be calculated on a weekly basis in accordance with paragraph 18.10.

18.6 The charges are paid by the applicant for care, which is provided
(a) in the case of any child of the applicant's family who is not disabled, in respect of the period beginning on that child's date of birth and ending on the

day preceding the first Monday in September following that child's fifteenth birthday; or

(b) in the case of any child of the applicant's family who is disabled, in respect of the period beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday.

18.7 The charges are paid for care, which is provided by one, or more of the care providers listed in paragraph 18.8 and are not paid–

(a) in respect of the child's compulsory education;

(b) by an applicant to a partner or by a partner to an applicant in respect of any child for whom either or any of them is responsible in accordance with section 10 (circumstances in which a person is treated as responsible or not responsible for another); or

(c) in respect of care provided by a relative of the child wholly or mainly in the child's home.

18.8 The care to which paragraph 18.7 refers may be provided;

(a) out of school hours, by a school on school premises or by a local authority;

i. for children who are not disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their fifteenth birthday; or

ii. for children who are disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their sixteenth birthday; or

(b) by a childcare provider approved in accordance with by the Tax Credit (New Category of Child Care Provider) Regulations 1999;

(c) by persons registered under Part 2 of the Children and Families (Wales) Measure 2010;

or

(d) by a person who is excepted from registration under Part 2 of the Children and Families (Wales) Measure 2010 because the childcare that person provides is in a school or establishment referred to in article 11, 12 or 14 of the Child Minding and Day Care Exceptions (Wales) order 2010; or

(e) by;

i. persons registered under section 59(1) of the Public Services Reform Scotland Act 2010;

or

ii. local authorities registered under section 83(1) of that Act, where the care provided is child minding or daycare within the meaning of that Act; or

(f) by a person prescribed in regulations made pursuant to section 12(4) of the Tax Credits Act 2002 or

(g) by a person who is registered under Chapter 2 or 3 of Part 3 of the Childcare Act 2006;

or

(h) by any of the schools mentioned in section 34(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 2 of Part 3 of that Act does not apply by virtue of section 34(2) of that Act; or

(i) by any of the schools mentioned in section 53(2) of the Childcare Act 2006 in

circumstances where the requirement to register under Chapter 3 of Part 3 of that Act does not apply by virtue of section 53(2) of that Act; or

(j) by any of the establishments mentioned in section 18(5) of the Childcare Act 2006 in circumstances where the care is not included in the meaning of 'childcare' for the purposes of Part 1 and Part 3 of that Act by virtue of that subsection; or

(k) by a foster parent or kinship carer under the Fostering Services Regulations 2002, the Fostering Services (Wales) Regulations 2003 or the Looked After Children (Scotland) Regulations 2009 in relation to a child other than one whom the foster parent is fostering, or kinship carer is looking after; or

(l) by a domiciliary care worker under the Domiciliary Care Agencies Regulations 2002 or the Domiciliary Care Agencies (Wales) Regulations 2004; or

(m) by a person who is not a relative of the child wholly or mainly in the child's home.

18.9 In paragraphs 18.6 and 18.8 a), 'the first Monday in September' means the Monday which first occurs in the month of September in any year.

18.10 Relevant childcare charges shall be estimated over such period, not exceeding a year, as is appropriate in order that the average weekly charge may be estimated accurately having regard to information as to the amount of that charge provided by the child minder or person providing the care.

18.11 For the purposes of paragraph 18.1 c) the other member of a couple is incapacitated where

(a) **but for the application of this scheme**, the applicant's applicable amount includes a disability premium on account of the other member's incapacity or the support component or the work- related activity component on account of his having limited capability for work

(b) **but for the application of this scheme**, the applicant's applicable amount would include a disability premium on account of the other member's incapacity but for that other member being treated as capable of work by virtue of a determination made in accordance with regulation made under section 171E of the Act;

(c) **but for the application of this scheme**, the applicant's applicable amount would include the support component or the work-related activity component on account of the other member having limited capability for work but for that other member being treated as not having limited capability for work by virtue of a determination made in accordance with the Employment and Support Allowance Regulations 2008 or Employment and Support Regulations 2013;

(d) the applicant (within the meaning of this scheme) is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose, any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;

(e) the applicant (within the meaning of this scheme) has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations 20018 or Employment and Support Regulations 2013 for a continuous period of not

less than 196 days and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period;

(f) there is payable in respect of him one or more of the following pensions or allowances–
   i. long-term incapacity benefit or short-term incapacity benefit at the higher rate under Schedule 4 to the Act;
   ii. attendance allowance under section 64 of the Act;
   iii. severe disablement allowance under section 68 of the Act;
   iv. disability living allowance under section 71 of the Act;
   v. personal independence payment under the Welfare Reform Act 2012;
   vi. an AFIP;
   vii. increase of disablement pension under section 104 of the Act;
   viii. a pension increase paid as part of a war disablement pension or under an industrial injuries scheme which is analogous to an allowance or increase of disablement pension under head (ii), (iv) or (vii) above;
   ix. main phase employment and support allowance;

(g) a pension or allowance to which head (ii), (iv). (vi) or (viii) of sub-paragraph (f) above refers was payable on account of his incapacity but has ceased to be payable in consequence of his becoming a patient, which in this section shall mean a person (other than a person who is serving a sentence of imprisonment or detention in a youth custody institution) who is regarded as receiving free in-patient treatment within the meaning of social security (Hospital In-Patients) Regulations 2005.

(h) an AFIP would be payable to that person but for any suspension of payment in accordance with any terms of the armed and reserve forces compensation scheme which allow for a suspension because a person is undergoing medical treatment in a hospital or similar institution;

(i) paragraphs (f) or (g) would apply to him if the legislative provisions referred to in those sub-paragraphs were provisions under any corresponding enactment having effect in Northern Ireland; or

(j) he has an invalid carriage or other vehicle provided to him by the Secretary of State under section 5(2)(a) of and Schedule 2 to the National Health Service Act 1977 or under section 46 of the National Health Service (Scotland) Act 1978 or provided by the Department of Health, Social Services and Public Safety in Northern Ireland under Article 30(1) of the Health and Personal Social Services (Northern Ireland) Order 1972.

18.12 For the purposes of paragraph 18.11 once paragraph 18.11d) applies to the applicant, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable, or is treated as remaining incapable, of work.

18.12A For the purposes of paragraph 18.11, once paragraph 18.11e) applies to the applicant, if he then ceases, for a period of 84 days or less, to have, or to be treated as having, limited capability for work, that paragraph is, on his again having, or being treated as having, limited capability for work at the end of that period, immediately thereafter apply to him for so long as he has, or is treated as having, limited capability for work.

18.13 For the purposes of paragraphs 18.6 and 18.8 a), a person is disabled if he is a person–

(a) in respect of whom disability living allowance or personal independence payment is payable, or has ceased to be payable solely because he is a patient;

(b) who is registered as blind in a register compiled under section 29 of the National Assistance Act 1948 welfare services) or, in Scotland, has been certified as blind and in consequence he is registered as blind in a register maintained by or on behalf of a council constituted under section 2 of the Local Government (Scotland) Act 1994; or

(c) who ceased to be registered as blind in such a register within the period beginning 28 weeks before the first Monday in September following that person's fifteenth birthday and ending on the day preceding that person's sixteenth birthday.

18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 ('the relevant period') provided that–

(a) in the week before the period of maternity leave, paternity leave or shared parental leave effective from 5/4/2015 or adoption leave began she was in remunerative work or adoption leave began they were in remunerative work;

(b) the applicant is incurring relevant childcare charges within the meaning of paragraph 18.5; and

(c) They are entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act statutory adoption pay by of section 171ZL of the Act, maternity allowance under section 35 of the Act or qualifying support.

18.15 For the purposes of paragraph 18.14 the relevant period shall begin on the day on which the person's maternity, paternity leave or adoption leave commences and shall end on–

(a) the date that leave ends;

(b) if no childcare element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or

(c) if a childcare element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the childcare element of the working tax credits ends.
whichever shall occur first.

18.16 In paragraphs 18.14 and 18.15

(a) 'qualifying support' means income support to which that person is entitled by virtue of paragraph 14B of Schedule 1B to the Income Support Regulations 1987; and

(b) 'childcare element' of working tax credit means the element of working tax credit prescribed under section 12 of the Tax Credits Act (childcare element) 2002.

18.17 In this section ‘applicant’ does not include an applicant;
(a) who has, or
(b) who (jointly with his partner) has, an award of universal credit

19.0 Calculation of average weekly income from tax credits

19.1 This section applies where an applicant receives a tax credit.

19.2 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph 19.3

19.3 Where the instalment in respect of which payment of a tax credit is made is;
(a) a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
(b) a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;
(c) a two-weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
(d) a four-weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

19.4 For the purposes of this section ‘tax credit’ means child tax credit or working tax credit.

20.0 Calculation of weekly income

20.1 For the purposes of the average weekly earnings of employed earners and average weekly income other than earnings and calculation of average weekly income from tax credits, where the period in respect of which a payment is made;
(a) does not exceed a week, the weekly amount shall be the amount of that payment;
(b) exceeds a week, the weekly amount shall be determined–
i. in a case where that period is a month, by multiplying the amount of the payment by 12 and dividing the product by 52;
ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the product by 7.

20.2 For the purpose of the average weekly earnings of self-employed earners and the weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the product by 7.

21.0 Disregard of changes in tax, contributions etc.

21.1 In calculating the applicant’s income the Authority may disregard any legislative change

(a) in the basic or other rates of income tax;
(b) in the amount of any personal tax relief;
(c) in the rates of national insurance contributions payable under the Act or in the lower earnings limit or upper earnings limit for Class 1 contributions under the Act, the lower or upper limits applicable to Class 4 contributions under the Act or the amount specified in section11(4) of the Act (small profits threshold in relation to Class 2 contributions);
(d) in the amount of tax payable as a result of an increase in the weekly rate of Category A, B, C or D retirement pension or any addition thereto or any graduated pension payable under the Act; in the maximum rate of child tax credit or working tax credit,

22.0 Earnings of employed earners

22.1 Subject to paragraph 22.2, 'earnings' means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes–

(a) any bonus or commission;
(b) any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
(c) any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
(d) any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
(e) any payment by way of a retainer;
(f) any payment made by the applicant's employer in respect of expenses not wholly, exclusively and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of–
(g) (i) travelling expenses incurred by the applicant his home and his place of employment;
(ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
(h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
(i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
(j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
(k) any statutory sick pay, statutory maternity pay, statutory paternity pay, shared parental pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
(l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave, shared parental pay or adoption leave or is absent from work because he is ill;

(m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended[4].

22.2 Earnings shall not include–
(a) subject to paragraph 22.3, any payment in kind;
(b) any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of employment;
(c) any occupational pension
(d) any payment in respect of expenses arising out of the applicant's participation in a service user group or an applicant participating as a service user

22.3 Paragraph 22.2 (a) shall not apply in respect of any non-cash voucher referred to in paragraph 22.1 (l)

23.0 Calculation of net earnings of employed earners

23.1 For the purposes of section 16 (average weekly earnings of employed earners), the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall, subject to paragraph 23.2, be his net earnings.

23.2 There shall be disregarded from an applicant's net earnings, any sum, where applicable, specified in Schedule 2.

23.3 For the purposes of paragraph 23.1 net earnings shall, except where paragraph 23.6 applies, be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;
(a) any amount deducted from those earnings by way of
i) income tax;
ii) primary Class 1 contributions under the Act;
(b) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
(c) one-half of the amount calculated in accordance with paragraph 23.5 in respect of any qualifying contribution payable by the applicant; and
(d) where those earnings include a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, any amount deducted for those earnings by way of any contributions which are payable under any enactment having effect in Northern Ireland and which correspond to primary Class 1 contributions under the Act.

23.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.

4 Social Security (Contributions) (Amendment) Regulations 2013, Social Security (Contributions)(Amendment No. 2) Regulations 2013 and Social Security (Contributions) (Amendment) No. 2) Regulations 2013

23.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined–

(a) where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;

(b) in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.

23.6 Where the earnings of an applicant are estimated under sub-paragraph (b) of paragraph 2) of the section 16 (average weekly earnings of employment earners), his net earnings shall be calculated by taking into account those earnings over the assessment period, less–

(a) an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rata basis;

(b) an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and

(c) one-half of any sum which would be payable by the applicant by way of a contribution towards an occupational or personal pension scheme if the earnings so estimated were actual earnings.

24.0 Earnings of self-employed earners

24.1 Subject to paragraph 24.2, ‘earnings’, in the case of employment as a self-employed earner, means the gross income of the employment plus any allowance paid under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 to the applicant for the purpose of assisting him in carrying on his business unless at the date of claim the allowance has been terminated.

24.2 ‘Earnings’ shall not include any payment to which Schedule 3 refers (payments in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant’s care) nor shall it include any sports award.

24.3 This paragraph applies to–

(a) royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trademark; or

(b) any payment in respect of any–

i. book registered under the Public Lending Right Scheme 1982; or
ii. work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trademark, or an original contributor to the book of work concerned.

24.4 Where the applicant's earnings consist of any items to which paragraph 24.3 applies, those earnings shall be taken into account over a period equal to such number of weeks as is equal to the number obtained (and any fraction is to be treated as a corresponding fraction of a week) by dividing the earnings by
(a) the amount of the reduction under this scheme which would be payable had the payment not been made, plus
(b) an amount equal to the total of the sums which would fall to be disregarded from the payment under Schedule 2 (sums to be disregarded in the calculation of earnings) as appropriate in the applicant's case.

25.0 Calculation of net profit of self-employed earners

25.1 For the purposes of section 17 (average weekly earnings of self- employed earners) the earnings of an applicant to be taken into account shall be
(a) in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
(b) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less–
i. an amount in respect of income tax and of national insurance contributions payable under the Act calculated in accordance with section 26 (deduction of tax and contributions for self-employed earners); and
ii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.

25.2 There shall be disregarded from an applicant's net profit, any sum, where applicable, specified in Schedule 2.

25.3 For the purposes of paragraph 25.1 a) the net profit of the employment must, except where paragraph 25.9 applies, be calculated by taking into account the earnings for the employment over the assessment period less
(a) subject to paragraphs 25.5 to 25.7, any expenses wholly and exclusively incurred in that period for the purposes of that employment;
(b) an amount in respect of;
(i) income tax, and
(ii) national insurance contributions payable under the Act, calculated in accordance with section 26 (deduction of tax and contributions for s self-employed earners); and
(c) one-half of the amount calculated in accordance with paragraph (25.11) in respect of any qualifying premium.

25.4 For the purposes of paragraph 25.1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, subject to paragraphs 25.5 to 25.8, any expenses wholly and exclusively incurred in that period for the purposes of the employment.

25.5 Subject to paragraph 25.6 no deduction shall be made under paragraph 25.3 (a) or 25.4, in respect of–
- (a) any capital expenditure;
- (b) the depreciation of any capital asset;
- (c) any sum employed or intended to be employed in the setting up or expansion of the employment;
- (d) any loss incurred before the beginning of the assessment period;
- (e) the repayment of capital on any loan taken out for the purposes of the employment;
- (f) any expenses incurred in providing business entertainment, and
- (g) any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.

25.6 A deduction shall be made under paragraph 25.3 (a) or 25.4 in respect of the repayment of capital on any loan used for–
- (a) the replacement in the course of business of equipment or machinery; and
- (b) the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.

25.7 The authority shall refuse to make deductions in respect of any expenses under paragraph 25.3 a. or 25.4 where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.

25.8 For the avoidance of doubt–
- (a) deductions shall not be made under paragraph 25.4 in respect of any sum unless it has been expended for the purposes of the business;
- (b) a deduction shall be made thereunder in respect of–
  - i. the excess of any value added tax paid over value added tax received in the assessment period;
  - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
  - iii. any payment of interest on a loan taken out for the purposes of the employment

25.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of
- (a) income tax; and
- (b) national insurance contributions payable under the Act, calculated in accordance with section 26 (deduction of tax and contributions for self-employed earners); and
- (c) one-half of the amount calculated in accordance with paragraph 25.1 in respect of any qualifying contribution.

25.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.

25.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined

(a) where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;

(b) in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.

25.12 In this section, 'qualifying premium' means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.

26.0 Deduction of tax and contributions of self-employed earners

26.1 The amount to be deducted in respect of income tax under section 25.1b) i), 25.3 b) i) or 25.9 a) i) (calculation of net profit of self-employed earners) shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988(personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

26.2 The amount to be deducted in respect of national insurance contributions shall be the total of–

(a) the amount of Class 2 contributions payable under section 11(1) or, as the case may be, 11(3) of the Act at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and

(b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

26.3 In this section ‘chargeable income’ means–

(a) except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under paragraph 25.3(a) or, as the case may be, 25.4 of section 25;

(b) in the case of employment as a child minder, one-third of the earnings of that employment.

27.0 Minimum Income Floor

27.1 Where no start-up period (as defined within 27.2) applies to the applicant and the income from self- employment of the applicant or partner as calculated by reference to parts of this scheme is less than 35 hours multiplied by the appropriate National Living / Minimum Wage, the income used by the Council in the calculation of their award may be increased to that amount. The National Living / Minimum Wage applied shall be that which applies to the relevant assessment period less an estimate for tax, national insurance and half a pension contribution (where a pension contribution is being made), as if estimating the income of an ordinary employed worker.

27.2 The Council shall determine an appropriate startup period for the employment activity being conducted by the claimant or partner. This will normally be one year from the date of claim, or one year from the date of commencement of the employment activity, whichever is sooner. During this period, no Minimum Income Floor shall be applied. The start-up period ends where the person is no longer in gainful self-employment.

27.3 Where a claimant or partner holds a position in a company that is analogous to that of a sole owner or partner in the business of that company, he shall be treated as if he were such sole owner or partner and in such a case be subject to the Minimum Income Floor where appropriate.

27.4 Ordinarily, no start-up period may be applied in relation to a claimant where a start-up period has previously been applied, whether in relation to a current or previous award of a Council Tax Support or where one would have been applied, if not for the operation of Council Tax Benefit. The Council may allow a subsequent employment to qualify for a startup period based on the previous history of the claimant and an assessment of such evidence that would support a decision to allow for a subsequent startup period.

27.5 In order to establish whether to award a start-up period, or at its discretion a subsequent start-up period, the claimant must satisfy the Council that the employment is:

- Genuine and effective. The council must be satisfied that the employment activity is being conducted
- Taking up the stated number of working hours
- Being conducted with the intention of increasing the income to the level that would be conducive with that form of employment.

27.6 For the purposes of determining whether a claimant is in gainful self-employment or meets the conditions for a startup-period, the Council will require the claimant to

provide such evidence or information that it reasonably requires to make that decision.

28.0 Calculation of income other than earnings

28.1 For the purposes of calculating the average weekly income other than earnings, the income of an applicant which does not consist of earnings to be taken into account shall be his gross income and any capital treated as income.

28.2 There is to be disregarded from the calculation of an applicant's gross income under paragraph 28.1, any sum, where applicable, specified in Schedule 3.

28.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account under paragraph 28.1 shall be the gross amount payable.

28.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations 2008 or 2013 as appropriate, the amount of that benefit to be taken into account is the amount as if it had not been reduced.

28.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act 2002 is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account under paragraph 19.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

28.6 In paragraph 28.5 'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.

28.7 Paragraph 28.8 and 28.9 apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.

28.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 28.1 in respect of a person to whom paragraph 28.7 applies, shall be calculated by applying the formula–

$$\frac{A - (B \times C)}{D}$$

Where

A = the total amount of the relevant payment which that person would have received had he remained a student until the last day of the academic term in which he abandoned, or was dismissed from, his course.

B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;

C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to Council Tax Support immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;
D = the number of reduction weeks in the assessment period.

28.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph 28.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 28.8 but as if–
A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course or was dismissed from it.

28.10 In this section– 'academic year' and 'student loan' shall have the same meanings as for the purposes of sections 41 to 43, 'assessment period' means–

(a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;

(b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes–

i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or

ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person whichever of these dates is earlier 'quarter' in relation to an assessment period means a period in that year beginning on;

a. 1st January and ending on 31st March;

b. 1st April and ending on 30th June;

c. 1st July and ending on 31st August; or

d. 1st September and ending on 31st December;

'relevant payment' means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 44.7 or both.

28.11 For the avoidance of doubt there shall be included as income to be taken into account under paragraph 28.1

(a) any payment to which payments not earnings applies; or

(b) in the case of an applicant who is receiving support under section 95 or 98 of the Immigration and Asylum Act 1999 including support provided by virtue of regulations made under Schedule 9 to that Act, the amount of such support provided in respect of essential living needs of the applicant and his dependants (if any) as is specified in regulations made under paragraph 3 of Schedule 8 to the Immigration and Asylum Act 1999.

29.0 Capital treated as income

29.1 Any capital payable by instalments which are outstanding at the date on which the claim is made or treated as made, or, at the date of any subsequent revision or supersession, shall, if the aggregate of the instalments outstanding and the amount of the applicant's capital otherwise calculated in accordance with sections 31 to 40 of this scheme exceeds £16,000, be treated as income.

29.2 Any payment received under an annuity shall be treated as income.

29.3 Any earnings to the extent that they are not a payment of income shall be treated as income.

29.4 Any Career Development Loan paid pursuant to section 2 of the Employment and Training Act 1973 Act shall be treated as income

29.5 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

30.0 Notional income

30.1 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of support or increasing the amount of that support.

30.2 Except in the case of–

(a) a discretionary trust;
(b) a trust derived from a payment made in consequence of a personal injury;
(c) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;
(d) any sum to which paragraph 47(2)(a) of Schedule 4 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a);
(e) any sum to which paragraph 48(a) of Schedule 4 refers;
(f) rehabilitation allowance made under section 2 of the 1973 Act;
(g) child tax credit; or
(h) working tax credit,
(i) any income which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by the applicant but only from the date on which it could be expected to be acquired were an application made.

30.3 Any payment of income, made–

(a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;

(b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;

(c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

30.4 Paragraph 30.3 shall not apply in respect of a payment of income made–

(a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);

(b) pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);

(c) pursuant to section 2 of the 1973 Act in respect of a person's participation–

(i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;

(ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;

(iii) in the Intense Activity Period specified in regulation75(1)(a)(iv) of those Regulations;

(iv) in a qualifying course within the meaning specified in regulation 17A (7) of those Regulations or;

(v) in the Single Work Programme;

(d) in respect of a person's participation in the Work for Your Benefit Pilot Scheme

(e) in respect of a previous participation in the Mandatory Work Activity Scheme;

(f) in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme;

(g) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where–

(i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;

(ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and

(iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

30.5 Where an applicant is in receipt of any benefit (other than Council Tax Support) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from either 1st April or the first Monday in April in that year, whichever date the authority shall select to apply in its area, to the date on which the altered rate is to take effect.

30.6 Subject to paragraph 30.7, where–

(a) applicant performs a service for another person; and

(b) that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

30.7 Paragraph 30.6 shall not apply–

(a) to an applicant who is engaged by a charitable or voluntary organisation or who is a volunteer if the authority is satisfied in any of those cases that it is reasonable for him to provide those services free of charge; or

(b) in a case where the service is performed in connection with–

(i) the applicant's participation in an employment or training programme in accordance with regulation 19(1)(q) of the Jobseeker's Allowance Regulations, other than where the service is performed in connection with the applicant's participation in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations or

(ii) the applicant's or the applicant's partner's participation in an employment or training programme as defined in regulation 19(3) of those Regulations for which a training allowance is not payable or, where such an allowance is payable, it is payable for the sole purpose of reimbursement of travelling or meal expenses to the person participating in that programme; or

(c) to an applicant who is participating in a work placement approved by the Secretary of State (or a person providing services to the Secretary of State) before the placement starts.

30.8 In paragraph 30.7 (c) 'work placement' means practical work experience which is not undertaken in expectation of payment.

30.9 Where an applicant is treated as possessing any income, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income as if a payment has actually been made and as if it were actual income which he does possess.

30.10 Where an applicant is treated a possessing any earnings, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of those earnings as if a payment had actually been made and as if they were actual

earnings which he does possess and his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

(a) an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal relief deductible under this sub-paragraph shall be calculated on a pro rate basis;

(b) an amount equivalent to the amount of the primary Class 1 contributions that would be payable by him under the Act in respect of those earnings if such contributions were payable; and

(c) one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

30.11 The foregoing paragraphs shall not apply in respect of any amount of income other than earnings, or earnings of an employed earner, arising out of the applicant's participation in a service user group or an applicant participating as a service user

Sections 31 – 40 & Schedule 4
Definition and the treatment of capital for Council Tax Support purposes

31.0 Capital limit

31.1 For the purposes of this scheme, the prescribed amount is £16,000 no reduction shall be granted under this scheme when the Applicant has an amount of capital greater than this level.

32.0 Calculation of capital

32.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (32.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 34 (income treated as capital).

32.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (32.1), any capital, where applicable, specified in Schedule 4.

33.0 Disregard of capital of child and young person

33.1 The capital of a child or young person who is a member of the applicant's family shall not be treated as capital of the applicant.

34.0 Income treated as capital

34.1 Any bounty derived from employment and paid at intervals of at least one year shall be treated as capital.

34.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.

34.3 Any holiday pay which is not earnings shall be treated as capital.

34.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 4, any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.

34.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.

34.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, `` shall be treated as capital.

34.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-

employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.

34.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.

34.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

35.0 Calculation of capital in the United Kingdom

35.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less–
(a) where there would be expenses attributable to the sale, 10 per cent.; and
(b) the amount of any encumbrance secured on it;

36.0 Calculation of capital outside the United Kingdom

36.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated
(a) in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.
(b) in a case where there is such a prohibition, at the price which it would realize if sold in the United Kingdom to a willing buyer, less, where there would be expenses attributable to sale, 10 per cent and the amount of any encumbrances secured on it.

37.0 Notional capital

37.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to Council Tax Support or increasing the amount of that support except to the extent that that capital is reduced in accordance with section 38 (diminishing notional capital rule).

37.2 Except in the case of
(a) a discretionary trust; or
(b) a trust derived from a payment made in consequence of a personal injury; or
(c) any loan which would be obtained only if secured against capital disregarded under Schedule 4; or
(d) a personal pension scheme, occupational pension scheme or a payment made by the
Board of the Pension Protection Fund; or
(e) any sum to which paragraph 47(2)(a) of Schedule 4 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a); or
(f) any sum to which paragraph 48(a) of Schedule 4 refers; or

(g) child tax credit; or
(h) working tax credit,
(i) any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.

37.3 Any payment of capital, other than a payment of capital specified in paragraph (37.4), made
(a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
(b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph (a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
(c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

37.4 Paragraph 37.3 shall not apply in respect of a payment of capital made
(a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
(b) pursuant to section 2 of the 1973 Act in respect of a person's participation
(i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
(ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
(iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
(iv) in a qualifying course within the meaning specified in regulation17A (7) of those Regulations; or
(v) in the Single Work Programme;
(bb) in respect of a person's participation in the Mandatory Work Activity Scheme; Enterprise Scheme;
(bc) in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme;
(c) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where–
(i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of

that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;

(ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and

(iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

37.5 Where an applicant stands in relation to a company in a position analogous to that of a sole owner or partner in the business of that company, he may be treated as if he were such sole owner or partner and in such a case

(a) the value of his holding in that company shall, notwithstanding section 32 (calculation of capital) be disregarded; and

(b) he shall, subject to paragraph 37.6, be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

37.6 For so long as the applicant undertakes activities in the course of the business of the company, the amount which, he is treated as possessing under paragraph 37.5 shall be disregarded.

37.7 Where an applicant is treated as possessing capital under any of paragraphs 37.1 to 37.2 the foregoing provisions of this Section shall apply for the purposes of calculating its amount as if it were actual capital, which he does possess.

38.0 Diminishing notional capital rule

38.1 Where an applicant is treated as possessing capital under section 37.1 (notional capital), the amount which he is treated as possessing;

(a) in the case of a week that is subsequent to

(i) the relevant week in respect of which the conditions set out in paragraph 38.2 are satisfied; or

(ii) a week which follows that relevant week and which satisfies those conditions, shall be reduced by an amount determined under paragraph 38.3;

(b) in the case of a week in respect of which paragraph 38.1(a) does not apply but where

(i) that week is a week subsequent to the relevant week; and

(ii) that relevant week is a week in which the condition in paragraph 38.4 is satisfied, shall be reduced by the amount determined under paragraph 38.4.

38.2 This paragraph applies to a reduction week or part-week where the applicant satisfies the conditions that

(a) he is in receipt of Council Tax Support; and

(b) but for paragraph 37.1, he would have received an additional amount of Council Tax Support in that week.

38.3 In a case to which paragraph 38.2 applies, the amount of the reduction for the purposes of paragraph 38.1(a) shall be equal to the aggregate of

(a) the additional amount to which sub-paragraph 38.2 (b) refers;

(b) where the applicant has also claimed housing benefit, the amount of any housing benefit or any additional amount of that benefit to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 38.2 refers but for the application of regulation 49(1) of the Housing Benefit Regulations 2006 (notional capital);

(c) where the applicant has also claimed income support, the amount of income support to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 38.2 refers but for the application of regulation 51(1) of the Income Support Regulations (notional capital);

(d) where the applicant has also claimed a jobseeker's allowance, the amount of an income-based jobseeker's allowance to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 40.2 refers but for the application of regulation 113 of the Jobseeker's Allowance Regulations 1996 (notional capital) and

(e) where the applicant has also claimed an employment and support allowance, the amount of an income-related employment and support allowance to which he would have been entitled in respect of the whole or part of reduction week to which paragraph 38.2 refers but for the application of regulation 115 of the Employment and Support Allowance Regulations 2008 (notional capital).

38.4 Subject to paragraph 38.5, for the purposes of paragraph 38.1(b) the condition is that the applicant would have been entitled to Council Tax Support in the relevant week but for paragraph 37.1, and in such a case the amount of the reduction shall be equal to the aggregate of

(a) the amount of Council Tax Support to which the applicant would have been entitled in the relevant week but for paragraph 37.1; and for the purposes of this sub-paragraph is the amount is in respect of a part-week, that amount shall be determined by dividing the amount of Council Tax Support to which he would have been so entitled by the number equal to the number of days in the part-week and multiplying the quotient so obtained by 7;

(b) if the applicant would, but for regulation 49(1) of the Housing Benefit Regulations, have been entitled to housing benefit or to an additional amount of housing benefit in respect of the reduction week which includes the last day of the relevant week, the amount which is equal to–

(i) in a case where no housing benefit is payable, the amount to which he would have been entitled; or

(ii) in any other case, the amount equal to the additional amount of housing benefit to which he would have been entitled,

and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of housing benefit to which he would have been so entitled by the number equal to that number of days in the part- week and multiplying the quotient so obtained by 7;

(c) if the applicant would, but for regulation 51(1) of the Income Support Regulations, have been entitled to income support in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations, which

includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income support to which he would have been so entitled by the number equal to the number of days in the part- week and multiplying the quotient so obtained by 7

(d) if the applicant would, but for regulation 113 of the Jobseeker's Allowance Regulations 1996, have been entitled to an income-based jobseeker's allowance in respect of the reduction week, within the meaning of this scheme, which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income-based jobseeker's allowance to which he would have been so entitled by the number equal to the number of days in the part- week and multiplying the quotient so obtained by 7; and

(e) if the applicant would, but for regulation 115 of the Employment and Support Allowance Regulations 2008, have been entitled to an income-related employment and support allowance in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations (interpretation), which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount must be determined by dividing the amount of the income-related employment and support allowance to which he would have been so entitled by the number equal to the number of days in that part-week and multiplying the quotient so obtained by 7.

38.5 The amount determined under paragraph 38.4 shall be re-determined under that paragraph if the applicant makes a further claim for Council Tax Support and the conditions in paragraph 38.6 are satisfied, and in such a case–

(a) sub-paragraphs (a) to (d) of paragraph 38.4 shall apply as if for the words 'relevant week' there were substituted the words 'relevant subsequent week'; and

(b) subject to paragraph 38.7, the amount as re-determined shall have effect from the first week following the relevant subsequent week in question.

38.6 The conditions are that

(a) a further claim is made 26 or more weeks after

(i) the date on which the applicant made a claim for Council Tax Support in respect of which he was first treated as possessing the capital in question under paragraph 39.1;

(ii) in a case where there has been at least one re-determination in accordance with paragraph 38.5, the date on which he last made a claim for Council Tax Support which resulted in the weekly amount being re-determined, or

(iii) the date on which he last ceased to be entitled to Council Tax Support, whichever last occurred; and

(b) the applicant would have been entitled to Council Tax Support but for paragraph 37.1

38.7 The amount as re-determined pursuant to paragraph 38.5 shall not have effect if it is less than the amount which applied in that case immediately before the re-determination and in such a case the higher amount shall continue to have effect.

38.8 For the purposes of this section

(a) 'part-week'

(i) in paragraph 38.4(a)means a period of less than a week for which Council Tax Support is allowed;

(ii) in paragraph 38.4(b)means a period of less than a week for which housing benefit is payable;

(iii) in paragraph 38.4 (c) (d)and(e)means–

aa. a period of less than a week which is the whole period for which income support an income-related employment and support allowance or, as the case may be, an income-based jobseeker's allowance is payable; and

bb. any other period of less than a week for which it is payable;

(b) 'relevant week' means the reduction week or part-week in which the capital in question of which the applicant has deprived himself within the meaning of section 37.1

(i) was first taken into account for the purpose of determining his entitlement to Council Tax Support; or

(ii) was taken into account on a subsequent occasion for the purpose of determining or re-determining his entitlement to Council Tax Support on that subsequent occasion and that determination or re-determination resulted in his beginning to receive, or ceasing to receive, Council Tax Support; and where more than one reduction week is identified by reference to heads (i) and (ii) of this sub-paragraph the later or latest such reduction week or, as the case may be, the later or latest such part-week;

(c) 'relevant subsequent week' means the reduction week or part-week which includes the day on which the further claim or, if more than one further claim has been made, the last such claim was made.

39.0 Capital jointly held

39.1 Except where an applicant possesses capital which is disregarded under paragraph 37(5) (notional capital) where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated, in the absence of evidence to the contrary, as if each of them were entitled in possession to the whole beneficial interest therein in an equal share.

39.2 The foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess.

40.0 Tariff Income

40.1 Where the applicant's capital calculated in accordance with this scheme exceeds £6,000 it shall be treated as equivalent to a weekly income of £1 for each complete £250 in excess of £6,000 but not exceeding £16,000

40.2 Notwithstanding paragraph 40.1 where any part of the excess is not a complete £250 that part shall be treated as equivalent to a weekly tariff income of £1.

40.3 For the purposes of paragraph 40.1, capital includes any income treated as capital.

Sections 41 - 56
Definition and the treatment of students for Council Tax Support purposes[5]

5 Amounts shown in sections 43 to 56 will be uprated in line with the Housing Benefit Regulations 2006 (as amended)

41.0 Student related definitions

41.1 In this scheme the following definitions apply;

'academic year' means the period of twelve months beginning on 1st January, 1st April, 1st July or 1st September according to whether the course in question begins in the winter, the spring, the summer or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer;

'access funds' means;

(a) grants made under section 68 of the Further and Higher Education Act 1992 for the purpose of providing funds on a discretionary basis to be paid to students;

(b) grants made under section 73(a) and (c) and 74(1) of the Education (Scotland) Act 1980;

(c) grants made under Article 30 of the Education and Libraries (Northern Ireland) Order 1993 or grants, loans or other payments made under Article 5 of the Further Education (Northern Ireland) Order 1997in each case being grants, or grants, loans or other payments as the case may be, for the purpose of assisting students in financial difficulties;

(d) discretionary payments, known as "learner support funds", which are made available to students in further education by institutions out of funds provided by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding under sections 100 and 101 of the Apprenticeships, Skills, Children and Learning Act 2009; or

(e) Financial Contingency Funds made available by the Welsh Ministers;

'college of further education' means a college of further education within the meaning of Part 1 of the Further and Higher Education (Scotland) Act 1992;

'contribution' means;

(a) any contribution in respect of the income of a student or any person which the Secretary of State, the Scottish Ministers or an education authority takes into account in ascertaining the amount of a student's grant or student loan; or

(b) any sums, which in determining the amount of a student's allowance or bursary in Scotland under the Education (Scotland) Act 1980, the Scottish Ministers or education authority takes into account being sums which the Scottish Ministers or education authority consider that it is reasonable for the following person to contribute towards the holder's expenses;

(i) the holder of the allowance or bursary;

(ii) the holder's parents;

(iii) the holder's parent's spouse, civil partner or a person ordinarily living with the holder's parent as if he or she were the spouse or civil partner of that parent; or

(iv) the holder's spouse or civil partner;

'course of study' means any course of study, whether or not it is a sandwich course and whether or not a grant is made for attending or undertaking it;

'covenant income' means the gross income payable to a full-time student under a Deed of Covenant by his parent;

'education authority' means a government department, a local authority as defined in section 579 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973, an

education and library board established under Article 3 of the Education and Libraries (Northern Ireland)
Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body, of the Channel Islands, Isle of Man or any other country outside Great Britain;

'full-time course of study' means a full-time course of study which;

(a) is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;

(b) is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—

  (i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student's learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or

  (ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or

(c) is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—

  (i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or

  (ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured earning packages supported by the teaching staff where the combined total of hours exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

'full-time student' means a person attending or undertaking a full-time course of study and includes a student on a sandwich course;

'grant' (except in the definition of 'access funds') means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary but does not include a payment from access funds or any payment to which Schedule 3 or Schedule 4 applies;

'grant income' means

(a) any income by way of a grant;

(b) any contribution whether or not it is paid;

'higher education' means higher education within the meaning of Part 2 of the Further and Higher Education (Scotland) Act 1992;

'last day of the course' means;

(a) in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;
(b) in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

'period of study' means–
(a) in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
(b) in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year's start and ending with either–
    (i) the day before the start of the next year of the course in a case where the student's grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or
    (ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;
(c) in the final year of a course of study of more than one year, the period beginning with that year's start and ending with the last day of the course;

'periods of experience' means periods of work experience which form part of a sandwich course;

'qualifying course' means a qualifying course as defined for the purposes of Parts 2 and 4 of the Jobseeker's Allowance Regulations;

'modular course' means a course of study which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

'sandwich course' has the meaning prescribed in regulation 2(9) of the Education (Student Support) Regulations 2008, regulation 4(2) of the Education (Student Loans), (Scotland), Regulations 2007 or regulation 2(8) of the Education (Student Support) Regulations (Northern Ireland) 2007, as the case may be;

'standard maintenance grant' means–
(a) except where paragraph (b) or (c) applies, in the case of a student attending or undertaking a course of study at the University of London or an establishment within the area comprising the City of London and the Metropolitan Police District, the amount specified for the time being in paragraph 2(2)(a) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 ('the 2003 Regulations') for such a student;
(b) except where paragraph (c) applies, in the case of a student residing at his parent's home, the amount specified in paragraph 3 thereof;
(c) in the case of a student receiving an allowance or bursary under the Education (Scotland) Act 1980, the amount of money specified as 'standard maintenance allowance' for the relevant year appropriate for the student set out in the Student Support in Scotland Guide issued by the student Awards Agency for Scotland, or its nearest equivalent in the case of a bursary provided by a college of further education or a local education authority;
(d) in any other case, the amount specified in paragraph 2(2) of Schedule 2 to the 2003 Regulations other than in sub-paragraph (a) or (b) thereof;

'student' means a person, other than a person in receipt of a training allowance, who is attending or undertaking–
(a) a course of study at an educational establishment; or
(b) a qualifying course;
'student' loan' means a loan towards a student's maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998, section 73 of the Education (Scotland) Act 1980 or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 and shall include, in Scotland, a young student's bursary paid under regulation 4(1)(c) of the Student's Allowances (Scotland) Regulations 2007

41.2 For the purposes of the definition of 'full-time student', a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course
(a) in the case of a person attending or undertaking a part of a modular course which would be a full-time course of study for the purposes of this Part, for the period beginning on the day on which that part of the course starts and ending;
(i) on the last day on which he is registered with the educational establishment as attending or undertaking that part as a full-time course of study; or
(ii) on such earlier date (if any) as he finally abandons the course or is dismissed from it;
(b) in any other case, throughout the period beginning on the date on which he starts attending or undertaking the course and ending on the last day of the course or on such earlier date (if any) as he finally abandons it or is dismissed from it.

41.3 For the purposes of sub-paragraph (a) of paragraph 41.2, the period referred to in that sub-paragraph shall include;
(a) where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
(b) any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

42.0 Treatment of students

42.1 The following sections relate to students who claim Council Tax Support

43.0 Students who are excluded from entitlement to Council Tax Support

43.1 Students (except those specified in paragraph 43.3) are not able to claim Council Tax Support under Classes D of the Council's reduction scheme.

43.2 To be eligible for support, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full time student or a persons from abroad within the meaning of section 7 of this scheme (persons from aboard).

43.3 Paragraph 43.2 shall not apply to a student

(a) who is a person on income support, an income-based jobseeker's allowance or an
income related employment and support allowance;

(b) who is a lone parent;

(c) but for the implementation of this scheme, whose applicable amount would, but for this section, include the disability premium or severe disability premium;

(d) but for the implementation of this scheme, whose applicable amount would include the disability premium but for his being treated as capable of work by virtue of a determination made in accordance with regulations made under section 171E of the Act;

(e) (e) who is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;

(f) who has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days, and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period.

(g) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;

(h) (h)who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989, or, in Scotland, boarded out within the meaning of the Social Work (Scotland) Act 1968;

(i) who is;

(i) aged under 21 and whose course of study is not a course of higher education

(ii) aged 21 and attained that age during a course of study which is not a course of higher education

(iii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person)

(j) in respect of whom

i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;

(ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under

paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;

(iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;

(iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or

(iv) a supplementary requirement has been determined under paragraph 9 of Schedule 6 to the Students Awards Regulations (Northern Ireland) 1999 or a payment has been made under Article 50(3) of the Education and Libraries (Northern Ireland) Order 1986, on account of his disability by reason of deafness.

Paragraph 43.3(i) (ii) only applies to a claimant until the end of the course during which the claimant attained the age of 21

43.4 For the purposes of paragraph 43.3, once paragraph 43.3(e) applies to a full-time student, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable or is treated as remaining incapable, of work.

43.5 In paragraph 43.3(h) the reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

43.6 A full-time student to whom sub-paragraph (i) of paragraph 43.3 applies, shall be treated as satisfying that sub-paragraph from the date on which he made a request for the supplementary requirement, allowance, bursary or payment as the case may be.

43.7 Paragraph 43.2 shall not apply to a full-time student for the period specified in paragraph 43.8 if;

(a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
   (i) engaged in caring for another person; or
   (ii) ill;

(b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and

(c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 43.8.

43.8 The period specified for the purposes of paragraph 43.7 is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

(a) the day on which he resumes attending or undertaking the course; or

(b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course, whichever shall first occur.

44.0 Calculation of grant income

44.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs 44.2 and 44.3, be the whole of his grant income.

44.2 There shall be excluded from a student's grant income any payment;

(a) intended to meet tuition fees or examination fees;
(b) in respect of the student's disability;
(c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
(d) on account of the student maintaining a home at a place other than that at which he resides during his course;
(e) on account of any other person but only if that person is residing outside of the United Kingdom and, but for the implementation of this scheme, there is no applicable amount in respect of him;
(f) intended to meet the cost of books and equipment;
(g) intended to meet travel expenses incurred as a result of his attendance on the course;
(h) intended for the childcare costs of a child dependant.
(i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

44.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;
(a) the sum of £303 per academic year in respect of travel costs; and
(b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.
The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

44.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.

44.5 Subject to paragraphs 44.6 and 44.7, a student's grant income shall be apportioned;
(a) subject to paragraph 44.8, in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
(b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the

reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.

44.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.

44.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants to which neither paragraph 44.6 nor section 48 (other amounts to be disregarded) apply, shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

44.8 In the case of a student on a sandwich course, any periods of experience within the period of study shall be excluded and the student's grant income shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which immediately follows the last day of the period of experience and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study.

45.0 Calculation of covenant income where a contribution is assessed

45.1 Where a student is in receipt of income by way of a grant during a period of study and a contribution has been assessed, the amount of his covenant income to be taken into account for that period and any summer vacation immediately following shall be the whole amount of the covenant income less, subject to paragraph 45.3, the amount of the contribution.

45.2 The weekly amount of the student's covenant shall be determined–
(a) by dividing the amount of income which falls to be taken into account under paragraph 45.1 by 52 or 53, whichever is reasonable in the circumstances; and
(b) by disregarding from the resulting amount, £5.

45.3 For the purposes of paragraph 45.1, the contribution shall be treated as increased by the amount (if any) by which the amount excluded under paragraph 44.2(g) (calculation of grant income) falls short of the amount specified in paragraph 7(2) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 (travel expenditure).

46.0 Covenant income where no grant income or no contribution is assessed

46.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

(a) any sums intended for any expenditure specified in paragraph 44.2 (a) to (e) (calculation of grant income) necessary as a result of his attendance on the course shall be disregarded;
(b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
(c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded under paragraph 44.2(f) and 44.3 (calculation of grant income) had the student been in receipt of the standard maintenance grant; and
(d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

46.2 Where a student is in receipt of income by way of a grant and no contribution has been assessed, the amount of his covenanted income shall be calculated in accordance with sub-paragraphs (a) to (d) of paragraph 46.1, except that;
(a) the value of the standard maintenance grant shall be abated by the amount of such grant income less an amount equal to the amount of any sums disregarded under paragraph 44.2 (a) to (e); and
(b) the amount to be disregarded under paragraph 46.1(c) shall be abated by an amount equal to the amount of any sums disregarded under paragraph 44.2(f) and (g) and 44.3.

47.0 Student Covenant Income and Grant income – non disregard

47.1 No part of a student's covenant income or grant income shall be disregarded in accordance with Schedule 3 to this scheme

48.0 Other amounts to be disregarded

48.1 For the purposes of ascertaining income other than grant income, covenant income and loans treated as income in accordance with section 49, any amounts intended for any expenditure specified in paragraph 44.2 (calculation of grant income), necessary as a result of his attendance on the course shall be disregarded but only if, and to the extent that, the necessary expenditure exceeds or is likely to exceed the amount of the sums disregarded under paragraphs 44.2 or 44.3, 45.3, 46.1(a) or (c) or calculation of grant income, covenant income and treatment of student loans on like expenditure.

49.0 Treatment of student loans

49.1 A student loan shall be treated as income.

50.0 Calculating loan Income weekly

50.1 In calculating the weekly amount of the loan to be taken into account as income

(a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;

- (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
- (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,

(b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;

(c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;

- (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
- (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

(d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;

- (i) the first day of the first reduction week in September; or
- (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of June, and, in all cases, from the weekly amount so apportioned there shall be disregarded £10.

50.2 A student shall be treated as possessing a student loan in respect of an academic year where;

(a) a student loan has been made to him in respect of that year; or

(b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

50.3 Where a student is treated as possessing a student loan, the amount of the student loan to be taken into account as income shall be, subject to paragraph 50.4

(a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
  (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
  (ii) any contribution whether or not it has been paid to him;

(b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
  (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and
  (ii) no deduction in that loan was made by virtue of the application of a means test.

50.4 There shall be deducted from the amount of income taken into account

(a) the sum of £303 per academic year in respect of travel costs; and

(b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

51.0 Treatment of fee loans

51. 1 Loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

52.0 Treatment of payments from access funds

52.1 This paragraph applies to payments from access funds that are not payments to which paragraph 55.2 or 55.3 (income treated as capital) applies.

52.2 A payment from access funds, other than a payment to which paragraph 52.3 applies, shall be disregarded as income.

52.3 Subject to paragraph 52.4 of this section and paragraph 35 of Schedule 4,

(a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and

(b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.

52.4 Where a payment from access funds is made–
(a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or
(b) before the first day of the course to a person in anticipation of that person becoming a student, that payment shall be disregarded as income.

53.0 Disregard of contribution

53.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of assessing that other partner's income.

54.0 Further disregard of student's income

54.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

55.0 Income treated as capital

55.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.

55.2 Any amount paid from access funds as a single lump sum shall be treated as capital.

55.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

56.0 Disregard of changes occurring during summer vacation

56.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's course, if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

Sections 57 – 59
The calculation and amount of Council Tax Support

57.0 Maximum Council Tax Support

57.1 Subject to paragraphs 57.2 to 57.4, the amount of a person's maximum Council Tax Support in respect of a day for which he is liable to pay council tax, shall be 100 per cent, of the amount A divided by B where;

(a) A is the **lower** of either;

i. amount set by the Authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; or

ii. the amount set by the Authority as the council tax for the relevant financial year in respect of a dwelling within Band C subject to any discount which may be appropriate to the person's circumstances; and

(b) B is the number of days in that financial year,

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

Protected Cases

Paragraph 57.1 (a) (ii) shall not apply where the applicant or partner:

i. is in receipt of a war pension; war widows' pension or a war disablement pension; or

ii. but for the operation of this scheme, would be entitled to a Severe disability premium; or

iii. but for the operation of this scheme, would be entitled to an Enhanced disability premium; or

iv. but for the operation of this scheme, would be entitled to a Disabled child premium; or

v. he, or if he has a partner his partner, is a young person to whom the definition of care leaver applies.

57.2 In calculating a person's maximum Council Tax Support any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

57.3 Subject to paragraph 57.4, where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student to whom paragraph 43.2 (students who are excluded from entitlement to Council Tax Support) applies, in determining the maximum Council Tax Support in his case in accordance with paragraph 57.1, the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

57.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph 57.3 shall not apply in his case.

58.0 Non-dependant deductions

58.1 The following non dependant deductions shall apply:

a) **Nil**, where the non dependant is:
   i. in receipt of Pension Credit; or
   ii. a Full Time Student; or
   iii. aged under 18 years; or
   iv. in receipt of Income Support, Income Based Jobseeker's Allowance, Income Related Employment and Support Allowance, an award of Universal Credit without earnings.

b) **£5 x 1/7** for each day where the non dependant is:
   i. On a contributory benefit such as new style Employment and Support Allowance or new style Job Seeker's Allowance; or
   ii. Working less than 16 hours per week on average; or
   iii. Working more than 16 hours per week on average but gross earnings of £143.00 or less per week.

c) **£10 x 1/7** for each day where the non-dependant is working more than 16 hours per week on average but gross earnings of £143.01 or higher per week.

58.2 Where the non dependant is a member of a couple, only one deduction shall apply, the highest.

58.3 No deduction shall apply where the applicant is in receipt of the care component of Disability Living Allowance at any rate or receiving the Daily Living component of the Personal independence Payment or registered Blind or in receipt of Armed Forces Independence Payments.

59.0 Extended reductions: movers into the authority's area

59.1 Where;

a) an application is made to the authority for a reduction under its scheme, and
b) the applicant or the partner of the applicant, is in receipt of an extended reduction from;
   i. another billing authority in England; or
   ii. a billing authority in Wales,

the current authority must reduce any reduction to which the applicant is entitled under its Council Tax Support scheme by the amount of that extended reduction.

59A.0 Minimum payment of Council Tax Support

59A.1 No payment of support shall be made whatsoever if the amount to be awarded is under £1.00 per week.

Sections 60 – 61
Dates on which entitlement and changes of circumstances are to take effect

60.0 Date on which entitlement is to begin

60.1 Subject to sub-paragraph (2), any person by whom or in respect of whom an application for support under this scheme is made and who is otherwise entitled to that support is so entitled from the support week following the date on which that application is made or is treated as made.

60.2 Where a person is otherwise entitled to support under this scheme and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the support week in which his application is made or is treated as made, he is so entitled from that support week.

61.0 Date on which change of circumstances is to take effect

61.1. Except in cases where paragraph 21 (disregard of changes in tax, contributions, etc.) applies or paragraph 61A (late notification of an advantageous change) and subject to the following provisions of this paragraph, a change of circumstances which affects entitlement to, or the amount of, support under this scheme ("change of circumstances"), takes effect from the first day of the support week following the date on which the change actually occurs.

61.2 Where that change is cessation of entitlement to any benefit under the benefit Acts, the date on which the change actually occurs is the day immediately following the last day of entitlement to that benefit.

61.3 Subject to sub-paragraph (4), where the change of circumstances is a change in the amount of tax payable, it takes effect from the day on which it actually occurs.

61.4 Where the change of circumstances is a change in the amount a person is liable to pay in respect of council tax in consequence of regulations under section 13 of the 1992 Act (reduced amounts of council tax) or changes in the discount to which a dwelling may be subject under section 11or 11A of that Act (discounts), it takes effect from the day on which the change in amount has effect.

61.5 Where the change of circumstances is the applicant's acquisition of a partner, the change takes effect on the day on which the acquisition takes place.

61.6 Where the change of circumstances is the death of an applicant's partner or their separation, it takes effect on the day the death or separation occurs.

61.7 If two or more changes of circumstances occurring in the same support week would, but for this paragraph, take effect in different support weeks in accordance with sub-paragraphs (1) to (6) they take effect from the day to which the appropriate sub-paragraph from (3) to (6) above refers, or where more than one day is concerned, from the earlier day.

61.8 Where the change of circumstances is that income, or an increase in the amount of income, other than a benefit or an increase in the amount of a benefit under the SSCBA, is paid in respect of a past period and there was no entitlement to income of that amount during that period, the change of circumstances takes effect from the first day on which such income, had it been paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

61.9 Without prejudice to sub-paragraph (8), where the change of circumstances is the payment of income, or arrears of income, in respect of a past period, the change of circumstances takes effect from the first day on which such income, had it been timeously paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

61.10 For the absence of doubt, where the change is a change in employed earnings, the date on which that change actually occurs shall be the first day of the period in respect of which the payment is earned, not the date that the payment was made, was due to be made or is due to be made.

61A.0 Effective date for late notification of advantageous change of circumstances

61A.1 In a case where:

(a) the change of circumstances is a change of circumstances that is required by this scheme
to be notified under paragraph 70 (duty to notify a change of circumstances), and

(b) that change of circumstances is notified more than one month after it occurs, or such longer period as may be allowed under sub paragraph (2); and

(c) the superseding decision is advantageous to the claimant,

the date of notification of the change of circumstances may be treated as the date on which the change of circumstances occurred.

61A.2 Subject to sub-paragraph (3), a longer period of time may be allowed for the notification of a change of circumstances in so far as it affects the effective date of the change where special circumstances are relevant and as a result of those special circumstances it was not practicable for the applicant to notify the change of circumstances within one month of the change occurring.

61A.3 In determining whether it is reasonable to allow a longer period of time under sub paragraph (2) regard shall be given to the principle that the greater the amount of time that has elapsed between the date one month after the change of circumstances occurred and the date the application for a superseding decision is made, the more compelling should be the special circumstances on which the application is based.

Sections 62– 70
Claiming and the treatment of claims for Council Tax Support purposes

62.0 Making an application[6]

62.1 In the case of a couple or members of a polygamous marriage an application is to be made by whichever one of them they agree should so apply or, in default of agreement, by such one of them as the authority determines.

62.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;

(a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or

(b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or

(c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise, that deputy, judicial factor, guardian or attorney, as the case may be, may make an application on behalf of that person.

62.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.

62.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).

62.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);

(a) it may at any time revoke the appointment;

(b) the person appointed may resign his office after having given 4 weeks notice in writing to the authority of his intention to do so;

(c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).

62.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.

6 Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

62.7 The authority must;

(a) inform any person making an application of the duty imposed by paragraph 9(1)(a) of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012;

(b) explain the possible consequences (including prosecution) of failing to comply with that duty; and

(c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

63.0 Procedure by which a person may apply for a reduction under the authority's scheme[7]

63.1. Paragraphs 2 to 7 apply to an application made under the authority's scheme.

63.2. An application may be made;

(a) in writing,

(b) by means of an electronic communication in accordance with sections 88 -96 of this scheme, or

(c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

63.3 (1) An application which is made in writing must be made to the designated office on a properly completed form.

(2) The form must be provided free of charge by the authority for the purpose.

63.4 (1) Where an application made in writing is defective because—

(a) it was made on the form supplied for the purpose but that form is not accepted by the authority as being properly completed; or

(b) it was made in writing but not on the form approved for the purpose and the authority does not accept the application as being in a written form which is sufficient in the circumstances of the case having regard to the sufficiency of the written information and evidence, the authority may, in a case to which sub-paragraph (a) applies, request the applicant to complete the defective application or, in the case to which sub-paragraph (b) applies, supply the applicant with the approved form or request further information and evidence.

(2) An application made on a form provided by the authority is properly completed if it is completed in accordance with the instructions on the form, including any instructions to provide information and evidence in connection with the application.

63.5. (1) If an application made by electronic communication is defective the authority must provide the person making the application with an opportunity to correct the defect.

(2) An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.

7 Inserted by Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012

63.6. In a particular case the authority may determine that an application made by telephone is only valid if the person making the application approves a written statement of his circumstances provided by the authority.

63.7 (1) If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect.
(2) An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.

63.8 Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.

64.0 Backdating

64.1 Where an applicant requests a reduction for a period prior to the effective date of claim, the authority may, at its discretion, backdate the claim up to one calendar month prior to the date it was made or treated to be made provided continuous good cause is proven.

65.0 Date on which an application is made

65.1 Subject to sub-paragraph (7), the date on which an application is made is;
(a) in a case where;
(i) an award of income support, an income-based jobseeker's allowance or an income-related employment and support allowance or an award of universal credit has been made to the applicant or his partner, and
(ii) the application is made within one calendar month of the date on which the claim for that income support, jobseeker's allowance, employment and support allowance or universal credit was received, the first day of entitlement to income support, an income-based jobseeker's allowance, an income-related employment and support allowance or universal credit arising from that claim;
(b) in a case where;
(i) an applicant or his partner is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance or has an award of universal credit,
(ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and
(iii) the application is received at the designated office within one calendar month of the date of the change, the date on which the change takes place;
(c) in a case where;
(i) an applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under the authority's scheme, and
(ii) the applicant makes an application for a reduction under that scheme within one calendar month of the date of the death or the separation,

the date of the death or separation;

(d) except where paragraph (a), (b) or (e) is satisfied, in a case where a properly completed application is received within one calendar month (or such longer period as the authority considers reasonable) of the date on which an application form was issued to an applicant following the applicant first notifying, by whatever means, the authority of an intention to make an application, the date of first notification;

(e) in any other case, the date on which an application is received at the designated office.

65.2 For the purposes only of sub-paragraph (1)(a) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately precede the first day in that award and on which he would, but for regulations made under;

(a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or

(b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the Welfare Reform Act 2007 (waiting days), have been entitled to that allowance.

65.3 Where there is a defect in an application by telephone;

(a) is corrected within one calendar month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;

(b) is not corrected within one calendar month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.

65.4 The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.

65.5 The conditions are that—

(a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one calendar month of the request, or such longer period as the authority may consider reasonable; or

(b) where an application is not on approved form or further information requested by authority applies;

(i) the approved form sent to the applicant is received at the offices of the authority properly completed within one calendar month of it having been sent to him; or, as the case may be;

(ii) the applicant supplies whatever information or evidence was requested within one calendar month of the request; or,
in either case, within such longer period as the authority may consider reasonable; or

(c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one calendar month of the request or within such longer period as the authority considers reasonable.

65.6 Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority's scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.

65.7 Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority's scheme in the reduction week immediately following the date of his application but the authority is of the opinion that unless there is a change of circumstances he will be entitled to a reduction under its scheme for a period beginning not later than;

(a) in the case of an application made by;
   i. a pensioner, or
   ii. a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit, the seventeenth reduction week following the date on which the application is made, or

(b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made, the authority may treat the application as made on a date in the reduction week immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.

66.0 Submission of evidence electronically

66.1 The authority may accept such evidence, documents and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim

67. 0 Use of telephone provided evidence

67.1 The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim

68.0 Information and evidence[8]

68.1 Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority's scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

68.2 This sub-paragraph is satisfied in relation to a person if—

(a) the application is accompanied by;

8 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

i. a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
ii. information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or

(b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by;
(i) evidence of the application for a national insurance number to be so allocated; and
(ii) the information or evidence enabling it to be so allocated.

68.3 Sub-paragraph (2) does not apply;
(a) in the case of a child or young person in respect of whom an application for a reduction is made;
(b) to a person who;
(i) is a person treated as not being in Great Britain for the purposes of this scheme;
(ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and
(iii) has not previously been allocated a national insurance number.

68.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one calendar month of the authority requiring him to do so or such longer period as the authority may consider reasonable.

68.5 Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information or evidence relating to a payment to which sub-paragraph (7) applies.

68.6 Where the authority makes a request under sub-paragraph (4), it must;

(a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
(b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.

68.7 This sub-paragraph applies to any of the following payments;
(a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the London

Emergencies Trust, the We Love Manchester Emergency Fund, or the London Bombings Relief Charitable Fund;

(b) a payment which is disregarded under Schedule 4, other than a payment under the Independent Living Fund (2006).

68.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;

(a) the name and address of the pension fund holder;

(b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.

69.0 Amendment and withdrawal of application[9]

69.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.

69.2 Where the application was made by telephone the amendment may also be made by telephone.

69.3 Any application amended is to be treated as if it had been amended in the first instance.

69.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.

69.5 Where the application was made by telephone, the withdrawal may also be made by telephone.

69.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.

69.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.

9 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

70.0 Duty to notify changes of circumstances[10]

70.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;
- (a) between the making of an application and a decision being made on it, or
- (b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.

70.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;
- (a) in writing; or
- (b) by telephone—
  - (i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or
  - (ii) in any case or class of case where the authority determines that notice may be given by telephone; or
- (c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably practicable after the change occurs, whichever is later.

70.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying
- (a) changes in the amount of council tax payable to the authority;
- (b) changes in the age of the applicant or that of any member of his family;
- (c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.

70.4 For the purposes of sub-paragraph (3)(c) "relevant benefit" means income support, an income-based jobseeker's allowance or an income-related employment and support allowance or universal credit.

70.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.

10 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Sections 71- 78
Decisions, decision notices and awards of Council Tax Support

71.0 Decisions by the authority[11]

71.1 An authority must make a decision on an application under its scheme within 14 days of paragraphs 4 and 7 and Part 1 of Schedule 7 of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 being satisfied, or as soon as reasonably practicable thereafter.

72.0 Notification of decision[12]

72.1 The authority must notify in writing any person affected by a decision made by it under its scheme;
- (a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;
- (b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

72.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;
- (a) informing the person affected of the duty imposed by paragraph 9 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (duty to notify change of circumstances) to notify the authority of any change of circumstances;
- (b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and
- (c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

72.3 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement as to how that entitlement is to be discharged.

72.4 In any case, the notification under sub-paragraph (1) must inform the person affected of the procedure by which an appeal may be made and must refer the person to the provisions in the authority's scheme relating to the procedure for making an appeal.

72.5 A person affected to whom the authority sends or delivers a notification of decision may, within one calendar month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.

72.6 The written statement referred to in sub-paragraph (5) must be sent to the person requesting it within 14 days or as soon as reasonably practicable thereafter.

72.7 For the purposes of this paragraph a person is to be treated as a person affected by a decision of the authority under its scheme where the rights, duties or obligations of that person are affected by that decision and the person falls within sub-paragraph (8).

11 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
12Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

72.8 This sub-paragraph applies to—
(a) the applicant;
(b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
(i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
(ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on the person's behalf; or
(iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
(c) a person appointed by the authority to act for a person unable to act.

73.0 Time and manner of granting Council Tax Support[13]

73.1 Where a person is entitled to a reduction under this authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year ("the chargeable year"), the authority must discharge his entitlement;
(a) by reducing, so far as possible, the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 refers; or
(b) where;
(i) such a reduction is not possible; or
(ii) such a reduction would be insufficient to discharge the entitlement to a reduction under the authority's scheme; or
(iii) the person entitled to the reduction is jointly and severally liable for the council tax and the authority determines that such a reduction would be inappropriate, by making payment to him of the amount of reduction to which he is entitled, rounded where necessary to the nearest penny.

73.2 The authority must notify the person entitled to a reduction under this scheme of the amount of that reduction and how his entitlement is to be discharged in pursuance of paragraph (1).

73.3 In a case to which paragraph (1)(b) refers;
(a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
(i) must be paid to that person if he so requires; or
(ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
(b) if that person has ceased to be liable for the authority's council tax and has

13 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter

(c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

73.4 For the purposes of this paragraph "instalment" means any instalment of the authority's council tax to which regulation 19 of the Council Tax (Administration and Enforcement) Regulations 1992 refers (council tax payments).

74.0 Persons to whom reduction is to be paid[14]

74.1 Subject to payment on death and paragraph (2), any payment of the amount of a reduction must be made to that person.

74.2 Where a person other than a person who is entitled to a reduction under this authority's scheme made the application for the reduction and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

75.0 Shortfall in reduction[15]

75.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

(a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or

(b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonably practicable, as soon as possible afterwards.

76.0 Payment on the death of the person entitled[16]

76.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

14Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
15Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
16Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

77.0 Offsetting

77.1 Where a person has been allowed or paid a sum of Council Tax Support under a decision which is subsequently revised or further revised, any sum allowed or paid in respect of a period covered by the subsequent decision shall be offset against arrears of entitlement under the subsequent decision except to the extent that the sum exceeds the arrears and shall be treated as properly awarded or paid on account of them.

78 .0 Payment where there is joint and several liability[17]

78.1 Where;

(a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;

(b) the person entitled to the reduction is jointly and severally liable for the council tax; and

(c) the authority determines that discharging his entitlement by reducing the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992(7) refers would be inappropriate, it may make a payment to him of the amount of the reduction to which he is entitled, rounded where necessary to the nearest penny.

78.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.

78.3 Where a person other than a person who is entitled to a reduction under the authority's scheme made the application and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

17 Inserted by Schedule 8 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Sections 79 – 82
Collection, holding and forwarding of information for Council Tax Support purposes

79.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)

79.1 The authority will use information provided by the DWP and HMRC for the purposes of Council Tax Support, council tax liability, billing, administration and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

79.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Support with the DWP or HMRC as appropriate and in accordance with Data Protections requirements[18]

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80.0 Collection of information

80.1 The authority may receive and obtain information and evidence relating to claims for Council Tax Support, the council may receive or obtain the information or evidence from–

(a) persons making claims for Council Tax Support;
(b) other persons in connection with such claims;
(c) other local authorities; or
(d) central government departments including the DWP and HMRC

80.2 The authority may verify relevant information supplied to, or obtained.

81.0 Recording and holding information

81.1 The authority may

(a) may make a record of such information; and
(b) may hold that information, whether as supplied or obtained or recorded, for the purpose of forwarding it to the person or authority for the time being administering Council Tax Support.

82.0 Forwarding of information

82.1 The authority may forward it to the person or authority for the time being administering claims to or awards of Council Tax Support to which the relevant information relates, being

(i) a local authority;
(ii) a person providing services to a local authority; or
(iii) a person authorised to exercise any function of a local authority relating to Council Tax Support.

[18]**Data Retention and Investigatory Powers Act 2014, Data Retention Regulations 2014 and The Regulation of Investigatory Powers (Acquisition and Disclosure of Communications Data: Code of Practice) Order 2015**

Sections 83 –85
Revisions, Written Statements, Termination of Council Tax Support

83.0 Persons affected by Decisions

83.1 A person is to be treated as a person affected by a relevant decision of the authority where that person is;
- (a) an applicant;
- (b) in the case of a person who is liable to make payments in respect of a dwelling and is unable for the time being to act
  - (i) a Deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit or support on his behalf,
  - (ii) in Scotland, a tutor, curator, judicial factor or other guardian acting or appointed in terms of law administering that person's estate, or
  - (iii) an attorney with a general power or a power to receive benefit or support appointed by the person liable to make those payments under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise;
- (c) a person appointed by the authority under this scheme;

84.0 Revisions of Decisions

84.1 Subject to the provisions in this scheme, a relevant decision ('the original decision) may be revised or further revised by the authority, which made the decision where the person affected makes an application for a revision within;
- (i) one calendar month of the date of notification of the original decision; or
- (ii) such extended time as the authority may allow.

84.2 The authority may revise or further revise that original decision at any time. Where further information is required from the person affected, the authority shall request such information and evidence as it feels is reasonable. Such information must be supplied within;
- (i) one calendar month of the date of notification of the additional information; or
- (ii) such extended time as the authority may allow.

85.0 Terminations

85.1 The authority may terminate support in whole or in part the Council Tax Support where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council Tax Support are or were fulfilled; or
- (b) a decision as to an award of such a support should be revised or superseded.

85.2 The authority may terminate, in whole or in part the Council Tax Support where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council Tax Support are or were fulfilled; or
- (b) a decision as to an award of such a support should be revised or superseded.

Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax.

Section 86
Appeals against the authority's decisions

86.0 Procedure by which a person may make an appeal against certain decisions of the Authority[19]

86.1 A person who is aggrieved by a decision of the authority, which affects;
(a) the person's entitlement to a reduction under its scheme, or
(b) the amount of any reduction to which that person is entitled,
may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.

86.2 The authority must
(a) consider the matter to which the notice relates;
(b) notify the aggrieved person in writing;
(i) that the grievance is not well founded, giving reasons for that belief; or
(ii) that steps have been taken to deal with the grievance, stating the steps taken.

86.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act[20].

19 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012
20 As amended by the Tribunal Procedure (Amendment No. 3) Rules 2014, The First-tier Tribunal and Upper Tribunal (Chambers) (Amendment) Order 2015 and The Tribunal Procedure (Amendment) Rules 2015

Section 87
Procedure for applying for a discretionary reduction

87.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act[21] and Discretionary Relief Scheme.

87.1 Where an application to the authority is made under the Discretionary Relief Scheme, it shall be determined in accordance with the policy of the authority for that year and may be made;
(a) in writing,
(b) (by means of an electronic communication in accordance this scheme or
(c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

87.2 Where;
(a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
(b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

87.3 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
(a) in writing,
(b) by means of an electronic communication in accordance this scheme or
(c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

87.4 Where the authority has determined any additional entitlement under the Discretionary Relief Scheme it shall be treated as an amount under section 13A(1)(a) of the 1992 Act.

21 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Section 88 - 96[22]
Electronic Communication

22 Inserted by the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

88.0 Interpretation

88.1 In this Part;
"information" includes an application, a certificate, notice or other evidence; and
"official computer system" means a computer system maintained by or on behalf of an authority for sending, receiving, processing or storing of any information.

89.0 Conditions for the use of electronic communication

89.1 The authorities may use an electronic communication in connection with applications for, and awards of, reductions under its scheme including any or all information received via DWP or HMRC.

89.2 A person other than the authority may use an electronic communication in connection with the matters referred to in paragraph (1) if the conditions specified in paragraphs (3) to (6) are satisfied.

89.3 The first condition is that the person if for the time being permitted to use an electronic communication by an authorisation given by means of a direction of the Chief Executive of the authority.

89.4 The second condition is that the person uses an approved method of;
(a) authenticating the identity of the sender of the communication;
(b) electronic communication;
(c) authenticating any application or notice delivered by means of an electronic communication; and
(d) subject to sub-paragraph (7), submitting to the authority any information.

89.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.

89.6 The fourth condition is that the person maintains such records in written or electronic form as may be specified in a direction given by the Chief Executive of the authority,

89.7 Where the person uses any method other than the method approved of submitting any information, that information is to be treated as not having been submitted.

90.0 Approval

90.1 In this paragraph "approved" means approved by means of a direction given by the Chief Executive of the authority for the purposes of this section.

91.0 Use of intermediaries

91.1 The authority may use intermediaries in connection with;
a) the delivery of any information by means of an electronic communication; and

b) the authentication or security of anything transmitted by such means and may require other persons to use intermediaries in connection with those matters.

92.0 Effect of delivering information by means of electronic communication

92.1 Any information which is delivered by means of an electronic communication is to be treated as having been delivered in the manner or form required by any provision of an authority's scheme on the day the conditions imposed;
a) by this section; and
b) by or under an enactment,
are satisfied.

92.2 The authority may determine that any information is to be treated as delivered on a different day (whether earlier or later) from the day provided for in sub-paragraph (1).

92.3 Information may not be taken to have been delivered to an official computer system by means of an electronic communication unless it is accepted by the system to which it is delivered.

93.0 Proof of identity of sender or recipient of information

93.1 If it is necessary to prove, for the purpose of any legal proceedings, the identity of—
(a) the sender of any information delivered by means of an electronic communication to an official computer system; or
(b) the recipient of any such information delivered by means of an electronic communication from an official computer system, the sender or recipient, as the case may be, is to be presumed to be the person whose name is recorded as such on that official computer system.

94.0 Proof of delivery information

94.1 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any information this is presumed to have been the case where;
(a) any such information has been delivered to the relevant authority, if the delivery of that information has been recorded on an unofficial computer system; or
(b) any such information has been delivered by the relevant authority if the delivery of that information has been recorded on an unofficial computer system.

94.2 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any such information,

this is presumed not to be the case, if that information delivered to the relevant authority has not been recorded on an official computer system.

94.3 If it is necessary to prove, for the purpose of any legal proceedings, when any such information sent by means of an electronic communication has been received, the time and date of receipt is presumed to be that recorded on an official computer system.

95.0 Proof of content of information

95.1 If it is necessary to prove, for the purpose of any legal proceedings, the content of any information sent by means of an electronic communication, the content is presumed to be that recorded on an official computer system.

96.0 Data Protection and consent

96.1 Any application for reduction and associated evidence shall be subject to existing Data Protection rules and requirements.

Section 97
Counter Fraud and Compliance

97.0 Counter Fraud and compliance

97.1 In order to protect the finances of the authority and also in the interests of all council tax payers, the authority will undertake such actions as allowed by law to;

(a) Prevent and detect fraudulent claims and actions in respect of council Tax Support;
(b) Carry out Investigations fairly, professionally and in accordance with the law; and
(c) Ensure that sanctions are applied in appropriate cases

97.2 The authority believes that it is important to minimize the opportunity for fraud and;

(a) will implement rigorous procedures for the verification of claims for Council Tax Support;
(b) will employ sufficient Officers to fulfil the authority's commitment to combat fraud;
(c) will actively tackle fraud where it occurs in accordance with this scheme;
(d) will co-operate with the Department for Work and Pensions (DWP), Her Majesty's Revenues and Customs and take part in joint working including prosecutions; and
(e) will in all cases seek to recover all outstanding council tax.

97.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph 97.1 and 97.2 can be carried out successfully. In particular the authority shall undertake actions provided by the council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

Schedule 1 - Calculation of the amount of Council Tax Support in accordance with the Discount Scheme

1 The authority's Council Tax Support scheme from 2022/23 shall be calculated on the basis of the following Banded Discount Scheme:

Table 1 to be agreed, please refer to Appendix A

Discount Band & Discount Awarded	Single	Couple	Lone Parent with one dependent child or young person	Couple with one dependent child or young person	Lone Parent with two or more dependent child(ren) or young person(s)	Couple with two dependent child(ren) or young person(s)
Band 1 80%	£0.00 - £73.71	£0.00 - £115.71	£0.00 to £158.52	£0.00 - £200.48	£0.00 - £225.76	£0.00 - £267.72
Band 2 65%	£73.72 - £103.86	£115.72 - £145.86	£158.53 - £225.75	£200.49 - £267.71	£225.77 - £292.99	£267.73 - £334.95
Band 3 50%	£103.87 - £134.01	£145.87 - £176.01	£225.76 - £259.37	£267.72 - £301.33	£293.00 - £326.60	£334.96 - £368.56
Band 4 35%	£134.02 - £164.16	£176.02 - £206.16	£259.38 - £326.60	£301.34 - £368.56	£326.61 - £393.84	£368.57 - £435.80
Band 5 20%	£164.17 - £194.31	£206.17 - £236.31	£326.61 - £393.84	£368.57 - £435.80	£393.85 - £461.06	£435.81 - £503.02
Band 6 0%	£194.32 and above	£236.32 and above	£393.85 and above	£435.81 and above	£461.07 and above	£503.03 and above

2 The amount of discount to be granted is to be based on the following factors:
(a) The maximum Council Tax Support as defined within this scheme;
(b) The Council Tax family as defined within this scheme
(c) The income of the applicant as defined within this scheme;
(d) The capital of the applicant as defined within this scheme.

3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.

4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme). For the sake of charity, it should be noted that in any application for reductions is limited to a maximum of two dependent children or young persons.

5. Any applicant who capital is greater than £16,000 shall not be entitled to any Council Tax Support whatsoever.

6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation measured by the Consumer Price Index (CPI) at 1st October preceding the effective financial year **or** by a percentage representing the increase in personal allowance within the

applicable amounts for the Housing Benefit for the relevant financial year, **whichever is the lowest.**

7. Where an applicant or partner is in recipient of a ‘relevant benefit’ namely Income Support Income Related Employment and Support Allowance, Income Based Job Seekers Allowance or Universal Credit (with no other income or income as specified in schedule 3), discount will be awarded at Band 1 level.

Schedule 2 - Sums to be disregarded in the calculation of earnings

1. There shall be disregarded from an applicant's net earnings, £25 per week (the standard earnings disregard). This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.

2. A further earnings disregard shall apply (one only) of £17.10 per week where either:
   (a) The applicant works for at least 16 hours per week on average **and** is responsible for a dependent child or young person or resided in the dwelling; or
   (b) The applicant works for at least 30 hours per week on average and is not responsible for a dependent child or young person.

Schedule 3 - Sums to be disregarded in the calculation of income other than earnings[23]

[23] **Any amounts shown in the schedule will be uprated in line with the Housing Benefit Regulations 2006 as amended**

1. Any amount paid by way of tax on income, which is to be taken into account under section 28 calculation of income other than earnings).

2. Any payment made to the applicant and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.

3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.

4. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
   (a) engaged by a charitable or voluntary organisation, or
   (b) volunteer,
   if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 30.0 (notional income).

5. Any payment in respect of expenses arising out of the applicant's participation in a service user group or where the applicant is participating as a service user.

6. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.

7. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance the whole of his income.

8. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker's allowance, the whole of the applicant's income.

9. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker's allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.

10. Any disability living allowance.

11. Any personal independence payment or AFIP.

12. Any Windrush compensation payment

13. Any concessionary payment made to compensate for the non-payment of;
    (a) any payment specified in paragraph 7 or 10;
    (b) income support;
    (c) an income-based jobseeker's allowance.
    (d) an income-related employment and support allowance.

14. Any mobility supplement under article 20 of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983or any payment intended to compensate for the non-payment of such a supplement.

15. Any attendance allowance.

16. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.

17. (1) Any payment–

(a) by way of an education maintenance allowance made pursuant to;

(i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc.);

(ii) regulations made under section 49 or 73(f) of the Education Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);

(iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992

(b) corresponding to such an education maintenance allowance, made pursuant to;

(i) section14 or section181 of the Education Act 2002(power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or

(ii) regulations made under section 181 of that Act; or

(iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

(2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;

a) regulations made under section 518 of the Education Act 1996;

b) regulations made under section 49 of the Education (Scotland) Act 1980; or

c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

18. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.

19. (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;

(a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
(b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
(c) intended to meet the cost-of-living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.

(2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

20. (1) Subject to sub-paragraph (2), any of the following payments;
(a) charitable payment;
(b) a voluntary payment;
(c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
(d) a payment under an annuity purchased;
(i) pursuant to any agreement or court order to make payments to the applicant; or
(ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
(e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

(2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
(a) a former partner of the applicant, or a former partner of any member of the applicant's family; or
(b) the parent of a child or young person where that child or young person is a member of the applicant's family.

21. 100% of any of the following, namely
(a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
(b) war widow's pension or war widower's pension;
(c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
(d) a guaranteed income payment

(e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
(f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
(g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

22. Subject to paragraph 35, £15 of any;
(a) widowed mother's allowance paid pursuant to section 37 of the Act;
(b) widowed parent's allowance paid pursuant to section 39A of the Act.

23. (1) Any income derived from capital to which the applicant is or is treated under section 39 (capital jointly held) as beneficially entitled but, subject to sub-paragraph (2), not income derived from capital disregarded under Schedule 4.
(2) Income derived from capital disregarded under Schedule 4 but only to the extent of
a) any mortgage repayments made in respect of the dwelling or premises in the period during which that income accrued; or
b) any council tax or water charges which the applicant is liable to pay in respect of the dwelling or premises and which are paid in the period during which that income accrued.
(3) The definition of 'water charges' in paragraph 2(1) shall apply to sub-paragraph (2) of this paragraph with the omission of the words 'in so far as such charges are in respect of the dwelling which a person occupies as his home'.

24. Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating-
(a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student's award;
(b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student's bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by
(c) the student's student loan, an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

25. (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
(a) is not in receipt of any award, grant or student loan in respect of that education; or
(b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a

bursary, scholarship or other allowance under section 49(1) of the Education Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
and the applicant makes payments by way of a contribution towards the student's maintenance, other than a parental contribution, an amount specified in sub paragraph (2) in respect of each week during the student's term.

(2) For the purposes of sub-paragraph (1), the amount shall be equal to-
(a) the weekly amount of the payments; or
(b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(6), whichever is less.

26. Any payment made to the applicant by a child or young person or a non-dependant.

27. Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family-
(a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and
(b) where the aggregate of any such payments is £20 or more per week, £20.

28. (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such| accommodation is provided for the whole or any part of a week, equal to-
(a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 percent, of such payments;
(b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent of the excess over £20.00.

(2) In this paragraph, 'board and lodging accommodation' means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.

29. (1) Any income in kind, except where regulation 30(11)(6) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.

(2) The reference in sub-paragraph (1) to 'income in kind' does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.

30. Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.

31. (1) Any payment made to the applicant in respect of a person who is a member of his family

(a) pursuant to regulations under section 2(6)(6), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(6) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child's maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);

(b) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child's maintenance);

(c) in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services);

(2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.

32. Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made

(a) by a local authority under—

(i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),

(ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or

(iii) regulations 33 or 51 of the Looked After Children (Scotland)Regulations 2009 (fostering and kinship care allowances and fostering allowances); or

(b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).

33. Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by-

(a) a health authority

(b) a local authority but excluding payments of housing benefit made in respect of the person concerned;

(c) a voluntary organisation;

(d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;

(e) a primary care trust established under section 16A of the National Health Service Act 1977 established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
(f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006

34. Any payment made by a local authority in accordance with section 17, 238, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).

35. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995(local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A") which A passes on to the applicant.

(2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by-
(a) was formerly in the applicant's care, and
(b) is aged 18 or over, and
(c) continues to live with the applicant.

36. (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
(a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
(b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.

(2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to-
(a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
(b) meet any amount due by way of premiums on-
(i) that policy; or
(ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).

37. Any payment of income which, by virtue of section 34 (income treated as capital) is to be treated as capital.

38. Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare fund provision.

39. Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.

40. The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 45.2(6) and paragraph 46.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 49(2) (treatment of student loans), paragraph 49(3) (treatment of payments from access funds) and paragraphs 17 shall in no case exceed £20 per week.

41. (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of-

(a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;

(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or

(c) any young person who is a member of that person's family or who was such member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;

(a) the person who is suffering from haemophilia or who is a qualifying person;

(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or

(c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

(a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and

(b) The payment is made either;

(i) To that person's parent or stepparent, or

(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or stepparent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub paragraph (1) refers, where;

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either

(i) to that person's parent or stepparent, or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or stepparent, to his guardian, but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

42. Any housing benefit or council tax benefit.

43. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

44. Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.

45. Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).

46. (1) Any payment or repayment made—

(a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
(b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
(c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).

(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).

47. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).

48. Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.

49. (1) Where, **but for the implementation of this scheme**, an applicant's applicable amount includes an amount by way of a family premium, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.

(2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.

(3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).

50. (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.

(2) In paragraph (1)
child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;
(a) the Child Support Act 1991;
(b) the Child Support (Northern Ireland) Order 1991;
(c) a court order
(d) a consent order;
(e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;

‘liable relative' means a person listed in regulation 54 (interpretation) of the Income Support General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.

51. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.

52. Any guardian's allowance.

53. (1) If the applicant is in receipt of any benefit under Part 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant’s family.

(2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.

54. Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.

55. In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.

56. (1) Any payment which is

(a) made under any of the Dispensing Instruments to a widow, widower or

(b) surviving civil partner of a person;

(i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and

(ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.

(2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).

57. Any Council Tax Support or council tax benefit to which the applicant is entitled.

58. Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct

payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).

59. (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person—
(a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
(b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.
(2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account

60. (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
(3) For the purposes of sub-paragraph (2) food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

61. Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.

62. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.

63. Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.

64. (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
(2) For the purposes of sub-paragraph (1) local authority' includes, in England, a county council.

65. Any bereavement support payment in respect of the rate set out in regulation 3(2) or (5) of the Bereavement Support Payment Regulations 2017.

66. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)

67. Any payments made by the London Emergencies Trust" means the company of that name (number 09928465) incorporated on 23rd December 2015 and the registered charity of that name (number 1172307) established on 28th March 2017 or the We Love Manchester Emergency Fund" means the registered charity of that name (number 1173260) established on 30th May 2017

68. Any payment of child benefit.

69. Any payments disregarded for Housing Benefits under the Social Security (Emergency Funds) Amendment) Regulations 2017

70. Any payments made by Central Government under the Windrush Compensation Scheme

Schedule 4 - Capital to be disregarded[24]

24 Any amounts shown in this schedule will be uprated in line with the Housing Benefit Regulations 2006 as amended

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.

2. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.

3. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.

4. Any premises occupied in whole or in part-

(a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;

(b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.

5. Where an applicant is on income support, an income-based jobseeker's allowance or an income related employment and support allowance, the whole of his capital.

6. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.

7. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub- leases or sub-tenancies.

8. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

(2) The assets of any business owned in whole or in part by the applicant where-

(a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but

(b) he intends to become engaged or, as the case may be, re-engaged as a self- employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for Council Tax Support is

made, or is treated as made, or, if it is unreasonable to expect him to become engaged or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

9. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;

(a) any payment specified in Schedule 4;
(b) an income-related benefit under Part 7 of the Act;
(c) an income-based jobseeker's allowance;
(d) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001; working tax credit and child tax Credit
(e) an income-related employment and support allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

(2) In a case where the total of any arrears and, if appropriate, any concessionary payment referred to in sub-paragraph (1) relating to one of the specified payments, benefits or allowances amounts to £5,000 or more (referred to in this sub-paragraph and in sub-paragraph (3) as 'the relevant sum') and is

(a) paid in order to rectify or to compensate for, an official error as defined in regulation 1(2) of the Decisions and Appeals Regulations; and
(b) received by the applicant in full on or after 14th October 2001,

sub-paragraph (1) shall have effect in relation to such arrears or concessionary payment either for a period of 52 weeks from the date of receipt, or, if the relevant sum is received in its entirety during the award of Council Tax Support, for the remainder of that award if that is a longer period.

(3) For the purposes of sub-paragraph (2), ‘the award of Council Tax Support’ means-

(a) the award in which the relevant sum is first received (or the first part thereof where it is paid in more than one instalment)}; and
(b) where that award is followed by one or more further awards which, or each of which, begins immediately after the end of the previous award, such further award provided that for that further award the applicant;
    (i) is the person who received the relevant sum; or
    (ii) is the partner of the person who received the relevant sum or was that person's partner at the date of his death.

10. Any sum

(a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or

(b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

11. Any sum—

(a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;

(b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.

12. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to Council Tax Support or to increase the amount of that support.

13. The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.

14. Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.

14A. (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.

(2) But sub-paragraph (1)

(a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury

(b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);

(c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;

(d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.

(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).

15. The value of the right to receive any income under a life interest or from a life rent.

16. The value of the right to receive any income, which is disregarded under Schedule 4.

17. The surrender value of any policy of life insurance.

18. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.

19. Any payment made by a local authority in accordance with section 17, 238, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).

19A. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A) which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;

(a) was formerly in the applicant's care, and

(b) is aged 18 or over, and

(c) continues to live with the applicant.

20. Any social fund payment made pursuant to Part 8 of the Act.

21. Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.

22. Any capital which, by virtue of sections 34 or 49 (capital treated as income, treatment of student loans) is to be treated as income.

23. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.

24. (1) Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of-

(a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
(c) any young person who is a member of that person's family or who was such amember and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of-
(a) the person who is suffering from haemophilia or who is a qualifying person;
(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
(c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers,
where-
(a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
(b) the payment is made either;
(i) to that person's parent or stepparent; or
(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or stepparent, to his guardian,
but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts to which sub- paragraph (1) refers, where
(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and
(b) the payment is made either;
(i) to that person's parent or stepparent; or
(ii) where that person at the relevant date was a child, a young person or a student who had not completed his

full-time education and had no parent or stepparent, to his guardian, but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

25. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.
(2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

26. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

27. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

28. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

29. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

30. Any Windrush Compensation Payment

31. The value of the right to receive an occupational or personal pension.

32. The value of any funds held under a personal pension scheme

33. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.

34. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).

35. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.

36. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.

37. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.

38. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used-

(a) to purchase premises intended for occupation as his home; or

(b) to carry out repairs or alterations which are required to render premises fit for occupation as his home, for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.

39. Any arrears of supplementary pension which is disregarded under Schedule 3 (sums to be disregarded in the calculation of income other than earnings) or of any amount which is disregarded under paragraph 54 or 55 of that Schedule, but only for a period of 52 weeks from the date of receipt of the arrears.

40. (1) Any payment or repayment made-

(a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);

(b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);

(c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.

(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.

41. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.

42. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant)

43. Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.

44. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.

45. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.

46. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum Council Tax Support), the whole of his capital.

(2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum Council Tax Support), sub-paragraph (1) shall not have effect.

47. (1) Any sum of capital to which sub-paragraph (2) applies and

(a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 (as amended by the Civil Procedure (Amendment No. 7) Rule 2013) or by the Court of Protection;

(b) which can only be disposed of by order or direction of any such court; or

(c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.

48. Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules under Rule 128 of those Rules, where such sum derives from

(a) award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.

49. Any payment to the applicant as holder of the Victoria Cross or George Gross.

50. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.

51. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.

52. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

53. (1) Any payment;
(a) by way of an education maintenance allowance made pursuant to-
(i) regulations made under section 518 of the Education Act 1996;
(ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
(iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
(b) corresponding to such an education maintenance allowance, made pursuant to;
(i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
(ii) regulations made under section 181 of that Act;
or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

54. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant,

being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.

55. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

56. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of-
(a) the applicant;
(b) the applicant's partner;
(c) the applicant's deceased spouse or deceased civil partner; or
(d) the applicant's partner's deceased spouse or deceased civil partner, by the Japanese during the Second World War

.

57. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is
(a) a diagnosed person;
(b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
(c) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
(d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.

(2) Where trust payment is made to;
(a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
(b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
(c) person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending-
(i) two years after that date; or
(ii) on the day before the day on which that person
(aa) ceases receiving full-time education; or
(bb) attains the age of 20, whichever is the latest.

(3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is—
(a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
(b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
(c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other

than his partner) at the date of the diagnosed person's death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.

(4) Where a payment as referred to in Sub-paragraph (3) is made to-
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (3)(6), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending-
  - (i) two years after that date; or
  - (ii) on the day before the day on which that person
    - (aa) ceases receiving full-time education; or
    - (bb) attains the age of 20,

  whichever is last.

(5) in the paragraph, a reference to a person—
- (a) being the diagnosed person's partner;
- (b) being a member of a diagnosed person's family;
- (c) acting in place of the diagnosed person's parents,

at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.

(6) In this paragraph- "diagnosed person' means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld-Jakob disease;
'relevant trust' means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions; trust payment' means a payment under a relevant trust.

58. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant's partner, the applicant's deceased spouse or deceased civil partner or the applicant's partner's deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
- (b) had suffered property loss or had suffered personal injury; or
- (c) was a parent of a child who had died,

during the Second World War.

(1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.

(2) For the purposes of sub-paragraph (1) "local authority' includes in England a county council.

59. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 128 of the Social Work (Scotland) Act 1968, or under section 12A to 12D the National Health Service Act 2006 (direct payments for health care).

60. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.

61. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).

62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)

63. Any payments made by the London Emergencies Trust" means the company of that name (number 09928465) incorporated on 23rd December 2015 and the registered charity of that name (number 1172307) established on 28th March 2017 or the We Love Manchester Emergency Fund" means the registered charity of that name (number 1173260) established on 30th May 2017

64. Any bereavement support payment in respect of the rate set out in regulation 3(2) or (5) of the Bereavement Support Payment Regulations 2017

65. Any payments made by Central Government under the Windrush Compensation Scheme

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Appendix 1

CTS INCOME BANDS FOR CLASS D WORKING AGE CLAIMANTS

THERE ARE 6 INCOME GROUPS AND 6 HOUSEHOLD GROUPS

Single household – Income band

Weekly income (after disregarded incomes have been deducted from total) MIN to MAX	**CTRS award (% of total Council Tax liability)**
£0 to £73.71 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£73.72 to £103.86	65%
£103.87 to £134.01	50%
£134.02 to £164.16	35%
£164.17 to £194.31	20%
£194.32 and above	0%

Couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	**CTRS award (% of total Council Tax liability)**
£0.00 to £115.71 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£115.72 to £145.86	65%
£145.87 to £176.01	50%
£176.02 - £206.16	35%
£206.17 to £236.31	20%
£236.32 and above	0%

One child lone parent household – Income band

Weekly income (after disregarded incomes have been deducted from total) MIN to MAX	CTRS award (% of total Council Tax liability)
£0.00 to £158.52 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£158.53 to £225.75	65%
£225.76 to £259.37	50%
£259.38 to £326.60	35%
£326.61 to £393.84	20%
£393.85 and above	0%

One child couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	CTRS award (% of total Council Tax liability)
£0.00 to £200.48 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£200.49 to £267.71	65%
£267.72 to £301.33	50%
£301.34 to £368.56	35%
£368.57 to £435.80	20%
£435.81 and above	0%

Two or more children lone parent household – Income band

Weekly income (after disregarded incomes have been deducted from total)	CTRS award (% of total Council Tax liability)
MIN to MAX	
£0.00 to £225.76 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£225.77 to £292.99	65%
£293.00 to £326.60	50%
£326.61 to £393.84	35%
£393.85 to £461.06	20%
£461.07 and above	0%

Two or more children couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	CTRS award (% of total Council Tax liability)
£0.00 to £267.72 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£267.73 to £334.95	65%
£334.96 to £368.56	50%
£368.57 - £435.80	35%
£435.81 to £503.02	20%
£503.03 and above	0%

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Appendix 2

CTS INCOME BANDS FOR CLASS D WORKING AGE CLAIMANTS 2022/23

THERE ARE 6 INCOME GROUPS AND 6 HOUSEHOLD GROUPS

Single household – Income band

Weekly income (after disregarded incomes have been deducted from total) MIN to MAX	**CTRS award (% of total Council Tax liability)**
£0 to £76.00 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£76.01 to £107.08	65%
£107.09 to £138.16	50%
£138.17 to £169.25	35%
£169.26 to £200.33	20%
£200.34 and above	0%

Couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	**CTRS award (% of total Council Tax liability)**
£0 to £119.30 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£119.31 to £150.38	65%
£150.39 to £181.47	50%
£181.48 to £212.55	35%
£212.56 to £243.64	20%
£243.65 and above	0%

One child lone parent household – Income band

Weekly income (after disregarded incomes have been deducted from total) MIN to MAX	CTRS award (% of total Council Tax liability)
£0 to £163.43 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£163.44 to £232.75	65%
£232.76 to £267.41	50%
£267.42 to £336.72	35%
£336.73 to £406.05	20%
£406.06 and above	0%

One child couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	CTRS award (% of total Council Tax liability)
£0 to £206.69 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£206.70 to £276.01	65%
£276.02 to £310.67	50%
£310.68 to £379.98	35%
£379.99 to £449.31	20%
£449.32 and above	0%

Two or more children lone parent household – Income band

Weekly income (after disregarded incomes have been deducted from total) MIN to MAX	CTRS award (% of total Council Tax liability)
£0 to £232.76 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£232.77 to £302.07	65%
£302.08 to £336.72	50%
£336.73 to £406.05	35%
£406.06 to £475.35	20%
£475.36 and above	0%

Two or more children couple household – Income band

Weekly income (after disregarded incomes have been deducted from total)	CTRS award (% of total Council Tax liability)
£0 to £276.02 (or in receipt of Income Support, income-based Jobseekers Allowance or income-related Employment and Support Allowance or UC with no other income)	80%
£276.03 to £345.33	65%
£345.34 to £379.98	50%
£379.99 to £449.31	35%
£449.32 to £518.61	20%
£518.62 and above	0%

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SLOUGH BOROUGH COUNCIL

REPORT TO: Overview & Scrutiny Committee

DATE: 8 March 2022

CHIEF OFFICER: Steven Mair, Director of Finance (Section 151 Officer)

WARD(S): ALL

PART I
FOR COMMENT & CONSIDERATION

REVENUE AND CAPITAL MONITORING REPORT – 2021/22 [QUARTER 3 – DECEMBER 2021]

1 Summary and Recommendations

1.1 This report sets out the Council's forecast revenue and capital outturn positions for 2021/22 as at quarter 3 (31 December 2021) and notes a number of risks associated with this. This report is being considered by Cabinet on 9 March 2022.

Recommendations:

1.2 That the Committee note and comment on the following:

- The forecast year-end position for the General Fund revenue budgets is a net adverse variance of £292k. The current forecast assumes Covid-19 pressures will be funded from additional grants received in year and will continue to be monitored monthly and reported alongside any grant funding provided to mitigate the spend or lost income.

- That there are a number of exceptional issues, estimated to be £95m, not included in the forecast above that are included in the Capitalisation Direction request to DLUHC.

- The DSG balance is forecast to be a cumulative deficit of £25.5m by the end of this financial year.

- At end of December 2021, the HRA was forecasting a surplus of £0.927m for 2021/22, however this may change as work progresses on the Business Plan. Any surplus will be transferred to the HRA reserves at year-end.

- The additions and reductions to the capital programme set out in appendix E.

- The forecast capital programme outturn for the General Fund for 2021/22 is currently £55m, of which £12m is to be financed from new borrowing.

- The forecast capital programme outturn for the HRA for 2021/22 is currently £13.0m.

2 Report

2.1. Background

2.1.1. On 2 July 2021, the Council's section 151 officer issued a S.114 notice that projected in-year overspending coupled with the correction of various historical issues was expected to significantly exceed levels of available reserves in the Council's approved budget report. This is more fully explained in the budget report and S25 Report on the same agenda as this report.

2.1.2. Since July the Council has been having ongoing dialogue and engagement with DLUHC about obtaining additional financial support. In addition, to reduce the burden of debt charges on revenue budgets, the Council is also planning to significantly scale back its capital investment plans and undertake an asset disposal programme.

2.1.3. The Council's net reserves position is currently estimated to be in deficit by £223m at 31 March 2022, prior to a Capitalisation Direction. However, it will take a number of years until the Council can reach a sustainable financial position and will have to rely on future government capitalisation until it does so. It is therefore imperative that the Council manages both revenue and capital spending within approved budget limits to enable it to reach sustainability as soon as possible. As such all members, directors and responsible officers are taking responsibility for managing services within budget constraints.

2.2. General Fund (GF)

2.2.1. In March 2021, the Council approved the GF revenue budget for 2021/22. A balanced budget was approved by members, based on:

- Delivery of in-year savings totalling £15.6m
- Utilisation for revenue purposes of a Capitalisation Direction of £12.2m.

2.2.2. The forecast GF position as at the end of December 2021, up to 31 March 2022, is a £292k overspend, excluding the £95m of items in the Capitalisation Direction, as set out in the following table:

Table1 – General Fund Revenue Forecast 2021/22

Directorate	Current Budget £'000	Forecast Outturn £'000	Full Year Variance £'000	Month 8 Variance £'000	Change since month 8 £'000
People (ADULT)	46,023	46,523	**500**	577	(77)
People (CHILDREN) excl. (SCF)	12,011	12,019	**8**	(1)	9
Slough Children First Contract	31,056	32,374	**1,318**	828	490
Place & Community	10,361	10,796	**435**	435	0
Resources	23,939	23,933	**(6)**	(3)	(3)
Service Total	**123,390**	**125,645**	**2,255**	**1,836**	**419**
Corporate Budgets	12,416	10,453	**(1,963)**	(1,963)	0
Non-Service Total	**12,416**	**10,453**	**(1,963)**	**(1,963)**	**0**

Expenditure Total	**135,806**	**136,098**	**292**	**(127)**	**419**
Council Tax	(61,032)	(61,032)	**0**	0	0
Business Rates – Local Share	(33,531)	(33,531)	**0**	0	0
Collection Fund Deficit	7,815	7,815	**0**	0	0
Revenue Support Grant	(6,257)	(6,257)	**0**	0	0
COVID Grant	(6,375)	(6,375)	**0**	0	0
Other Grants	(24,225)	(24,225)	**0**	0	0
Funding Total	**(123,606)**	**(123,606)**	**0**	**0**	**0**
Capitalisation Direction	(12,200)	(12,200)	**0**		
Total	**0**	**292**	**292**	**(127)**	**419**

People Adults

2.2.3. The People (Adults) directorate budget for 2021/22 is £46.023m and as at the end of quarter 3 (December 2021) is reporting a £0.500m overspend, approximately 1% of the budget.

2.2.4. Increased demand for mental health services is leading to a £0.587m overspend, this is partly attributed to the impact of the COVID-19 pandemic.

2.2.5. The costs of care packages and use of interim agency social workers within the Localities are leading to a forecast overspend of £1.522m.

2.2.6. These overspends are offset by overachievement of client contribution invoicing of £0.400m, an extra in year funding allocation of £0.850m from the Better Care Fund and various minor underspends across various services of £0.359m.

Risks and uncertainties

2.2.7. There are a number of other risks and uncertainties within the service that could affect the assumptions made and the overall forecast outturn such as:

- Managing the increasing demand for services
- Residual demand pressure from the Discharge to Access (D2A) initiative with the CCG
- Timely recruitment to key positions to implement the strategic and realisation of the benefits from the transformation programme within the financial year
- Vacancies in social work teams due to the difficulties in recruitment which limits reviews of social care assessments and provision.
- Inadequate IT systems to support effective management control and decisions making. Controcc, the care package commitment system is highly unreliable with issues range from inaccurate coding of care packages, poor record validation to inconsistent package approval processes. All are being addressed.

2.2.8. The directorate is mitigating these risks through the following projects and actions:

- Debt management and financial assessment project to maximise income

- Review of agency staff and recruitment of permanent staff to posts
- Review of the Mental Health budget

People Children

2.2.9. The People (Children) directorate net overall position at the end of quarter 3 (December 2021) is an overspend of £1.326m, of which £1.318m relates to Slough Children First (SCF), against a net budget of £43.067m.

2.2.10. This is an adverse movement of £0.499m from previous month, £0.490m relating to SCF and £009m for Council Children services respectively. The forecast assumes that COVID-19 related pressures impacting this financial year, will be supported by one-off funding, however, if pressures are recurring, longer term solutions will need to be identified.

2.2.11. The directorate has a savings target of £1.044m excluding growth of £1.194m, of which £485k is at risk of slipping.

Slough Children First Contract

2.2.12. The contract with SCF is forecasting an overspend of £1.318m at the end of December 2021 which is adverse movement of £0.490m since month 8. The overspend is mainly due to increased agency spends due to ongoing challenges in the recruitment to permanent staff, legal costs of adoption and increased placements cost. The increased costs are offset by additional Strengthening Families income.

2.2.13. The change in the year end forecast position arises from a new high cost placement (£200k), further legal costs of (£150k) and a materialising risk that a number of the newly placed unaccompanied asylum seekers who are proving to be adults. Thus, the Company is incurring placement costs without accruing grant income whilst awaiting age assessments and Home Office decisions, estimated to be circa (£150k).

Place and Community

2.2.14. The Place and Community directorate net budget for 2021/22 is £10.361m and is forecasting a £0.435m overspend as at the end of quarter 3 (December 2021), approximately 4% of the budget. The overspend is mainly due to reduction in recharges to capital and unachieved historical income targets.

2.2.15. The forecast position assumes that any costs incurred directly as a result of COVID-19 will be re-imbursed through grant by the Government, and that the directorate will deliver both its base savings target and any new in-year financial pressures.

2.2.16. The directorate budget includes an in-year savings target £9.657m, of which the service is forecasting £6.516m as achievable, and £3.141m as unachievable to be delivered via one-off funding.

Recovery Initiatives

2.2.17. The directorate has identified several initiatives to mitigate savings which have been deemed unachievable as well as in-year budget pressures such as:

- Use of DfT grant £1.2m
- Claim for loss of income due to Covid of £2.193m and expenditure of £0.637m
- Reduction in concessionary fares expenditure and use of S106 £0.810m
- A combination of reduced service delivery and a reduction in overtime in the DSO and additional recharges not accounted for £0.747m.

Resources

2.2.18. The Resources directorate is reporting an underspend of £6k against an overall budget of £23.939m. This is a favourable movement of £3k from the previous month mainly due to additional COVID-19 related expenditure identified in Customer Services and expected to be recharged.

Risks and uncertainties

2.2.19. Customer services continues to deliver COVID-19 related projects. This includes the Local Test and Trace Service, the processing of Grants for Businesses affected by COVID-19 and Self-Isolation Payments. At this stage the specific central government grant funding is sufficient to cover these costs, however this will be monitored closely and changes reported accordingly.

Corporate

2.2.20. The impact of the anticipated pressure of the pay award is part of the capitalisation direction submission to DLUHC and has thus been separated from the other elements of the forecast outturn.

2.2.21. When the budget was approved in March 2021, it was assumed that Minimum Revenue Provision (MRP) for 2021/22 would be funded from capital receipts. This is not good accounting practice and the cost of MRP has been recalculated as is significantly higher than estimated in March. This exceptional cost has been included in the Capitalisation Direction request that will be submitted to DLUHC.

2.2.22. It is assumed that the budgeted contribution to reserves will not be made in 2021/22. However, the capitalisation direction request to DLUHC includes £20m to top up reserves by 31 March 2022.

2.2 Savings Programme

2.2.23. The Council's original 2021/22 budget was based on the delivery of £15.6m savings.

2.2.24. The delivery of the savings programme and emerging in-year pressures are summarised in the table below:

Table 2 – Savings and Budget Programme Summary 2021/22 – Service Related

Directorate	Current Savings Target £'000	100% Delivered Savings £'000	Savings at Risk 2021/22 £'000	Emerging pressures 2021/22 £'000	New savings 2021/22 £'000	Budget Gap 2021/22 £'000
Slough Children First Contract	0	(7,197)	0	1,668	(350)	**1,318**
People (Adults)	3,837	(3,260)	500	0	0	**500**
People (Children)	(150)	635	485	531	(1,008)	**8**
Place & Community	9,657	0	2,460	1,977	(4,002)	**435**
Resources	2,232	(2,022)	210	826	(1,042)	**(6)**
Total Savings/Budget Programme*	**15,576**	**(11,844)**	**3,655**	**5,002**	**(6,402)**	**2,255**

**Note: The budget gap relates to service budgets that excludes Corporate Savings of £1.963m reducing the budget gap to £0.192m.*

2.3 Flexible Capital Receipts Strategy (Transformation Fund)

2.3.1 With effect from 1 April 2016, the Secretary of State under section 15(1) (a) of the Local Government Act 2003, allowed local authorities to use capital receipts to fund revenue expenditure on projects which generate ongoing savings or reduce demand for services. The Local Government Finance Settlement 2021/22 extended this directive for a further three years to 2024/25.

2.3.2 The Council has used this directive to use capital receipts to fund transformation change costs to deliver ongoing savings. Full details of the Transformation Fund are set out in Appendix C which outlines the proposed spend on a scheme-by-scheme basis.

2.3.3 Following the statutory recommendation by Grant Thornton, additional money will be invested in resourcing the Finance Team to ensure the team has sufficient skilled resources to improve in-year financial management and the production of year-end accounts. £900K has been allowed for 2021/22 financed through the flexible use of capital receipts. In the longer term, a new permanent structure is being designed and costed to provide the right financial support for the council and the aim is to implement it by the start of 2022/23. Given the current challenges recruiting staff, it is anticipated it will take some time to fully resource a permanent team.

2.3.4 The table below summarises the use of the Transformation Fund for 2021/22 that will be funded from capital receipts.

Table 3 – Transformation Fund 2021/22

	Budget £'000	Forecast £'000	Variance £'000
Our Futures	3,234	2,440	(794)
Financial Excellence	2,070	2,070	0
Integrating Public Services and Transforming Service Delivery	778	2,072	1,294
Contingency	500	0	(500)
Total	**6,582**	**6,582**	**0**

2.4 Dedicated Schools Grant

2.4.1 The DSG forecast is a deficit of £4.898m, against grant funds of £73.229m for 2021/22, resulting mainly from the High Needs (HN) Block. This mainly relates to increased demand for out of borough SEN placements, post 16 services and places at Special schools and a failure to address the issues in previous years.

2.4.2 The total DSG deficit is forecast to rise from £20.6m to £25.5m by 31 March 2022, which is mainly due to the overspend on the High Needs Block. The DfE requires Local Authorities to have a management plan agreed by the Schools Forum in place to recover the deficit over a number of years. Progress against the plan will be tracked. Options reviewed by the task group set up by the Director of Finance (S151) to recover the deficit includes:

- Collaborative work is being undertaken with the local CCG and care partners, to establish stronger working relationships. There is a local tripartite panel in place to make decisions around joint funding – SBC are requesting review of the ToR and decision-making processes, resolution of funding disputes, and future developments.

- The authority is currently reviewing the local offer for Alternative Provision, to ensure that we secure sufficient places to meet our statutory 6-day provision for P-Ex pupils, and to work with providers to develop a traded model over time to support schools in identifying how best to purchase any additional AP interventions.

- Review of banding to encompass a blended approach of top-ups and fixed costs will support with cost-effective commissioning, as LA can plan around mostly static costs in our IB maintained special schools.

- Our commissioning approach will be to develop cost-effective commissioning of places from OOB maintained special and independent non-maintained (special) schools to ensure we have sufficient, good quality, affordable places to meet the needs of all CYP with SEND in SBC, throughout all phases.

- Capital investment initiatives have been used to support the expansion of two resource bases in primary sector, and development of one new resource base in secondary sector, to meet growing demand for specialist provision supporting ASD and complex needs.

Table 5 – Dedicated Schools Grant

BLOCKS	Budget	Forecast Position	Full Year Variance	Previous month's Variance	Change	Cumulative surplus/ deficit
	£'000	£'000	£'000	£'000	£'000	£'000
School Block	37,175	37,216	41	41	0	339
CSSB Block	1,020	1,023	3	5	(2)	(27)
HN Block	19,804	24,658	4,854	4,551	303	25,654
EY Block	15,230	15,230	0	0	0	(453)
Total	**73,229**	**78,127**	**4,898**	**4,597**	**301**	**25,513**

2.5 Housing Revenue Account (HRA)

2.5.1 The HRA was budgeted to make a surplus of £0.499m in 2021/22 which would be moved into the HRA reserve at year-end. It is currently forecasting a surplus of £0.927m as at the end of quarter 3 (December 2021), £0.428m higher than budgeted. This is an adverse movement of £0.208m on the month 8 position.

2.5.2 The main reason for the HRA underspend is due an understatement of the budget for rental income of £1.110m. The other contributing factors to the favourable variances are a Housing repairs underspend and interest on HRA borrowings.

2.5.3 The variance on Housing Repairs is mainly due to an overstatement of the current year budget. The recalculation of the interest on borrowings forecast resulted in an under spend of £1.116m against a budget figure of £6.219m. The positive variances are offset by overspend on the Depreciation budget and various overspend on Supervision and Management budgets.

2.5.4 The adverse movement in quarter 3 (December 2021) compared to month 8 of £0.208m is mainly due to a review of the repairs forecast and the supervision and management costs and the amendment to the dwelling rents income forecast.

2.5.5 The HRA general reserves has a provisional balance of £17.227m at the 1 April 2021, dependent on the closing of the prior year accounts, and this is currently forecast to increase to £18.154m based on the forecast in table 5 below.

Table 5 – Housing Revenue Account Forecast 2021/22

Service	Budget £'000	Forecast Year - End Position £'000	Full Year Variance £'000	Previous month's Variance £'000	Change £'000
HRA Expenditure	36,461	36,843	382	325	57
HRA Income	(36,960)	(37,770)	(810)	(961)	151
HRA Surplus/(Deficit)	**(499)**	**(927)**	**(428)**	**(636)**	**208**
Transfer to HRA Reserves	499	927	428	636	(208)
Total	**0**	**0**	**0**	**0**	**0**

2.6 Capital Programme

2.6.1 The reduced Capital Programme for 2021/22 is £114m, compared to £117m noted by Cabinet last month. Of this, £59m is General Fund and £55m is Housing Revenue Account. This includes slippage from 2020/21.

2.6.2 The General Fund Capital programme is currently forecast to underspend by £8.9m by the end of this financial year and any requests to carry forward slippage will require Cabinet approval.

2.6.3 The HRA Capital Programme is forecast to underspend by £42m by March 2022 and any requests to carry forward slippage will require Cabinet approval. The HRA business plan is currently being updated and this may have an impact on the capital programme for this year and future years. Further detail on the 2021/22 programme is provided in Appendix F.

2.6.4 Table 6 below sets out the estimated outturn for the 2021/22 revised capital programme, as at 31 December 2021.

Table 6 – Estimated Capital Programme Outturn 2021/22

Directorate	Original Budget 2021/22 £000s	Brought Forward (Over)/under spends £000s	(Reductions)/ Additions £000s	Revised Budget 2021/22 £000s	Spend 1 April 2021 - 31 December 2021 £000s	Full Year Projection (April 2021 - March 2022) £000s	Variance against actual £000s
General Fund:							
People (Adults)	7,013	886	(7,004)	895	807	948	53
People (Children)	9,004	657	(1,066)	8,595	208	720	(7,875)
Customer & Community	3,163	(524)	(1,493)	1,146	581	1,146	0
Place	57,808	15,002	(33,140)	39,670	10,339	26,549	(13,121)
Corporate Operations	6,000	5,438	(9,060)	2,378	1,608	2,378	0
Finance & Resources	17,451	0	(10,669)	6,782	0	6,582	(200)
	100,439	**21,459**	**(62,432)**	**59,466**	**13,543**	**38,323**	**(21,143)**
Housing Revenue Account:							
Housing Revenue Account	4,823	7,378	0	12,201	3,682	8,198	(4,003)
Affordable Housing	35,849	6,906	0	42,755	1,441	4,803	(37,952)
	40,672	**14,284**	**0**	**54,956**	**5,123**	**13,001**	**(41,955)**
Total Expenditure	**141,111**	**35,743**	**(62,432)**	**114,422**	**18,666**	**51,324**	**(63,098)**

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 The financial implications are contained within this report.

3.2 Legal implications

3.2.1 Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year.

3.2.2 Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.

3.3 Risk management implications

3.3.1 In addition to the risks set out above given the level of financial uncertainty, emerging issues and the restricted financial resources available to the Council, there is clearly a risk that the revenue savings for 2021/22 will prove difficult to deliver. Realising the forecast outturn will be dependent on:

- achievement of in-year savings, particularly in the Place and Community directorate, and
- achievement of planned savings in People Adults of £1.2m across a number of programmes.
- All other Departments delivering the savings put forward and absorbing any further emerging cost pressures.

3.3.2 To mitigate all risks the Council is continuing to:

- engage in regular discussion with DLUHC (previously MHCLG) regarding additional financial support through a further capitalisation direction

- prioritise preparation and audit of prior years' financial statements so that the historical financial position can be ascertained with certainty,

- move forward with the Finance Action Plan and strengthen financial management so that all Council functions and services operate within their approved budget on a consistent basis

- ascertain whether any additional savings can be implemented during the current financial year

- Report the current position regularly to all forums.

3.4 Environmental implications

3.4.1 None

3.5 Equality implications

3.5.1 There are no identified equality implications from this report. Equality impact assessments will be completed for new savings proposals.

3.6 Procurement implications

3.6.1 None

3.7 Workforce implications

3.7.1 None

3.8 Property implications

3.8.1 Delivery of savings depends in some directorates on asset disposals, as reported to Cabinet on 21 June and 20 September 2021.

4. Appendices:

'A' General Fund Forecast
'B' Savings Programme
'C' Transformation Fund (Flexible Capital Receipts)
'D' Housing Revenue Account Forecast Position
'E' General Fund Capital Programme Monitor
'F' HRA Capital Programme Monitor

5. Background Papers

- Revenue and Capital Budget Monitoring Report – 2021/22 (Period 6 – September 2021), November 2021 Cabinet

- Revenue Budget Report, March 2021 Full Council

- Capital Strategy, March 2021 Full Council
- S114 Notice, July 2021 Full Council

SLOUGH BOROUGH COUNCIL

General Fund Revenue Monitoring - Quarter 3 (Month 9)

Directorate	Current Budget £'000	Forecast Outturn £'000	Full Year Variance £'000	Previous month's Variance £'000	Change (since last period) £'000
PEOPLE (ADULTS)					
Public Health	6,537	6,537	0	0	0
Commissioning	2,655	2,290	(365)	(364)	(1)
People Adults Management	744	170	(574)	(573)	(1)
Localities Social Work	16,664	18,186	1,522	1,600	(78)
Safeguarding Partnership team	487	338	(149)	(81)	(68)
RRR & Long Term OTS	515	306	(209)	(286)	77
Lavender Court	604	521	(83)	(82)	(1)
Mental Health	4,872	5,459	587	586	1
CTPLD	11,885	11,697	(188)	(221)	33
Long Term Services	0	0	0	0	0
Day Services Unit	1,060	1,019	(41)	(2)	(39)
Total	**46,023**	**46,523**	**500**	**577**	**(77)**
PEOPLE (Children, Learning and Skills)					
CLS Directorate	5,109	5,084	(25)	(25)	0
Inclusion	682	796	114	114	0
Slough Children First	31,056	32,374	1,318	828	490
School Services	4,061	4,372	311	282	29
Early Help Hub	1,508	1,534	26	(376)	402
Early Years Education	295	198	(97)	26	(123)
People Children Management	(199)	(184)	15	15	0
Children´s Centres / Family Hubs	892	556	(336)	(37)	(299)
Sub-Total	**43,404**	**44,730**	**1,326**	**827**	**499**
Dedicated Schools Grant (DSG)	(337)	(337)			0
Total	**43,067**	**44,393**	**1,326**	**827**	**499**
Place and Community					
Asset Management	(2,713)	(1,627)	1,086	1,019	67
Community Safety, Housing Regulation & Enforcement	1,371	1,311	(60)	(68)	8
Environmental Services	12,625	12,209	(416)	(332)	(84)
Infrastructure	3,603	2,069	(1,534)	(1,723)	189
Place Delivery	(2,014)	5	2,019	2,050	(31)
Place Management	371	(309)	(680)	(680)	0
Place Strategy	(6,871)	(5,807)	1,064	1,081	(17)
Planning	415	(216)	(631)	(530)	(101)
Public Protection	242	216	(26)	6	(32)

SLOUGH BOROUGH COUNCIL

General Fund Revenue Monitoring - Quarter 3 (Month 9)

Directorate	Current Budget £'000	Forecast Outturn £'000	Full Year Variance £'000	Previous month's Variance £'000	Change (since last period) £'000
Accommodation	1,687	1,683	(4)	(4)	0
Learning, Skills & Employment	166	32	(134)	(134)	0
Localities & Neighbourhoods	1,479	1,230	(249)	(250)	1
Total	**10,361**	**10,796**	**435**	**435**	**0**
Resources					
Operational Finance	3,107	2,612	(495)	(548)	53
Strategic Finance	(206)	(206)	0	0	0
Commercial	1,321	1,307	(14)	1	(15)
Customer Services	1,933	2,253	320	453	(133)
Revenues, Benefits & Charges	2,943	2,998	55	58	(3)
Business Support	5,316	5,752	436	371	65
Governance	912	834	(78)	(73)	(5)
Democratic Services	830	981	151	151	0
HR	1,622	1,522	(100)	(103)	3
IT	4,494	4,536	42	10	32
Communications	403	342	(61)	(61)	0
Strategy & Innovation	1,264	1,002	(262)	(262)	0
Resources Sub Total	***23,939***	***23,933***	***(6)***	***(3)***	***(3)***
GRAND TOTAL	**123,390**	**125,645**	**2,255**	**1,836**	**419**

% of revenue budget over/(under)	**2%**

Corporate budgets	***12,416***	***10,453***	***(1,963)***	***(1,963)***	***0***

GRAND TOTAL	**135,806**	**136,098**	**292**	**(127)**	**419**

% of budget over/(under)	**0%**		

Directorate	Savings Description	Total 2021/22 £'000	100% Delivered Savings £'000	Savings not delivered/at risk £'000	In-year Emerging pressures £'000	Measures to mitigate pressures £'000	Revised budget gap £'000
Resources	Reduce training budget	200	(200)	0			0
Resources	Landmark Place - Reduction in costs and move HRA to OH	600	(600)	0			0
Resources	Reflect actual Arbour Park Rental Income	80	(80)	0			0
Resources	Reactive Repairs - Corporate Buildings	18	(18)	0			0
Resources	Cross-cutting Corporate savings allocation	223	(223)	0			0
Resources	Our Futures	317	(317)	0			0
Resources	Unachievable income targets related to Observatory			0	64		64
Resources	Remove Contracted Services budget	57	(57)	0			0
Resources	Recommissioning and reviews of major commercial contracts	150	(150)	0			0
Resources	Remove Cash Collection budget as no longer needed	18	(18)	0			0
Resources	Treasury Management Efficiencies	100	(100)	0			0
Resources	Community Investment Fund	210		210			210
Resources	Our Futures	192	(192)	0		(719)	(719)
Resources	Legal legacy cases £200k plus £142k which relates to unachievable income target historically assigned to the facilitating of commissioned legal cases to HB Law			0	387		387
Children's Services Trust Contract	Public Health	0	0	0	0	(350)	(350)
Resources	Cross-cutting Corporate savings allocation	23	(23)	0			0
Resources	Our Futures	(256)	256	0		(323)	(323)
Place & Community	Reduce budget provision for supported employment service	46	(79)	(33)			(33)
Place & Community	Creative Academy - to become fully self sustaining	10	(10)	0			0
Place & Community	Remodel library services using technological advancements	300	(370)	(70)			(70)
Place & Community	Reduction in commissioning budget of Young People's S	22	(22)	(1)			(1)
Place & Community	Reduction in YPS Supplies and Services Budget	50	(50)	0			0
Place & Community	Libraries Publications	21	(21)	(1)			(1)
Place & Community	Reduce Housing Incentive Payments budget by 50%	103	(103)	0			0
Place & Community	Reduce Temporary Accommodation Budget by 18%	172	(174)	(2)			(2)
Place & Community	Increase in Homelessness Prevention Grant for one yea	857		857		(813)	44
Place & Community	Cross-cutting Corporate savings allocation (*Delivered as CC- Mar - 2021 - 028.1 - 028.5 as shown below*)	331		331			331
Place & Community	Leisure Management Efficiency and Removal of Free Swim for over 65s		(237)	(237)			(237)
Place & Community	Reduce Funding for Community Development & Detached Youth Work		(221)	(221)			(221)
Place & Community	Efficiency-Divisional Management, Culture and Localities		(223)	(223)			(223)
Place & Community	Our Futures	698	(532)	166	(105)		61
Place & Community	Emerging Pressures - Customer Services £221k;		0	0	354	(510)	(156)
People (Adults)	Continuing Health Care (CHC) contribution	250	(250)	0			0
People (Adults)	Transformation of Adult Social Care	2,088	(1,588)	500			500
People (Adults)	Safeguarding - Dols	40	(40)	0			0
People (Adults)	Staffing efficiencies	64		64			64
People (Adults)	Review of MH SLA - decrease contribution by 10%	22	(86)	(64)			(64)
People (Adults)	Better Care Fund (BCF) extra funding	750	(750)	0			0
People (Adults)	Direct Payment (DP) claw back	300	(300)	0			0
People (Adults)	Joint re-commissioning of Health watch contract	21	(21)	0			0
People (Adults)	Care Commissioning staff	287	(287)	0			0
People (Children)	Transformation of Early Help Phase 2 - achieving the	150	(117)	33		(33)	0

Directorate	Savings Description	Total 2021/22 £'000	100% Delivered Savings £'000	Savings not delivered/at risk £'000	In-year Emerging pressures £'000	Measures to mitigate pressures £'000	Revised budget gap £'000
People (Children)	Our Futures	(1,194)	1,194	0		(38)	(38)
People (Children)	Cross-cutting Corporate savings allocation	770	(356)	414		(414)	0
Resources	DfE - SCST Costs (2 years only)	300	(300)	0			0
People (Children)	Transformation of Slough (SBC) Passenger Travel and Transport	124	(86)	38			38
Children's Services Trust Contract	Children Trust - Agency Social workers, Legal costs and Pay award	0	0	0	1,668		1,668
People (Children)	Budget Pressures identified as follows: Capita Contract £108k; Music Services which is fully grant not reflected in the Our futures restructure £148k;Unachievable income target F144 £55k; Agency costs in the Inclusion team of £47k; Home to school Transport £29k; RAA contract; Pay award assumed 1.5% not funded	0		0	531	(523)	8
Place & Community	Income Target from S106 receipts and Partner contribut	300	(300)	0			0
Place & Community	Holding costs - Stoke Wharf (3 years only)	270		270			270
Place & Community	Reduce Supplies & Services budget	20		20			20
Place & Community	Remove budget for Divisional Mgmt.-Fees-Project Work	40		40			40
Place & Community	Reduced Depreciation on DSO Vehicles (assumed 10 year life) - (ONE-OFF)	375		375			375
Place & Community	Budget Adjustment to reflect rent not charged - Depot at White Hart Road (DSO)	103	(103)	0			0
Place & Community	Fall in price of diesel and petrol (2.5%)	34		34			34
Place & Community	Increase Weighbridge charges and collection charges	98	(98)	0			0
Place & Community	Grounds Maintenance recharge to HRA	129	(129)	0			0
Place & Community	Stop Green Waste for 3 months (Dec/Jan/Feb)	71	(71)	0			0
Place & Community	Community Safety Restructure	118		118			118
Place & Community	Use PREVENT Reserve to fund Domestic Abuse and Exploitation Service for 1 year	49		49			49
Place & Community	CCTV - Review service and seek increased partner funding contributions	109		109			109
Place & Community	Housing Regulations Team - No appointment to Business Development Manager	50	(50)	0			0
Place & Community	Property service recharge to Housing Development Programme	250		250			250
Place & Community	Rent 3rd floor of Observatory House	75		75			75
Place & Community	Street Advertising/Bus Shelter Advertising	75	(22)	53			53
Place & Community	Highways and Transport - Reduce expenditure on external contractors	195	(195)	0			0
Place & Community	Parking Income	208	(208)	0			0
Place & Community	Capitalise - Square Mile Expert Team	500		500	531	(2,329)	(1,298)
Place & Community	Regeneration - Income generation for Moxy Hotel	179	(179)	0			0
Place & Community	Our Futures	3,155	(3,155)	0			0
Place & Community	Cross-cutting Corporate savings allocation	645	(645)	0			0
Place & Community	Historically on-going pressure due to increased target income which has never been achieved included re Economic Development Team , included in 2021/22 base budget.	0	0	0	200		200

Directorate	Savings Description	Total 2021/22 £'000	100% Delivered Savings £'000	Savings not delivered/at risk £'000	In-year Emerging pressures £'000	Measures to mitigate pressures £'000	Revised budget gap £'000
Place & Community	Energy costs – over the last 2 years there has been a regular overspend. The contract incorrectly gave us a lower price in previous years but now there is a continual pressure.	0	0	0	300		300
Place & Community	DSO overspend of £392k mainly due to salaries being under budgeted from the Our Futures restructure	0	0	0	392	(350)	42
Place & Community	Rechargeable work income – this should have been the digitisation of billboards tender to generate SBC income but delayed due to Covid (this was the pressure in 20.21.)	0	0	0	305		305
People (Adults)	Floating Support	15	(15)	0			0
Resources	Emerging Pressures -Customer Services - telephony contract costs not budgeted £278 and Our futures staffing costs £157k; Revenues and Benefits £58k			0	375		375
		15,576	(11,921)	3,655	5,002	(6,402)	2,255

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Transformation Stream	Saving Amount £'000	Resource Required	2021/22 Budget £'000	Additions £000	Revised Budget £000	2021/22 Forecast £'000	Variance £'000
OUR FUTURES							
Council-wide restructure		HR transformation project team HR Business Partner, HR Officer	65		65	85	20
		Director of Transformation	44		44	58	14
		Redundancy costs Phase 2 and Budget to complete remaining Transformation Programme	1,975		1,975	1,311	(664)
	3,500	Culture Change Contingency	500		500	636	136
Reduce Agency Spend	**1,500**	Interim Project Manager Cornerstone Training IT Platform	300		300	0	(300)
Transformation of Adult Social Care	**1,445**	Consultancy and Delivery Support	350		350	350	0
OUR FUTURES TOTAL			**3,234**		**3,234**	**2,440**	**(794)**
Financial Excellence							
Cross-cutting - Delivery of Savings Programme		Fundamental review of Council's Financial	350		350	350	0
Cross-cutting - Delivery of Savings Programme	**15,976**	Fundamental review of Council's financial reporting and	350		350	350	0
Equitable Contractual Arrangements	**1,500**	Legal advice on seeking recompense for historic contract underperfomance	150		150	150	0
Procurement & Contract Management Improvements	**1,200**	Consultants supporting setup of World Class contract	320		320	320	0
Additional Finance Support		Additional support for the Finance Team in line with the statutory recommendations from Grant Thornton and the recommendation in the CIPFA reported published in October.	0	900	900	900	0
FINANCIAL EXCELLENCE TOTAL			**1,170**	**900**	**2,070**	**2,070**	**0**
Integrating Public Services and Transforming Service Delivery							
Home to School Transport	**613**	Consultancy and Training to achieve cross-cutting efficiencies	147		147	147	0
Insourcing IT and other support functions		Insourcing IT and other support functions	0	631	631	1,925	1,294
Integrating Public Services and Transforming Service Delivery Total			**147**	**631**	**778**	**2,072**	**1,294**
CONTINGENCY		Contingency	**500**		**500**	**0**	**(500)**
TOTAL			**5,051**	**1,531**	**6,582**	**6,582**	**0**

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SLOUGH BOROUGH COUNCIL

SUMMARY - HOUSING REVENUE ACCOUNT FORECAST (Month 9) POSITION 2021-22					
Service - Housing Revenue Account	**Budget** £'000	**Forecast Outturn** £'000	**Full Year Variance** £'000	**Month 8 Variance** £'000	**Change** £'000
EXPENDITURE					
Management Team (& Recharges)	5,359	7,041	1,682	7,154	(113)
Supported Housing	30	2	(28)	2	0
Tenant Services	1,868	1,723	(145)	1,666	57
Neighbourhood Housing Area North	650	382	(268)	396	(14)
Neighbourhood Housing Area South	438	108	(330)	167	(59)
Neighbourhood Housing Area East	536	152	(384)	180	(28)
Arrears & Investigations	611	611	0	611	0
Client Services Team	1,236	1,236	0	1,236	0
Neighbourhood Resilience & Enforcement Team	344	42	(302)	42	0
Housing Allocations	73	19	(54)	23	(4)
Tenants Participation Team	320	155	(165)	180	(25)
Lettings	210	14	(196)	23	(9)
Leaseholder Team	263	190	(73)	175	15
Housing Repairs	8,765	7,727	(1,038)	7,490	237
Interest Charges on HRA Loans	6,219	4,603	(1,616)	4,603	0
Provision for Bad Debts	1,338	1,338	0	1,338	0
Contingencies	3,500	3,500	0	3,500	0
Depreciation & Funding of Capital Projects	4,702	8,000	3,298	8,000	0
TOTAL EXPENDITURE	**36,461**	**36,843**	**382**	**36,786**	**57**
INCOME					
Dwelling Rents	(32,788)	(33,898)	(1,110)	(34,043)	145
Garage Rents	(507)	(334)	173	(335)	1
Shop Rent	(667)	(663)	4	(663)	0
Other Rents	(526)	(526)	0	(526)	0
Leaseholder Service Charges	(967)	(813)	154	(813)	0
General Service Charges	(1,481)	(1,512)	(31)	(1,517)	5
Interest	(24)	(24)	0	(24)	0
TOTAL INCOME	**(36,960)**	**(37,770)**	**(810)**	**(37,921)**	**151**
HRA Surplus(Deficit)	(499)	(927)	(428)	(1,135)	208
Transfer to HRA Reserves	499	927	428	1,135	(208)
TOTAL	**0**	**(0)**	**(0)**	**0**	**0**

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GENERAL FUND SERVICE CAPITAL BUDGETS 2021/22 **Appendix E**
PERIOD 9 - DECEMBER 2021

Cost Centre Code	Directorate	Original Budget 2021/22 £000s	Brought Forward (Over)/under spends £000s	(Reductions)/ Additions £000s	Revised Budget 2021/22 £000s	Spend 1 April 2021 - 31 December 2021 £000s	Variance against budget £000s	Full Year Projection £000s	2021/22 Full Year Variance to revised £000s
	People (Adults)								
P331	Care Act: Social Care IT Developments		299	(299)	0	61	61	61	61
P577	Learning disability change programme	700	(146)		554	741	187	877	323
P195	Autism capital grant	0	6		6		(6)	6	0
P395	Hold long-term disabilities grant	0	335		335	4	(331)	4	(331)
P208	Chalvey Extra Care Housing	6,313	392	(6,705)	0		0	0	0
	People (Adults) total	**7,013**	**886**	**(7,004)**	**895**	**806**	**(89)**	**948**	**53**
	People (Children)								
P051	Primary expansions (Phase 2 for 2011)	170	67		237	19	(218)	23	(214)
P093	Schools Modernisation Programme	996	172		1,168	48	(1,120)	298	(870)
P101	SEN Resources Expansion	100	280		380	2	(378)	82	(298)
P153	Special School Expansion	5,323	(4)		5,319	20	(5,299)	116	(5,203)
P095	Secondary Expansion	1,510		(130)	1,380	42	(1,338)	60	(1,320)
P783	Schools Devolved Capital	80	31		111	77	(34)	111	0
P673	DDA/SENDA access works	50		(50)	0		0		0
P139	323 High St/Haybrook	25	5	(30)	0		0	30	30
P749	Children's Centres Refurbishments		34	(34)	0		0		0
P196	Early Years Service Capital Development Programme	750	8	(758)	0		0		0
P222	Children & Familes Portal		64	(64)	0		0		0
	People (Children) total	**9,004**	**657**	**(1,066)**	**8,595**	**208**	**(8,387)**	**720**	**(7,875)**
	Customer & Community				0		0		0
P166	Community Leisure Facilities/Small Capital Neighbourhood Projects	222	(222)		0		0		0
P141	Langley Leisure Centre	10	66	(76)	0		0		0
P969	Salt Hill Leisure	10	56	(66)	0		0		0
P165	Leisure Centre Farnham Road	100	46	(96)	50		(50)	50	0
P164	New Ice	0	50	(50)	0		0		0
P880	Parks & Open Spaces	321	0		321	24	(297)	321	0
P083	Cemetery extension	2,500	(604)	(1,121)	775	555	(220)	775	0
P873	Crematorium Project	0	18	(18)	0		0		0
P198	Allotment Improvement Project	0	57	(57)	0	2	2		0
P146	Arbour Park Community Sports Facility	0	9	(9)	0		0		0
	Customer & Community Directorate total	**3,163**	**(524)**	**(1,493)**	**1,146**	**581**	**(565)**	**1,146**	**0**
	Place								
P185	Manor Park Hall & Community Centre Refurbishment	0	0		0	9	9	9	9
P191	Fire Risk Assessment Works		40	(9)	31	26	(5)	31	0
P193	Purchase of new Corporate HQ	1,000	762	(1,412)	350	371	21	371	21
P580	Mayrise Insourcing	0	8	(8)	0	0	0	0	0
P581	Domestic Wheeled Bins & Containers	125	(6)	(119)	0	29	29	0	0
P176	Refuse fleet & Grounds Plant equipment	86	83	(169)	0	0	0	0	0
P220	Urban Tree Challenge Fund	700	(71)	(589)	40	151	111	151	111
P223	Recycling Initiatives	500		(500)	0	0	0	0	0
					0		0		0
P005	Housing Renovation Grant	0	0		0	0	0	500	500
P006	Disabled facilities Grant	550	254		804	182	(622)	550	(254)
P184	Purchase of 34 Herschel St and 2 Victoria St	0	32	(32)	0	0	0	0	0
P216	New Housing Management	0	0		0	69	69	770	770
P194	Compulsory Purchase Orders	500	15	(515)	0	536	536	927	927
P230	Bringing Long-Term Empty Property back into residential use	200	50	(250)	0	0	0	0	0
P181	Loan to GRE5 - for Nova House remedial work	3,600	(1,289)	4,689	7,000	3,994	(3,006)	7,000	0
P102	Local Sustainable Transport	188			188		(188)	188	0
P192	LTP Implementation Plan	638	(377)		261	36	(225)	261	0
P160	LED Upgrade	303	(140)		163	53	(110)	163	0
P881	Colnbrook Bypass	115	0		115		(115)		(115)
P186	Bridge Capital Works	445	36		481	551	70	551	70
P187	Flood Defence Measures (Sponge City Project)	98	0		98	15	(83)	20	(78)
P209	Zone 1 Sutton Lane Gyratory (MRT)	2,500	(75)		2,425	201	(2,224)	2,425	0
P210	Zone 2 [- Foxborough (MRT)	1,500	(520)		980	(458)	(1,438)	980	0
P211	Zone 3 - Park & Ride	4,000	762		4,762	73	(4,689)		(4,762)
P212	Zone 4 - Stoke Road (Stoke Rd)	5,000	725	54	5,779	5	(5,774)	1,000	(4,779)
P213	Zone 5 - Slough Station (Stoke Rd)	700	2		702	145	(557)	1,500	798
P214	Zone 6 - Wexham (Stoke Rd)	2,000	(921)		1,079	(598)	(1,677)	0	(1,079)
P215	Zone 7 - Offroad cycle routes - Stoke Road	0	155	(155)	0	5	5		0
P157	Burnham LEP	50	(4)		46		(46)		(46)
P053	Langley Station LEP	0	0		0	(26)	(26)		0
P235	Langley High Street Improvements LEP	2,000	109	2,679	4,788	363	(4,425)	1,000	(3,788)
P238	A4 Safer roads	0	0		0	22	22	100	100
P188	Community Transport Fleet	181	0	(181)	0		0		0

GENERAL FUND SERVICE CAPITAL BUDGETS 2021/22 **Appendix E**
PERIOD 9 - DECEMBER 2021

Cost Centre Code	Directorate	Original Budget 2021/22 £000s	Brought Forward (Over)/under spends £000s	(Reductions)/ Additions £000s	Revised Budget 2021/22 £000s	Spend 1 April 2021 - 31 December 2021 £000s	Variance against budget £000s	Full Year Projection £000s	2021/22 Full Year Variance to revised £000s
P155	Air Quality Monitoring	32	(14)	14	32	4	(28)	32	0
P125	Electric Vehicle Network	498	15	(422)	91	0	(91)	50	(41)
P170	Carbon Management - Fleet Challenge	400	32	(307)	125	2	(123)	2	(123)
P239	Carbon Management - Public Sector	1,100	0		1,100	25	(1,075)	1,100	0
P168	Re-fit Programme	850	(40)	(760)	50	59	9	78	28
P203	Car Club	288	6	(194)	100		(100)		(100)
P225	Environmental Initiatives - match funding	500	1,000	(1,500)	0		0		0
P174	Highways Maintenance	524	22		546	175	(371)	296	(250)
P111/P728	Major Highways Programme	1,265	154		1,419	52	(1,367)	350	(1,069)
P224	Minor Highway Pavements & Street Improvement	450	150	(600)	0	12	12	12	12
P180	Capital works following stock condition survey	2,300	387	(1,187)	1,500	1,261	(239)	1,500	0
P228	Asbestos Removal (GF)	500	891	(1,301)	90		(90)	90	0
P128	Corporate Property Asset Management	0	0		0	34	34		0
P204	Hub Development	8,072	(996)	(3,941)	3,135	1,989	(1,146)	3,200	65
P226	Youth Hub	5,000	0	(5,000)	0		0		0
P127	Demolitions		1,608	(1,608)	0	4	4	4	4
P171	Slough Bason (Stoke Wharf)	0	33	(33)	0		0		0
P171	Plymouth Road (dilapidation works)	0	103	(103)	0		0		0
P172/P173	Thames Valley University site	3,000	341	(3,108)	233	129	(104)	233	0
P156	Strategic Acquisition Fund	0	2,636	(2,636)	0	273	273	273	273
P159	Retention monies re OLS Commercial Development	0	0	489	489	342	(147)	489	0
P206	Refurbishment of 32 Chalvey Rd East				0	2	2	2	2
P229	St Martins Place		168		168	50	(118)	168	0
P234	Cultural infrastructure				0	22	22	22	22
P179	Loan to James Elliman Homes	5,000	8,324	(12,824)	500		(500)		(500)
P871	Community Investment Fund	840	377	(1,217)	0	126	126	126	126
P218	Community Investment Fund - Cabinet	210	175	(385)	0	25	25	25	25
	Place Directorate total	**57,808**	**15,002**	**(33,140)**	**39,670**	**10,340**	**(29,330)**	**26,549**	**(13,121)**
	Corporate Operations								
P161	Financial Systems Upgrades/Agresso Phase 2	1,000	1,500	(2,500)	0		0		0
P183	Management Information Centre				0	22	22		0
P084	IT infrastructure refresh	5,000	3,938	(6,560)	2,378	1,586	(792)	2,378	0
					0		0		0
	Corporate Operations total	**6,000**	**5,438**	**(9,060)**	**2,378**	**1,608**	**(770)**	**2,378**	**0**
	Finance and resources								
P205	Capitalisation Borrowing Costs				0		0		0
P175	Flexible Use of Capital Receipts - Transformation	5,051		1,531	6,582		(6,582)	6,582	0
Pxxxx	Reading Archives - Extension (SBC Contribution)	200			200		(200)		(200)
Pxxxx	Capitalisation Direction	12,200		(12,200)	0		0		0
	Finance & Resources total	**17,451**	**0**	**(10,669)**	**6,782**	**0**	**(6,782)**	**6,582**	**(200)**
					0		0		0
	TOTAL GENERAL FUND CAPITAL	**100,439**	**21,459**	**(62,432)**	**59,466**	**13,543**	**(45,923)**	**38,323**	**(21,143)**

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2021/2022

PERIOD 9 - DECEMBER 2021

COST CENTRE CODE	EXPENDITURE	Original Budget 2021/22	Over/Under spends	Revised Budget 2021/22	Spend 'April 21 - to 31st December 2021	Full Year Projection (Apr 21 to Mar 22)	2021/22 Full Year Variance +Over/- Underspend
	RMI Capital Programme	**£000**	**£000**	**£000**	**£000**		**£000**
P408	Brooms & Poplar Fire Compliance Upgrade Works	0	27	27	-351	101	74
P409	Boiler Replacement and heatimg	500	572	1,072	295	700	-372
P413	Kitchen & Bathroom ReplacementReplacement	700	700	1,400		290	-1,110
P415	Electrical Systems	120	0	120	25	350	230
P419	Garage & Environmental Improvements	2,000	1,019	3,019	475	655	-2,364
P421	Capitalised Repairs	0	0		1,000	240	240
P431	FRA & Asbestos Removal Works (bring froward £3m years 6/7)	0	412	412	1,587	3,199	2,787
P547	Major Aids & Adaptations	250	74	324	168	400	76
P552	Windows Replacement	0	0				0
	Planned Maintenance Capital	0	0				0
P412	Windows and Door Replacement	700	693	1,393		100	-1,293
P414	Bathroom replacement	0	0	0		0	0
P416	Additional Establishment Costs	0	0	0	82	82	82
P417	Roof Replacement	0	0	0	63	696	696
P418	Structural	0	0	0	30		0
P422	Security & Controlled Entry Modernisation	493	390	883	0	883	0
P433	Capitalised voids	60	0	60	1	100	40
P432	RMI Remodelling and Investment	0	3,491	3,491	302	302	-3,189
P435	Rochford Hostel	0	0	0	5	100	100
	Total RMI Capital Programme	4,823	7,378	12,201	3,682	8,198	-4,003
	Affordable Homes						
P405	Tower and Ashbourne	10,000	82	10,082	277	400	-9,682
P437	Akzo Nobel	24,832	3,464	28,296	35	500	-27,796

COST CENTRE CODE	EXPENDITURE	Original Budget 2021/22	Over/Under spends	Revised Budget 2021/22	Spend 'April 21 - to 31st December 2021	Full Year Projection (Apr 21 to Mar 22)	2021/22 Full Year Variance +Over/- Underspend
P575	Affordable Homes	1,017	3,360	4,377	1,129	3,903	-474
				0			0
	Total Affordable Homes	35,849	6,906	42,755	1,441	4,803	-37,952
	Total Housing Revenue Account CAPITAL BUDGET	**40,672**	**14,284**	**54,956**	**5,123**	**13,001**	**-41,955**

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

DATE: 8th March 2022

CONTACT OFFICER: Nick Pontone, Democratic Services Lead
(For all Enquiries) (01753) 875120

WARDS: All

PART I
FOR CONSIDERATION & COMMENT

OVERVIEW AND SCRUTINY COMMITTEE – FORWARD WORK PROGRAMME 2021/22

1. Purpose of Report

For the Overview and Scrutiny Committee (OSC) to identify priorities and topics for its Work Programme for the 2021/22 municipal year.

2. Recommendations/Proposed Action

2.1 That the OSC consider its work programme for the remainder of the 2021/22 municipal year.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3.1 The Council's decision-making and the effective scrutiny of it underpins the delivery of all the Joint Slough Wellbeing Strategy priorities. The OSC, alongside the 3 Scrutiny Panels combine to meet the local authority's statutory requirement to provide public transparency and accountability, ensuring the best outcomes for the residents of Slough.

3.2 The work of scrutiny also reflects the priorities of the Five Year Plan, as follows:

- Slough children will grow up to be happy, healthy and successful
- Our people will be healthier and manage their own care needs
- Slough will be an attractive place where people choose to live, work and stay
- Our residents will live in good quality homes
- Slough will attract, retain and grow businesses and investment to provide opportunities for our residents

3.3 Overview and Scrutiny is a process by which decision-makers are accountable to local people, via their elected representatives for improving outcomes relating to all priorities for the Borough and its residents. Scrutiny seeks to influence those who make decisions by considering the major issues affecting the Borough and making recommendations about how services can be improved.

4. Supporting Information

4.1 The purpose of Overview and Scrutiny is to hold those that make decisions to account and help Slough's residents by suggesting improvements that the Council or its partners could make.

4.2 Prioritising issues is difficult. The Scrutiny function has limited support resources, and therefore it is important that the work scrutiny chooses to do adds value.

4.3 There are three key elements that make up the responsibilities of the Overview and Scrutiny Committee:

- provide transparency and public accountability for key documents relating to the financial management and performance of the Council;
- scrutinise significant proposals which are scheduled for, or have been taken as, a Cabinet/Officer delegated decision; and
- strategic shaping of service improvements relating to the Cabinet Portfolios of Finance & Strategy and Performance & Accountability

4.4 In considering what the OSC should look at under points two and three above, Members are invited to consider the following questions:

- *To what extent does this issue impact on the lives of Slough's residents?*
- *Is this issue strategic and pertinent across the Borough?*
- *What difference will it make if O&S looks at this issue?*

5. Suggested Topics

5.1 It is generally recommended that a Scrutiny Committee should aim to look at no more than 2 or 3 items in any one meeting. This limited number can prove challenging, but does allow the Committee to delve down into specific subject areas and fully scrutinise the work that is being undertaken.

5.2 This will be a continuous process, and flexibility and responsiveness vital to success. It is important not to over-pack the Committee's agenda at the start of the year, which will not allow the flexibility for the Committee to adapt to take into consideration issues that have arisen during the year.

6. Resource Implications

6.1 Overview and Scrutiny will be supported by the Democratic Services Team Therefore, this is a finite resource and consideration must be given, in conjunction with the work programmes for the three Scrutiny Panels, as to how the resource is used during the year.

7. Conclusion

7.1 The Overview and Scrutiny Committee plays a key role in ensuring the transparency and accountability of the Council's financial and performance management, and strategic direction. The proposals contained within this report highlight some of the key elements which the Committee must or may wish to scrutinise over the coming municipal year.

7.2 This report is intended to provide the Committee with information and guidance on how best to organise its work programme for the 2021/22 municipal year. As previously stated, this is an ongoing process and there will be flexibility to amend the programme as the year progresses, however, it is important that the Committee organises its priorities at the start of the year.

8. Appendices Attached

A - Draft Work Programme for 2021/22 Municipal Year

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Appendix A

OVERVIEW AND SCRUTINY COMMITTEE
WORK PROGRAMME 2021/2022

Meeting Date
February 2022 (re-arranged from 17 February 2022)
• Financial Budget Monitoring (Revenue and Capital) – Q3 2021/22 • Capital Strategy 2022/23 • Treasury Management Strategy 2022/23 • Revenue Budget 2022/23
17 March 2022
• Nova House Update (tbc) • IT Modernisation Programme
7 April 2022
• Annual update on Slough Children First • Overview & Scrutiny Annual Report 2021/22 • For information: Petitions – Annual Summary

Unscheduled items

- COVID-19 update and recovery
- Devolution and investment in Slough (Response to the Devolution White Paper - when it is published, and if relevant)

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MEMBERS' ATTENDANCE RECORD 2021/22
OVERVIEW AND SCRUTINY COMMITTEE

COUNCILLOR	10/06/21 Cancelled*	13/07/21 Cancelled	16/09/21	04/11/21	13/01/21	08/03/22 Re-arranged from 17/02/22	17/03/22	07/04/22
Gahir (Chair)			P	P	P			
Matloob (Vice-Chair			P	P	P			
Bal **			P					
Basra			P	Ap	Ap			
Dhaliwal			P	Ap	P			
Hussain			Ap	Ap	Ab			
Kaur			P	P	P			
Malik			P	P	P			
Sharif **				P	P			
Smith			P	P	P			

P = Present for whole meeting P* = Present for part of meeting Ap = Apologies given Ab = Absent, no apologies given

* The Committee meeting scheduled on 10th June 2021 was technically cancelled as the only formal item of business is appointments to the scrutiny panels and these had been made at Annual Council to reduce the need for a formal in person meeting during Covid-19 restrictions. This meeting is usually combined with O&S training which took place online on 17th June 2021

** Councillor Sharif replaced Councillor Bal on the Committee from 23rd September 2021

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