

# Public Document Pack



## SCOTTISH BORDERS COUNCIL THURSDAY, 12 FEBRUARY, 2015

A MEETING of the SCOTTISH BORDERS COUNCIL will be held in the COUNCIL

HEADQUARTERS, NEWTOWN ST. BOSWELLS on THURSDAY, 12 FEBRUARY, 2015 at 11.00

AM

J. J. WILKINSON,  
Clerk to the Council,  
5 February 2015

<b>BUSINESS</b>		
1.	<b>Apologies for Absence.</b>	
2.	<b>Order of Business.</b>	
3.	<b>Declarations of Interest.</b>	
4.	<p><b>Budget Communication Strategy 2015/16</b> (Pages 1 - 4)</p> <p>Consider report by Chief Financial Officer on the steps taken to engage with stakeholders as part of consultation exercise on the budget. (Copy attached.)</p>	10 mins
5.	<p><b>Financial Strategy 2015/16 - 2019/20</b> (Pages 5 - 22)</p> <p>Consider report by Chief Financial Officer on the financial strategy for the Council covering the period 2015/16 – 2019/20. (Copy attached.)</p>	10 mins
6.	<p><b>General Fund Revenue Resources and Council Tax 2015/16.</b> (Pages 23 - 30)</p> <p>Consider report by Chief Financial Officer on the estimated General Fund revenue resources for 2015/16 – 2019/20 and to seek approval for the level of Council Tax for 2015/16. (Copy attached.)</p>	15 mins
7.	<p><b>Administration's Draft Revenue Financial Plan 2015/16 - 2019/20.</b> (Pages 31 - 78)</p> <p>(Copy Plan (a) and list of Fees &amp; Charges (b) attached.)</p>	
8.	<p><b>Financial Plan 2015/16 - 2019/20 Revenue Savings Equality Impact Assessment.</b> (Pages 79 - 92)</p> <p>Consider report by Chief Financial Officer on potential equality impacts of the savings proposals. (Copy attached.)</p>	10 mins
9.	<b>Treasury Management Strategy 2015/16.</b> (Pages 93 - 136)	10 mins

	Consider report by Chief Financial Officer seeking approval for the Treasury Management and Investment Strategies 2014/15. (Copy attached.)	
10.	<b>Capital Financial Plan Resources 2015/16 - 2024/25.</b> (Pages 137 - 144)  Consider report by Chief Financial Officer on the estimated capital resources for 2014/15 to 2023/24. (Copy attached.)	10 mins
11.	<b>Administration's Draft Capital Financial Plan 2015/16 - 2024/25</b> (Pages 145 - 160)  (Copy attached.)	15 mins
12.	<b>Capital Financial Plan 2015/16 - 2024/25 Equality Impact Assessment.</b> (Pages 161 - 174)  Consider report by Chief Financial Officer on potential equality impacts of the Capital Financial Plan. (Copy attached.)	10 mins
13.	<b>Corporate Transformation Programme.</b> (Pages 175 - 188)  Consider report by the Corporate Transformation and Services Director setting out details of the proposed Corporate Transformation Programme that will support the delivery of the 5 year Revenue Financial Plan. (Copy attached.)	10 mins
14.	<b>Any other Items Previously Circulated.</b>	
15.	<b>Any Other Items the Chairman Decides Are Urgent.</b>	

#### NOTES

1. **Timings given above are only indicative and not intended to inhibit Members' discussions.**
2. **Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.**

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## **BUDGET COMMUNICATIONS STRATEGY**

**Report by the Chief Financial Officer**

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### **SCOTTISH BORDERS COUNCIL**

**12 FEBRUARY 2015**

#### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to inform the Council of the steps taken to engage with stakeholders as part of consultation exercise on the budget.**
- 1.2 The paper highlights the budget Communication Strategy used and provides feedback gathered from the Budget Simulator. As part of the agreed budget consultation exercise on the Revenue Financial Plan a Budget Simulator was made available to members of the public on the Council website. This interactive Simulator allows residents and other stakeholders to provide feedback on how they would like the Council's revenue spending prioritised.
- 1.3 The Budget Simulator generated 216 responses with 70 comments. This feedback has been considered as part of the 2015-20 Financial Planning process. The Simulator will remain open online therefore ongoing feedback from the Simulator will be considered during future Financial Planning cycles.

#### **2 RECOMMENDATIONS**

##### **2.1 It is recommended that Council notes:-**

- (a) the budget Communication Strategy used.**
- (b) the feedback from the Budget Simulator.**

### **3 BACKGROUND**

- 3.1 As part of the financial planning process for 2015-2020 the Council is committed to engaging with staff, partners, stakeholders and the Scottish Borders community.
- 3.2 The forms of communication used to engage have included:
- An online Budget Simulator which has been made available to all members of the public allowing the Council to gain valuable feedback on the spending priorities of local people;
  - Consultation with all Unions and the Employee Council during the budget process;
  - Stakeholder engagement meetings were attended by 33 people, including representatives from the NHS, SBHA, Waverley, Eildon & Berwickshire Housing Associations, Trade Unions (GMB & Unite) and eleven Community Councils.
  - Budget proposals issued by the Council in December 2014 have been widely publicised on the Council's website and through the local press.

### **4 BUDGET SIMULATOR**

- 4.1 As part of the agreed budget Communication Strategy a Budget Simulator was made available to members of the public on the Council website. This interactive Simulator allows a person to give the Council feedback on how they would like Council spending prioritised.
- 4.2 The Simulator has been available on the Council website from 17<sup>th</sup> December 2014 and remains available. The Simulator has generated 216 responses with 70 comments since its launch on 17<sup>th</sup> December 2014 until early February 2015.
- 4.3 The responses to date from the Simulator have been summarised in Appendix 1. Appendix 1 provides a summary of both the responses from the public and also how these have been reflected in the 2015/20 Financial Planning process. It is evident from the feedback that many of the Council's spending priorities for the budget align with the priorities of respondents.
- 4.4 The Budget Simulator has been considered a worthwhile exercise. It is proposed therefore the Budget Simulator will remain a feature of subsequent budget processes to ensure the public continue to have the opportunity to give their views on spending priorities. These responses will be considered as part of future Financial Planning cycles.

### **5 IMPLICATIONS**

#### **5.1 Financial**

There are no direct financial implications resulting from this report.

#### **5.2 Risk and Mitigations**

There are no risks, issues or mitigating actions associated with this report.

### 5.3 Equalities

All forms of budget communication have been inclusive, easily accessible and available in a range of formats.

### 5.4 Acting Sustainably

There are no economic, social or environmental effects from this report.

### 5.5 Carbon Management

There are no effects on carbon emissions resulting from this report.

### 5.6 Changes to the Scheme of Administration or Scheme of Delegation

This report does not result in any changes to the Scheme of Administration or the Scheme of Delegation.

## 6 CONSULTATION

- 6.1 The Monitoring and Reporting Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

### Approved by

**David Robertson**  
Chief Financial Officer

**Signature**

### Author(s)

Name	Designation and Contact Number
Leslie Gill	Finance Business Partner 01835 824000
Debbie Collins	Financial Services Manager 01835 825018

**Background Papers:** N/A

**Previous Minute Reference:**

**Note** – You can get this document on tape, in large print and various other formats by contacting us at the address below. In addition, contact the address below for information on language translations, additional copies, or to arrange for an Officer to meet with you to explain any areas of the publication that you would like clarified. Contact Debbie Collins Council Headquarters on 01835 825018

2015/16 – 2019/20 Budget Simulator

The budget simulator exercise generated 216 responses with 70 comments

You Said	We Did
Respondents suggested an increase in expenditure on our Children & Young Peoples Services.	We are investing £2.2m to deliver the provisions of the Children & Young Peoples Bill to provide 600 hours nursery provision for 3 and 4 year olds, looked after children and eligible 2 year olds.
More should be done to encourage economic activity, job creation and tourism in the Borders.	The Borders Railway will open in 2015 providing significant economic opportunities to the Borders. We are investing £6m in a building to house The Great Tapestry of Scotland, £5m in creating a Central Borders Business Park, £2.75m to refurbish the Sir Walter Scott courthouse in Selkirk and £4.2m to complete a £8.4m project to roll out superfast Broadband in the Borders.
We should support more affordable housing in the Borders.	We are providing £3.8m in private sector housing grant and £10.1m for supported care housing in Berwickshire along with £22.3m investment in 200 new homes through the Council led National Housing Trust (NHT) project.
Many respondents suggested reduced expenditure on support services to front line services.	Following a corporate restructure and changes to service delivery requirements a full review of Management and Administration will be undertaken to explore more integrated and streamlined professional, managerial and administrative support for front line services and ensure the optimum deployment of staff across all services.
It was suggested by many respondents that greater provision required to be made for older people in the community.	Provision has been made for additional budget of £2.9m to fund additional pressures arising from older people demographic increases.
Increased investment in our schools was an area highlighted by respondents.	The ten year capital plan being presented to Council details a total investment of £94.8m in our school estate, including £33m in Galashiels, £19.4m for the new Kelso high school, £4.6m for Duns Primary school, £12.1m for Langlee Primary school, £8.2m for Broomlands primary school, and £17.4m for general school refurbishment and capacity projects.
Respondents indicated we should rationalise the Council estate, disposing of surplus buildings, and reducing the Council's footprint and reducing spend on under-utilised decaying buildings.	There has already been a significant relocation of staff from former area offices to Council HQ to facilitate property rationalisation. Capital receipts of £7.7m are forecast in the next 4 years to contribute to the funding of the Council's capital programme. Recurring savings of £216k p.a. are forecast to be delivered as a result of the property rationalisation programme.

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**FINANCIAL STRATEGY 2015/16 – 2019/20**

**Report By Chief Financial Officer**

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**SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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**1 PURPOSE AND SUMMARY**

**1.1 This report seeks approval for the financial strategy for the Council covering the period 2015/16 – 2019/20.**

1.2 The Council, in common with other public sector organisations, continues to face significant and ongoing financial challenges as it aims to provide the best possible services within the resources available. In response to these challenges the Council has embarked upon a programme of transformation which aims to modernise services and restructure the organisation over the next 5 years. The corporate transformation programme will require the Council to make best use of its people, its resources, focus efforts to look after the Borders and improve efficiency and effectiveness.

In turn this requires a financial strategy which:-

- a) raises the funds required by the Council to meet approved service levels in the most effective manner;
- b) manages the effective deployment of those funds in line with the Council's corporate objectives and priorities; and,
- c) provides stability in resource planning and service delivery as expressed through revenue and capital budgets and approved Corporate plans.

1.3 This strategy addresses a number of important issues which must be considered in setting the budget for the coming year and indicative budgets for the following 4 years. The 5 year revenue financial plan has now been rolled forward to assess the likely level of resources available over that period and the budgetary adjustments that will be required to ensure spending plans remain affordable and the Council's finances remain sustainable in the longer term.

1.4 Firm figures have only been published via the Local Government Finance Settlement for 2015/16 and consequently it is recognised that beyond the next financial year the financial strategy can only be based on estimated resources. The 5 year plan is therefore based on the best information currently available and it will need to be adapted over time to respond to changing circumstances. The strategy uses an approach based on a quantified financial risk register to set the level of unallocated balances underpinning the 5 year plan.

## **2 RECOMMENDATIONS**

**2.1 It is recommended that Council approves the financial strategy for 2015/16 – 2019/20 as set out below:**

- a freeze on council tax in each year of the budget has been reflected pending a longer term national review of Local Government funding through the Council Tax Commission which may result in changes to Local Government finance during the 5 year period;
- set a prudent, sustainable budget in line with available resources;
- continue to invest in infrastructure through a sustainable capital programme financed by £20.71m loans charges in 2015/16;
- maximise income while keeping fees charged to service users at an affordable level;
- continue to invest in corporate transformation and efficiency projects to deliver long term financial savings and service benefits;
- focus on preventative revenue and capital spend; and,
- maintain unallocated reserves of £6.756m for 2015/16 in line with the assessed risk register in appendix 1.



## Financial Strategy 2015/16 - 2019/20

### 3

#### **Background**

- 3.1 The financial strategy set out in this paper recognises the continuing pressure on public sector funding. The economic outlook has a direct bearing on public expenditure with the need for tight fiscal constraint requiring to be maintained for the foreseeable future. This requires a financial strategy which raises the funds required by the Council to meet approved service levels in the most effective manner, manages the effective deployment of those funds in line with the Council's corporate objectives and approved service plans and provides stability in resource planning and service delivery.
- 3.2 This strategy also recognises the need to ensure that the Council's budget is targeted so that it:-
- provides the most effective possible stimulus to the wider economy,
  - protects the environment of the Borders
  - protects those who are most vulnerable in society,
  - seeks to focus spend on prevention designed to reduce future demand for council services by stopping problems arising or by addressing problems early on
  - maximises the contribution from local collaboration arrangements
  - recognises the need to continue to maximise efficiency and providing good value for money.
- 3.3 The strategy reflects the Council's duty to set a prudent, sustainable budget, to invest in core services, to work effectively with partner organisations - assisting them in the delivery of their strategic objectives where possible, to protect council tax payers and ensure service charges remain as affordable as possible for residents of the Scottish Borders.
- 3.4 The recommended high level financial strategy to be followed over the next five years is therefore to:-
- **a freeze on council tax in each year of the budget has been reflected pending a longer term national review of Local Government funding through the Council Tax Commission which may result in changes to Local Government finance during the 5 year period;**
  - **set a prudent, sustainable budget in line with available resources;**
  - **continue to invest in infrastructure through a sustainable capital programme financed by £20.71m loans charges in 2015/16;**
  - **maximise income while keeping fees charged to service users at an affordable level;**
  - **continue to invest in corporate transformation and efficiency projects to deliver long term financial savings and service benefits;**
  - **focus on preventative revenue and capital spend; and,**
  - **maintain unallocated reserves of £6.756m for 2015/16 in line with the assessed risk register in appendix 1.**

## **FUNDING**

### **4.1 Aggregate External Finance**

It is assumed the full level of AEF, estimated at £203.321m, excluding specific grants, will be deployed in setting the 2015/16 revenue budget. This level of funding is conditional upon Council Tax again being frozen at 2007/08 levels.

### **4.2 Council Tax**

The financial strategy assumes that Council will approve a freeze in the council tax pending a longer term national review of Local Government funding through the Council Tax Commission which may result in changes to Local Government finance during the 5 year period. A band D equivalent of £1,084 for each of the next five years has been set with all other council tax bands varying as a set proportion of the band D figure. The Scottish Borders council tax product, following a review of properties, collection rates and levels of bad debt provision, is estimated as £51.602m in 2015/16 and £51.992m in 2016/17. Over the 5 year period, the council tax product derived from increasing numbers of homes (partly resulting from council backed investment in house building and the positive impact of the Borders Railway) is expected to increase.

### **4.3 Council Tax – 2<sup>nd</sup> Homes**

Council has a policy of applying a 10% discount to long term empty dwellings and 2<sup>nd</sup> homes which is the minimum discount allowable under the Council Tax (Discount for Unoccupied Dwellings) (Scotland) regulations 2005. This provides a budget of £0.715m per annum which is ring fenced for affordable housing in the Scottish Borders. The Council has previously committed to providing support to an Affordable Housing Investment programme of £18.8m and to ring fence funding of £3.3m from 2<sup>nd</sup> homes council tax to offset land acquisition costs over the programme delivery period. The Government issued new guidance on the changes to 2<sup>nd</sup> Homes Council tax regulations in May 2013 to allow Council to levy a discretionary surcharge of up to 100% of council tax on second homes in future. The financial strategy however reflects the current practice of allowing a 10% discount for 2<sup>nd</sup> homes in the area.

## 5

**RESERVES****5.1****Reserves**

The Council maintains a number of funds and balances which are reported to elected members at regular intervals during the financial year. Table 1 below shows the projected balance on each fund at 1 April 2015.

<b>Table 1 Funds and Balances</b>	<b>1 April 2015</b>
	<b>(Estimated)</b>
	<b>£'000</b>
<b>Statutory Funds</b>	
Corporate Property Repairs and Renewals Fund	0
Plant and Vehicles Renewals Fund	2,550
Insurance Fund	1,238
Capital Fund Excl Developer Contributions	1,941
<b>General Fund – Earmarked</b>	
Devolved School Management	0
Specific Departmental Reserves	2,103
Allocated reserves	2,700
<b>General Fund – Non-Earmarked</b>	6,756
<b>Total</b>	<b>17,288</b>

**5.2**

The Council holds reserves in order to manage identified risks, smooth uneven cash flows and provide a contingency against unforeseen circumstances. The existence and management of adequate reserves is a fundamental aspect of any sound financial strategy. The financial strategy and the associated reserves position is subject to scrutiny by the Council's auditors.

**5.3**

A Corporate Financial Risk Register (an updated version of which is attached at Appendix 1) has again been used as the basis for setting reserve levels in 2015/16 and future years. This approach seeks to quantify the risks facing the council's finances, including over optimistic saving assumptions, unplanned employment and pension cost increases, the failure by managers to enact effective budgetary control, severe weather events, the economic downturn, potential contractual claims and unplanned emergencies in deriving an appropriate level of unallocated balances.

**5.4**

A review of the major risks facing the Council has been undertaken by senior finance officers and these are shown in the risk register in appendix 1. Following this exercise the level of un-allocated general fund balances is directly informed by an assessment of the risks facing the Council. This approach reflects the risks inherent in setting the revenue budget, the reasons why reserves are held in the first place, the scale and complexity of the organisation and also provides appropriate transparency with regard to the level of balances held.

## **5.5 Unallocated balances**

Given the issues identified in the risk register and risks inherent in setting the revenue budget, members are recommended to maintain an unallocated general fund equivalent to £6.756m in 2015/16. The unallocated balance projected at the 31<sup>st</sup> March 2015 is sufficient to cover 66% of the risks identified in the risk register should they materialise and reflects 2.65% of the 2015/16 revenue budget.

## **5.6 Technical Adjustments**

It should be noted that the projected balances exclude any technical adjustments which are required as part of year end accounting processes. In 2013/14 these adjustments were broadly neutral and therefore did not materially affect the level of reserves but it is possible that future adjustments may make a material impact, positively or negatively, on the final balances. It should be noted that the 2014/15 figures included £3.032m of balances earmarked for use in 2015/16 and the current year projected balances will increase if budgets are earmarked to future years during the course of 2014/15.

## **5.7 Drawdown of balances to support the revenue and capital budget.**

The 5 year revenue plan assumes the drawdown of £0.508m in 2015/16, £0.962m in 2016/17 and £0.153m in 2017/18 from reserves. The capital plan also assumes that £0.45m will be allocated from reserves upon receipt of external match funding for the Selkirk High School synthetic pitch.

## **5.8 Recommended level of unallocated reserves**

A number of issues which have a bearing on the level of unallocated balances have been identified in the financial risk register set out in Appendix 1. These risks determine that the recommended level of unallocated reserves should be held at £6.756m.

# **6 TREASURY AND CAPITAL**

## **6.1 Treasury Management Strategy 2015/16**

This forms a key aspect of the Council's overall financial management strategy. The Treasury Management Strategy, submitted elsewhere on the agenda for approval, sets out the arrangements for financing the Council's capital investment plans, the associated prudential indicators, how the treasury function will be organised, and an investment strategy setting out the parameters governing how the Council's investments are to be managed.

## **6.2 Capital Investment**

The updated 10 year capital plan and an accompanying report are also submitted elsewhere on the agenda. The financial strategy aims to ensure capital borrowing is within prudential borrowing limits and sustainable in the longer term. In this regard it is important to recognise the capital investment decisions taken now have long term borrowing implications and these have the potential to place an undue burden on future tax payers. The draft revenue budget sets loans charges associated with capital borrowing over the next 5 years at £20.71m for the first two years dropping to £19.91m in the last three years. This reduction in loans charges is a result of the planned repayment of specific consents to borrow for ER/VS and Icelandic Banks previously granted by Scottish Government.

## **6.3 Treasury Management earmarked balance**

Council on the 25 September 2014 agreed to establish a Treasury management Earmarked balance within the General fund for the purposes of managing the costs of Treasury and financing activities within the council. The rationale for the establishment of this reserve was agreed with regard to anticipated future changes to the prevailing low interest rate environment. Council agreed therefore the establishment of the treasury reserve as an appropriate tactical mechanism to manage future treasury financing risk. The reserve provides the opportunity to smooth the impact of increasing costs of future interest rate rises on the Council's revenue budget over the medium term.

## **6.4 On-going Monitoring Of Capital Investment and associated costs**

These will be kept under review in light of the prevailing economic condition and opportunities for debt re-structuring. The Council has significant revenue resources tied up in capital assets and work will continue to identify surplus property for disposal in order to reduce revenue running costs and deliver capital receipts.

## **FINANCIAL PLANNING**

### **7.1 Overall approach to cost reduction and service reviews**

It is evident that the Council faces ongoing cost pressures in its revenue budget and this will require a continued focus on cost control, an innovative approach to business transformation, robust change management processes and a sustained drive to improve efficiency. To ensure that the Council can continue to deliver its services within available resources the financial strategy continues to focus on the delivery of a longer term financial plan. The Council agreed initial savings for consultation as part of the next 5 year financial plan to meet a range of pay, inflation, demographic and other service pressures on 18 December 2014. These are now included in the Administration's five year revenue plan included for approval elsewhere on the Council agenda.

### **7.2 Staffing**

#### **Pay Awards Provision**

At a cost of around £150m per annum pay and associated on-costs represent the largest single element of council expenditure. Public sector pay policy continues to be subject to ongoing restraint and the financial plan assumes an estimate of cost of living increases of 1% in 2015/16 rising to a projected 1.5% for the remaining 4 years of the financial plan. The ability to adapt terms and conditions to reflect modern working practices and down size the Council's work force in response to continuing financial pressures is a key tool in mitigating future cost pressures. The agreement with the Unions to change terms and conditions to better reflect how the Council delivers services introduced over 3 years from April 2014 is on track to realise recurring savings of £3.6m. In addition to assist with this strategy, the financial plan provides £2.2m over the 5 year period to fund further early retiral/voluntary severance costs associated with the transformation agenda.

### **7.3 National Insurance**

Looking further ahead, the 5 year revenue plan recognise the stated intention of the UK government to remove the current national insurance rebate which is received by the council as a provider of an occupational pension scheme contracted out of the second state pension scheme. This change it is estimated will cost the Council £2.7m per annum from 2016/17 unless further changes are made to national insurance rates and bandings to compensate. At present the financial plan assumes this cost will fall to the Council with no additional funding provided.

#### **7.4 Local Government Pension Fund**

The initial results of the 2014 triennial revaluation of the pension fund by the Council's actuary Barnett Waddingham have now been received. These show an improved funding position when compared to the last valuation undertaken in 2011. Overall the Actuaries initial assessment is that the previous deficit has been removed. Members will recall that at the 2011 valuation the Pension fund was 95.7% funded and a deficit recovery plan was put in place which assumed it would take 12 years to address the deficit position. The strong performance of the Pension fund over the last three years has allowed this deficit to be addressed over the much shorter 3 year period and consequently the funding level is now 100%. The rate of employer contribution for the Borders pension fund will remain at the current 18% over the 5 year plan. The long term view is that the fund remains in a healthy state with membership increasing. It should be noted that the Council's employer contributions are relatively low compared to the majority of Scottish Local Authority Pension funds and there may be a requirement for these contributions to increase in response to fluctuations in future investment returns, legislative change and as the membership structure of the fund evolves over time.

#### **7.5 Teachers Pension Scheme**

The Scottish Public Pensions Agency (SPPA) has been carrying out a review of the level of contribution for the Teachers' pension to determine the new employer contribution rate and employer cost cap which will apply from 1 April 2015. From 1 September 2015, employer contributions to the Teachers' pension scheme in Scotland will be payable at 17.2% of pensionable pay. This is an increase of 2.3% of pensionable pay compared to the current rate of 14.9% which has been paid since 1 April 2009. This increase has an annual cost impact of £1.1m in a full year. This pressure is due to the UK Government changing the discount rate used to value the schemes liabilities for 'unfunded' public sector pensions. This required the revised employer contributions to pick up the full cost of past and future pension costs. The Scottish Government recognises that an increase of this level is very challenging for scheme employers. The UK Government's approach to public service pension scheme reform means that the Scottish Government will not receive any additional funding to offset these costs and this additional cost has been built into the 5 year financial plan from 1 September 2015 with an assumption that the cost will be met by Council as a scheme employer. Discussions with Scottish Government over the funding of this pressure are continuing via COSLA.

**7.6** As part of the financial planning process assumptions are made about pressures and risk facing the Council over the next 5 years and whether a provision or level of provision is sufficient. The main areas that the Council continues to monitor are highlighted below.

## **7.7 Bad Debts**

Income collection, including council tax, may be adversely affected by the difficult economic conditions. The budget assumes that the contribution to the bad debt provision will remain at £0.125m for sundry debt and £0.715m for council tax for 2015/16 and this will be kept under review over the five year period.

## **7.8 Early years**

The revenue budget contains additional funding of £1.004m per annum providing total revenue funding of £2.196m to implement the Early Learning and Childcare provision as set out within the Children & Young People (Scotland) Act 2014, with 600 hours of Early Learning and Childcare being delivered for all 3 and 4 year olds and eligible 2 year olds. Four early years centres located within primary schools are being established with the first, located at Langlee being opened on the 6<sup>th</sup> November 2014. Places are available for all children in line with the entitlement in the Children & Young People (Scotland) Act 2014. Three year old children will be now able to access their place in the month after their third birthday. From August 2015, 2 year old children in families currently entitled to free school meals will also be eligible for 600 hours of early learning and childcare.

## **7.9 Children's Placements**

Scottish Borders has seen a significant rise in the numbers of out of Area Placements and particularly those with Children with Social, Emotional and behavioural difficulties in recent years. A balance of £0.65m has previously been earmarked by the Executive to offset these costs and the revenue plan for 2015/16 assumes the drawdown of this balance over two years to be invested in staff working in an Outreach team to prevent young people being excluded from schools and being placed in out of area settings.

# **8 IMPLICATIONS**

## **8.1 Financial**

There are no additional financial implications associated with this report, its content referring specifically to the financial strategy of the Council and the associated revenue and capital budgets and reserve levels.



## 8.2 **Risk and Mitigations**

- (a) The existence of appropriate balances is a fundamental aspect of sound governance and effective stewardship. There is therefore a risk to the Council from not having an appropriate financial strategy underpinned by cash backed reserves which will be mitigated by approval of this report.
- (b) If the identified risks were to materialise, without an appropriate level of reserves, Council would be required to identify alternative funding, possibly at short notice, through reduced services, asset disposals, increased charges or additional unbudgeted borrowing.
- (c) The budget has been developed against the backdrop of ongoing negotiations regarding the freeze in teacher numbers between COSLA and the Scottish Government. Discussions with Government have indicated that an additional £8m will be made available nationally beyond figures announced in the December settlement letter. In return there is an expectation that teacher numbers will be maintained at 2014 levels and the Council's financial plan in 2015/16 is based on this target being delivered. Estimated additional resources of £0.17m have been reflected in year 1 of the financial plan based on 2.2% of teacher GAE.
- (d) There is a risk that a draw down of general fund reserves will be required during 2014/15 as a result of adverse weather. Members will recall that £0.650m of the general fund reserves have previously been allocated to winter as part of the final revenue outturn for 2013/14. Currently the monitoring projects that expenditure in 2014/15 will be within budget and barring a significant deterioration in the weather between now and the 31 March will not require a draw down to support winter. It is therefore proposed that this balance be rolled forward to support winter in 2015/16.

## 8.3 **Equalities**

There are no adverse equality implications arising from this report.

## 8.4 **Acting Sustainably**

There are no economic, social or environmental effects arising directly from this report.

## 8.5 **Carbon Management**

There are no effects on carbon emissions.

## 8.6 **Rural Proofing**

There are no implications that would compromise the Council's rural proofing policy.

## 8.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes required to either the Scheme of Administration or the Scheme of Delegation.

## **9 CONSULTATION**

- 9.1 The Monitoring and Reporting Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

### **Approved by**

**David Robertson**  
**Chief Financial Officer**

### **Author**

Name	Designation and Contact Number
Debbie Collins	Financial Services Manager 01835 825018

### **Background Papers:**

**Previous Minute Reference: Council Report 18 December 2014 and Executive 11 November 2014**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

Contact us at: Debbie Collins, Financial Services Manager, Scottish Borders Council, Council Headquarters, Newtown St Boswells, and Melrose, TD6 0SA.  
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No.	Risk Category	RISK Threat to achievement of business objective	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) <i>Assume No Controls in Place</i>			Risk Control Measures in Place	Are all Controls Operational? Y / N / Partial	Potential Financial Risk £	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
1	Economy and Funding	Welfare Reform Act	£8m-12m decrease in income to Borders residents - greater demand for services, risks associated with 10% reduction in funding for the alternative to council tax benefit. Subsidy reduction and impact of localised council tax included in the 2013/14 revenue budget. Other risks not quantified at this stage.	5	3	15	Restructure service provision. Existing debt collection processes. Welfare reform board established. Business Impact mitigation ongoing through deployment of DHP funding from Scottish Govt and DHP. Commitment to fund Bedroom Tax from Scottish Govt	Y	<b>Estimate 400,000 (based on 7% loss of £6m C Tax Income)</b>	3	2	6
2	Economy and Funding	Global economic downturn - negative growth	Less funding from Government to Council, greater demand for services, less money in local economy. Ongoing impact on planning fees and Licensing.	4	3	12	Medium term Revenue Financial Plan developed covering a 5 year period. Estimate of reducing resources over the 5 year period built into financial plan	Partial	<b>1,200,000 (based on 0.5% of net revenue budget)</b>	3	3	9
3	Economy and Funding	Reduction in Government funding to Local Authorities in real terms	Less funding from Government, reduction in ability to provide services, take on of other agencies' responsibilities	3	3	9	Estimate of reducing resources over the 5 year period built into financial plan	Y	<b>part of figure above</b>	3	3	9
4	Economy and Funding	Inability to increase local funding because of Council Tax freeze	Adverse effect on ability to raise income and therefore provide services	5	3	15	Budget assumes council tax freeze will continue over the 5 year period. Council tax product reassessed as part of budget process	Y	<b>part of figure above</b>	2	3	6
5	Economy and Funding	Continuation of depressed housing market	Assumption re Developer Contributions prove too optimistic. Funding shortfall for railway, PPP schools etc. Risk of Challenge to existing policy with knock on impact on funding available for essential infrastructure projects.	4	3	12	Budget adjustment to take account of potential shortfall, diverting resources from other priorities in revenue and capital plans. Reassessment of likely developer contributions undertaken as part of review of CIP funding	Y	<b>part of figure above</b>	4	2	8
6	Environment	Weather - adverse winter conditions	Strain on Winter Maintenance budget. Additional revenue and capital costs	4	4	16	Bellwin Scheme, but only at significantly high levels and within certain criteria. Not available to cover higher costs of adverse winter weather. Reserve of £650k earmarked to provide contingency for Winter in 2014/15. Development of Community Resilience Scheme progressing.	Y	<b>1,000,000 (unfunded residual estimate of Adverse Winter beyond average conditions)</b>	4	3	12

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7	Environment	Weather - severe floods	Additional revenue and capital costs	3	4	12	Bellwin Scheme, applies at £550,000 threshold and within certain criteria. Capital provision for Selkirk Jedburgh and Gala flood works to be delivered through CIP. Funding of 80% assumed by Hawick. NB govt currently reviewing the national arrangements for flood funding.	Y	550,000	3	3	9
8	Budget Control	Inability to achieve projected savings	Increased risks due to budget not being met, may result in future reduced service provision as a consequence	4	3	12	<i>Tracking through monitoring process. Monitoring indicates around 75% of savings are being delivered in line with plan. Risks re savings assumed re Education.</i>	Partial	2,500,000 <b>Potential Risk to 5 year plan following Review of Savings deliverability</b>	3	3	9
Page 18	Budget Control	Future demographics - Social Work. Ageing population, more children with complex needs	Additional revenue and capital costs. 10 year CIP based upon current levels of housing development and the knock on effect on population.	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures. Capital Plan.	Y	<b>Projected Estimates Currently covered in financial plan</b>	4	2	8
10	Budget Control	Future demographics - Education. Variation in projected pupil roll numbers	Additional revenue and capital costs	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures. Capital Plan.	Y	<b>Projected Estimates Currently covered in financial plan</b>	4	2	8
11	Budget Control	Future Demographics Vulnerable Children	Risk of significant overspend due to demand pressures and the need to accommodate looked after children in expensive residential settings including secure units	5	4	20	Costs not fully reflected in revenue budget. Contingency of £650k held in allocated reserves	Partial	700,000	3	3	9
12	Budget Control	Development Major Capital projects requiring Govt Support E.g. Flooding	Potential Requirement to Write costs incurred developing capital Schemes off to Revenue should Govt Support not be forthcoming.	3	4	12	Inherent risks associated with development of large complex capital schemes e.g. Hawick Flood. Robust project management. Dialogue and ensuring necessary statutory approvals are achieved mitigates risks	Y	<b>Risks Currently associated with Hawick flood, and future School Projects e.g. Langlee and Gala</b>	3	3	9

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13	IT	Loss of corporate financial systems providers	Unsupported system's, no opportunity for development. Failure to financial and accounting controls	3	2	6	Ability to continue unsupported, in the short term. GL health check completed and an Officer Systems board established to prioritise recommendations for system development	Y	0	3	2	6
14	Supplier failure	Major contractors / providers of completed schemes going out of business during construction phase (e.g. Waste PPP scheme)	Council has step in rights however significant financial impact	2	2	4	Alternative provider could be sought. Council could provide service in-house. Council has step in rights to major contracts e.g. Waste. Current NES contract moratorium in place.	Y	500,000	2	2	4
15	Supplier failure	Major contractors / providers of essential services going out of business e.g. Transport provider	Immediate pressure on revenue budgets / reserves. Increased evidence of routes being handed back following retendering	3	3	9	In some cases monthly contract monitoring and ongoing liaison. More due diligence required during and before contract periods	Partial	100,000 (short term fix)	3	3	9
16	Pension Fund	Local Government Pension Scheme - increase in employer contributions	Increased costs to the Council through increased employer contributions and impact on service budgets	4	4	16	Triennial Valuation with options to deal with projected funding deficit through recovery period and / or medium term Revenue Financial Plan. Planned change to LGPS in 2015 to contain costs based on CARE scheme. Next Fund valuation due as at 31 March 2014 underway. Initial results from with Barnet Waddingham the Fund Actuary indicate deficit identified from 2011 valuation now addressed.	Y	0	3	3	9
17	Pension Fund	Pension Fund Including Admitted Bodies. Change in level of participation in the pension fund leading to a risk re past service cost.	Call on Council indemnity for past service costs	3	2	6	Ongoing monitoring and engagement with admitted bodies and appointed actuary. Impact of auto enrolment being monitored along with financial impact of changes to the composition of scheme membership.	Y	700,000	3	2	6

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No.	Risk Category	RISK Threat to achievement of business objective	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) Assume No Controls in Place			Risk Control Measures in Place	Are all Controls Operational?  Y / N / Partial	Potential Financial Risk  £	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
18	Economy and Funding	Counterparty risk	Funds deposited in banks are lost	3	3	9	Disciplined maintenance of counterparty list, spread deposits where practicable. Strategy & Policy in place, daily information from Sector. Annual revisions made to the strategy to reflect changes in economic situation. Compliance with credit worthiness policy monitored on an ongoing basis and robust scrutiny at point of investment. Low levels of current deposits.	Y	0	3	2	6
19	Economy and Funding	Increase in scale of bad debts owed to the Council (AR, Council Tax, NDR)	Potential pressure on revenue budgets as greater amounts need to be written off. Debt recovery arrangements indicate this risks is being managed with significant improvement in recent years over debt management and recovery	4	3	12	Bad Debt provision in place, proved adequate for C/Tax and NDR historically. More robust policy framework now in place. Current level of bad debt provision acceptable debt acceptable	Y	125,000 Review of bad debt ongoing to assess adequacy of current budget provision	3	2	6
20	Economy and Funding	Change to taxation base e.g. NDR income lies with collecting Authority and not part of national pool	Reduced level of NDR income for Council with subsequent pressure on revenue budgets	2	2	4	3 year spending review, medium term Revenue Financial Plan	Partial	Estimate Covered in Finance plan	1	2	2
21	Budget Control	Failure of budgetary control processes (increased likelihood as budgets are stretched). Savings required by the 5 Year financial plan not delivered or delayed	Unexpected overspends in revenue and / or capital budgets	4	3	12	Monitoring processes, both for revenue and capital. Monitoring now includes tracking of delivery of required efficiencies. Risk analysis re delivery of savings approved in financial plan. Monthly reporting to CMT and quarterly reporting to Executive. Challenges facing the Council associated with constraints on public sector funding are increasing.	Y	1,500,000  (0.6% overspend risk on £250m)	3	3	9

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No.	Risk Category	RISK Threat to achievement of business objective	Scope/potential consequences of risk	Assessment of Risk (likelihood x impact) <i>Assume No Controls in Place</i>			Risk Control Measures in Place	Are all Controls Operational? Y / N / Partial	Potential Financial Risk £	Assessment of Residual Risk (likelihood x impact) With Control Measures		
				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
22	Economy and Funding	Contractual legal claims/ penalties levied against council claim	Litigation from contractor following failure of Council to enact obligations under a strategic contract e.g. PPP works compensation event. Contractual claim resulting from legal disputes	4	3	12	Monitoring processes, both internal and reporting to Members. Corporate Approach to project delivery and Business Transformation. Council's legal position will be robustly defend via Court Process if necessary.	Y	<b>400,000</b>  general est. based on current risks.	4	3	12
23	Pension Fund	Auto Enrol enrolment in pension Fund	Increase in the cost of employees superannuation for previously opted out employees. Risk level reflects 50% based on current staffing opt out level.	5	3	15	Transitional arrangement to be consulted upon and brought forward to committee.	Partial	<b>550,000</b>	5	2	10
24	Economy and Funding	Municipal Mutual Insurance	Council is a scheme creditor of failed insurance firm. Solvent run off of the company no longer anticipated	4	3	12	Contained monitoring of the situation - no risk mitigation possible. Provision made in allocated balances	N	<b>0</b>	4	3	12
	HR	Staff Terms and Conditions including any variation to assumed pay award of 1% in 2015/16 and 1.5% thereafter.	Unbudgetted increase in the costs of the pay bill following unforeseen pay adjustments	5	3	15	Costs based on last 5 years average. Measures in place to control costs wherever possible.	Partial	<b>770,000</b>	5	2	10

10,295,000

	£	£
<b>Projected General Fund balance as at 31 March 2015</b>		<b>6,756,000</b>
<b>% of Risks per risk register covered by unallocated balances</b>		<b>66%</b>

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## **GENERAL FUND REVENUE RESOURCES AND COUNCIL TAX 2015/16**

**Report by the Chief Financial Officer**

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### **SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to advise Council of the estimated General Fund revenue resources available for financial years 2015/16 – 2019/20 following publication of the local government finance settlement on the 11 December 2014.**
- 1.2 The report also outlines the process supporting the construction of the draft 5 year revenue budget 2015/16 – 2019/20.
- 1.3 The financial constraints and major risks to be addressed are identified.
- 1.4 This paper has been prepared assuming the council tax freeze will continue.
- 1.5 The Corporate Management Team have worked together to support Members to set a Corporate five year revenue budget to meet pressures identified facing the Council over the next five years. These pressures have arisen due to the continuing constraints on External Funding from central government, the continuing freeze on Council Tax, the increasing pressures from demographics, inflation and employment costs. In response the Administration has continued to adopt an approach to formulate a sustainable five year budget based on a programme of efficiency savings and longer term transformational change. This approach is designed to ensure the effective deployment of the funds available in line with the Council's corporate objectives and approved service plans.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that Council**
  - (a) notes the estimated revenue resources for 2015/16 to 2019/20;**
  - (b) agrees a Band D council tax of £1,084 for financial year 2015/16, freezing the council tax at 2007/08 levels for eighth successive year;**
  - (c) approves the council taxes to be paid for 2015/16 in respect of chargeable dwellings as set out in appendix 1 to this report.**

- (d) proceeds to consider the Administration's Revenue Financial Plan 2015/16 - 2019/20 and associated fees and charges schedule for 2015/16.**

### 3 REVENUE RESOURCES

- 3.1 The local government finance settlement (the settlement) was published on 11 December 2014. The settlement confirmed resources from the Scottish government of £203.321m including redeterminations of £2.227m. The redeterminations were for Free School Meals (£1.233m), Scottish Welfare Fund (£0.472m), Single Fraud Investigation Service (£0.004m), Teachers Induction (£0.223m), Council Tax Reduction Scheme admin (£0.117m), Looked After Children (£0.217m), hostel grant (£0.016m), Self Directed Support (£0.096m), the reduction of Children's Legal representation for school pupils (-£0.002m) and an adjustment to reflect the final Children and Young People's Bill funding (-£0.149m). Each redetermination has associated budget implications which have been reflected in the Financial Plan. Assuming that Council Tax is frozen again at 2007/08 levels, the total revenue resources available to the Council for 2015/16 are shown in table 1 below at £254.571m excluding specific grants.

### 4 THE AEF SETTLEMENT 2015/16

- 4.1 Mainstream support for local government from the Scottish Government is collectively known as Aggregate External Finance (AEF) and comprises:-
- General Revenue Funding to support expenditure on the complete range of Council Services
  - A distribution of funding from the National Non-Domestic Rates Pool
  - Ring-fenced grants which authorities must use for specified purposes
  - Council Tax freeze funding, which will only be distributed if a Council freezes its Council Tax at 2007/08 levels and meets the conditions of the Scottish Government settlement. The estimated level of council tax collectable has been revised to £51.602m in financial year 2015/16 as shown in table 1 above. This estimate is based on the numbers of chargeable dwellings, applicable discounts, anticipated levels of bad debt and collection rates.
- 4.2 There are two conditions specified by the Government for 2015/16 which must be agreed by Scottish Local Authorities in order to access the full level of AEF per the settlement. In addition to the pursuit of joint priorities set out in the local outcome agreement the Council is required to:-
1. maintain a council tax freeze
  2. maintain teacher numbers in line with pupil numbers, securing places for all probationers who require one under the teacher induction scheme. Sanctions in relation to maintaining teacher numbers are currently suspended pending the work to agree an Educational Outcomes based approach which is being reviewed in early 2015.
- 4.3 Overall resources from central government reflect an increase of £1.1m (0.55%) compared to 2014/15 comparable totals. The offer of funding contained in the finance circular is provisional at this stage pending approval of the Government's budget bill and the publication of the final 2015/16 funding circular.

	2015/16 £'000	2016/17 (Provisional) £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	Total £'000
<b>Aggregate External Finance (1)</b>						
General Revenue Support (2)	168,472	167,259	166,357	165,552	165,552	833,192
Non-domestic Rates (distribution from national pool)	34,849	34,849	34,849	34,849	34,849	174,245
	<b>203,321</b>	<b>202,108</b>	<b>201,206</b>	<b>200,401</b>	<b>200,401</b>	<b>1,007,437</b>
<b>Reserves</b>	<b>508</b>	<b>962</b>	<b>153</b>	<b>0</b>	<b>0</b>	<b>1,623</b>
<b>Earmarking adjustments including pay award</b>	<b>(860)</b>	<b>874</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>23</b>
<b>Council Tax (Band D £1,084 - no increase)</b>	<b>51,602</b>	<b>51,992</b>	<b>52,392</b>	<b>52,876</b>	<b>53,375</b>	<b>262,237</b>
<b>Total</b>	<b>254,571</b>	<b>255,936</b>	<b>253,760</b>	<b>253,277</b>	<b>253,776</b>	<b>1,271,320</b>

1. Funding from Scottish Government excludes ring-fenced grants (the budgets which follow are net of such grants).
2. The Scottish Government has announced provisional AEF for 2015/16.

## 5 AEF ESTIMATES 2015/16 AND BEYOND

- 5.1 At present the Scottish Government has only published draft AEF figures for 2015/16. In planning resources over the next 5 years the Council has therefore made assumptions about the levels of funding likely to be available and the level of savings which will be required to balance to these estimates.
- 5.2 Any movement from these assumptions in future finance settlements will require adjustments to be made to the overall level of savings made in the Financial Plan. Despite the absence of firm future figures, the scale of the challenge facing the Council is unlikely to diminish in the foreseeable future and longer term planning for the delivery of savings, which may have significant lead in times and require large scale organisational change remains a useful discipline.

## 6 THE FINANCIAL PLANNING PROCESS 2015/16 TO 2019/20

- 6.1 The 5 year Financial Plan the Council set for 2014-19 comprised a one year firm budget for 2014/15 and provisional figures for 2015/16-2018/19. In rolling forward the Financial Plan a corporate approach has again been pursued with a longer term planning horizon used to address the financial and service challenges facing the organisation.
- 6.2 In order to ensure the continued adoption of a strategic approach Members have previously agreed to focus on the delivery of a major programme of transformational change required to balance the Financial Plan.
- 6.3 Following a review of the Plan previously agreed for 2014-2019, additional pressures have arisen from increasing demographic pressures, the continuation of Local Authority support to the Council Tax Reduction scheme and inflationary increases as well as the continuing manpower pressures.

6.4 In order to support the longer term financial plan Corporate Management Team (CMT) adopted the following process:

- a review of the assumptions made within the 2014-19 Financial Plan for both pressures and savings
- Departments continued to monitor the benefits being realised by their programme of transformation and identified new project savings to meet any budget gap
- Further savings have been identified that can support the Financial Plan which can be implemented in the shorter term
- external fees & charges were reviewed as part of the financial planning process to maximise income whilst meeting the needs of the most vulnerable.
- CMT proposals were presented to and considered by elected members through the Administration Budget Working Group and the Administration.

## **7 COUNCIL TAX**

7.1 The aspiration to have Council Tax levels frozen at 2007/08 is to continue for an eighth year. A decision by elected members to vary the council tax beyond the rates set in 2007/08 would result in resources being withdrawn by central government. The potential "claw-back" from Scottish Borders Council in this eventuality is detailed in the settlement at £1.536m per annum. This would be equivalent to 3% on the Council Tax to replace the lost income.

7.2 The Council Tax freeze reflected in all 5 years of the Financial Plan is pending a longer term national review of Local Authority funding through a new Council Tax Commission established by the Scottish Government which may result in changes to Local Government finance during the 5 year period.

7.3 The Council is required under legislation to approve its Council Tax for the following financial year commencing 1 April by the 11 March in the preceding financial year.

## **8 IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

There are no additional financial implications associated with this report, its content referring specifically to the revenue budget.

### **8.2 RISK AND MITIGATION**

The Council faces a number of risks in setting its financial plan for five years 2014/15 - 2018/19. The main identified risks are set out in the Financial Strategy.

There is an ongoing requirement for robust management action to deliver the savings and the development of a Corporate Programme of Business Transformation to ensure the delivery of the proposals set out in the five year financial plan on time and to the levels expected by the approved budget. The failure to deliver savings in line with the budget plan represents a significant risk to the council.

If a Band D Council Tax of less than £1,084 is set, revenue resources would be insufficient to meet planned expenditure, unless expenditure plans were correspondingly modified.

If a Band D Council Tax above £1,084 is set, AEF from the Scottish Government will be reduced by up to £1.536m per annum.

### 8.3 **EQUALITIES**

An equalities impact assessment has been undertaken with regard to individual budget proposals, where issues have been identified mitigating actions will be put in place. There are no further equalities impacts arising from this specific report.

### 8.4 **ACTING SUSTAINABLY**

The revenue budget will affect the people and economy of the borders it has been designed to be as financially, socially and environmentally sustainable as possible.

### 8.5 **CARBON MANAGEMENT**

There are no effects on carbon emissions.

### 8.6 **RURAL PROOFING**

This report contains no implications that will compromise the Council's rural proofing strategy.

### 8.7 **CHANGES TO THE SCHEME OF ADMINISTRATION OR SCHEME OF DELEGATION**

There are no changes required to either the scheme of administration or the scheme of delegation.

## 9 **CONSULTATION**

9.1 Corporate Management Team has been involved in and agreed the compilation of the revenue Financial Plan.

9.2 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council are being consulted and any comments received will be reflected in the report.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
Debbie Collins	Financial Services Manager
Suzy Douglas	Finance Business Partner

**Background Papers:**

**Previous Minute Reference:**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

Contact us at Debbie Collins, Council HQ, [Debbie.collins@scotborders.gov.uk](mailto:Debbie.collins@scotborders.gov.uk), 01835825018.

## Council Tax levels 2015/16

<b>Band</b>	<b>Proportion of Band D Tax</b>	<b>£</b>
A	6/9	722.67
B	7/9	843.11
C	8/9	963.56
<b>D</b>	<b>9/9</b>	<b>1,084.00</b>
E	11/9	1,324.89
F	13/9	1,565.78
G	15/9	1,806.67
H	18/9	2,168.00



# SCOTTISH BORDERS COUNCIL ADMINISTRATION'S REVENUE FINANCIAL PLAN

2015/16 – 2019/20

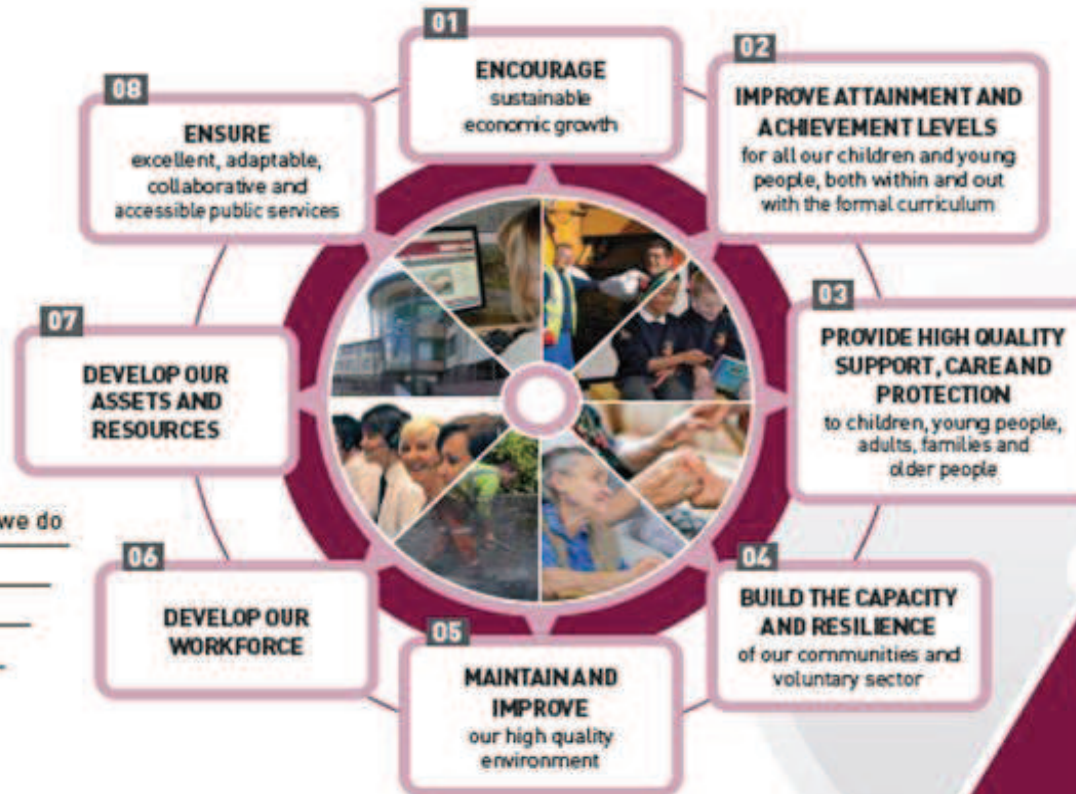
## OUR VISION



We seek the best quality of life for all the people in the Scottish Borders, prosperity for our businesses and good health and resilience for all our communities.



## OUR PRIORITIES FOR THE NEXT 5 YEARS



## OUR STANDARDS

Put our customers and staff at the heart of what we do

Be fair, equal and open

Continually improve our services

Work with partners and stakeholders

Deliver value for money

### OUR VALUES

PUBLIC SERVICE

RESPECT FOR ALL

COURAGE

INTEGRITY

INFLUENCE

**Scottish Borders Council**  
**Draft Revenue Financial Plan 2015/16 - 2019/20**

<u>Page No.</u>	<u>Content</u>
	Revenue Resources
	Summary of Budget Movement
	Department Budget Summary
	Manpower Inflation & Pressures
9-11	Making the best use of our People
12-13	Working with our Partners
14-15	Looking after the Borders
16-20	Business Process Transformation
21	Maximising Resources

Scottish Borders Council  
Revenue Financial Plan 2015/16 - 2019/20  
Revenue Resources

	2015/16 £'000	2016/17 (Provisional) £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	Total £'000
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Notes:						
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2. The Scottish Government has announced provisional AEF for 2015/16.						

Scottish Borders Council  
 Revenue Financial Plan 2015/16 - 2019/20  
 Summary of Budget Movement

Page 34	2015/16 £'000	2016/17 (Provisional) £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	Total £'000
<b>Base Budget (approved 6 February 2014)</b>	<b>252,209</b>	<b>254,571</b>	<b>255,936</b>	<b>253,760</b>	<b>253,277</b>	<b>1,269,753</b>
Permanent virements	0	0	0	0	0	0
Manpower adjustments	2,664	5,475	2,375	3,330	2,735	16,579
Non-pay Inflation including Service Specific	759	919	841	928	830	4,278
Department Specific Pressures	5,207	1,031	1,441	(93)	919	8,506
Making best use of our People	(3,455)	(4,007)	(3,420)	(405)	(465)	(11,752)
Working with our Partners	(793)	(875)	(781)	(1,512)	(1,252)	(5,213)
Looking after The Borders	(488)	(289)	(179)	(840)	(800)	(2,596)
Business Process Transformation	(752)	(729)	(1,437)	(1,798)	(1,375)	(6,091)
Maximising Resources	(780)	(160)	(1,016)	(94)	(94)	(2,144)
	<b>254,571</b>	<b>255,936</b>	<b>253,760</b>	<b>253,277</b>	<b>253,776</b>	<b>1,271,320</b>

Scottish Borders Council  
 Revenue Financial Plan 2015/16 - 2019/20  
 Departmental Summary

Page 35	2015/16 £'000	2016/17 (Provisional) £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	Total £'000
Chief Executive's	27,291	27,215	26,504	27,065	27,464	135,540
People	167,336	168,393	167,902	170,882	173,730	848,243
Place	36,145	37,234	36,712	37,559	38,075	185,725
Other	23,799	23,094	22,642	17,770	14,507	101,812
	<b>254,571</b>	<b>255,936</b>	<b>253,760</b>	<b>253,277</b>	<b>253,776</b>	<b>1,271,320</b>

Scottish Borders Council  
Revenue Financial Plan 2015/16 - 2019/20  
Department Specific Pressures

DEPARTMENT	2014/15 Base Budget	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000	Comments
<b>MANPOWER ADJUSTMENTS</b>								
Manpower adjustments		2,664	5,475	2,375	3,330	2,735	16,579	
Pay Inflation and On-costs		2,255	4,483	2,248	2,316	2,556	13,858	1% pay award year 1, 1.5% years 2-5, teachers pension increases from 14.9% to 17.2% from September 2015 and the removal of the NI rebate in 2016/17.
Increments		409	992	127	1,014	179	2,721	Reflects biennial agreement for non-teaching Staff increments.
<b>CORPORATE PRESSURES</b>								
Non-pay Inflation		190	380	384	399	433	1,786	
Energy Costs	5,730	0	215	216	229	262	922	Agreed inflation applied
Property Related	6,399	127	100	102	103	103	534	Agreed inflation applied
Insurances	1,365	22	22	22	23	23	112	Agreed inflation applied
Licenses	2,990	42	43	44	44	45	217	Agreed inflation applied
<b>CHIEF EXECUTIVE'S PRESSURES</b>								
Service Specific Inflation		1	10	10	2	2	25	
Sports Trusts	2,342	0	7	7	0	0	13	Agreed inflation applied
Borders Care and Repair Contract	280	1	3	3	2	2	12	Contract inflated by CPI rate
Service Specific Pressures		2	(4)	0	0	0	(2)	
Children's legal representation		(2)	0	0	0	0	(2)	Legal representation on Children's panels
Single Fraud Investigation service	0	4	(4)	0	0	0	0	Grant used for fraud investigations distributed annually through RSG
<b>PEOPLE DEPARTMENT PRESSURES</b>								
Service Specific Inflation		323	292	298	260	265	1,439	
Unitary Charge	8,303	132	192	197	175	178	874	Agreed inflation applied
Free Personal & Nursing Care	1,116	6	13	14	11	12	56	Agreed inflation applied
COSLA Residential Care Home Contract	7,193	36	87	88	74	75	359	Agreed inflation applied
Transport (Schools)	3,202	150	0	0	0	0	150	Inflation required following contract retendering

DEPARTMENT	2014/15 Base Budget	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000	Comments
<b>Service Specific Pressures</b>		<b>5,871</b>	<b>1,128</b>	<b>930</b>	<b>858</b>	<b>878</b>	<b>9,665</b>	
Accommodated / Looked After Children	4,139	64	65	65	66	66	326	Reflects increased number of children being looked after.
Movement in ICS school based staff	8,740	54	54	55	55	55	273	Reflects increased number of children under review of ICS staff
Increase in children with severe / complex needs	985	30	31	33	34	34	162	Assumes an ongoing increased of 3% p.a.
Increase in number of Out of Area Placements	3,408	1,000	(200)	(200)	(200)	(200)	200	Reflects increased number of out of area placements and resultant pressure experienced in 2013/14 & 2014/15.
Children's & Young People's Bill - 600 hours (3 & 4 year olds)	5,965	283	0	0	0	0	283	Provision of 600 hours nursery provision for 3 & 4 year olds
Children & Young People's Bill - 600 Hours (LAC)	5,965	70	0	0	0	0	70	Provision of 600 hours nursery provision (LAC)
Children's & Young People's Bill - 2 year olds	5,965	651	0	0	0	0	651	Provision of childcare for eligible 2 year olds (SG funded)
CYP Outreach Team	0	380	0	0	0	0	380	Revenue cost of Outreach team
Duns Primary School move	1,074	0	255	0	0	0	255	Increased property costs (rates, energy etc.)
New Kelso High School	2,926	0	192	0	0	0	192	Increased property costs (rates, energy etc.)
Langlee Primary School	760	0	50	50	0	0	100	Increased property costs (rates, energy etc.)
Broomlands Primary School	748	0	0	64	0	0	64	Increased property costs (rates, energy etc.)
School Refurbishment & Capacity projects	8,417	0	0	0	24	32	56	Increased school capacity projects
Probationer teachers	226	(3)	(223)	0	0	0	(226)	Scottish Government advance payment of teachers induction scheme funding
Family Support	79	(79)	0	0	0	0	(79)	Removal of family support funding
LAC	23	(23)	0	0	0	0	(23)	End of specific 13/14 funding stream for looked after children
Sensory impairment	20	(20)	0	0	0	0	(20)	Removal of 2013/14 and 2014/15 grant
Additional hostel grant	16	16	(16)	0	0	0	0	Increase in hostel grant to support Trinity House
Copyright funding	0	34	0	0	0	0	34	Reinstatement of copyright license budget
Free School Meals	0	1,233	0	0	0	0	1233	Provision of free school meals for all P1 - P3 children
Increase in Foster Care fees & allowances	1,799	35	36	36	37	37	182	Tracking of Foster care fees in line with SJC manpower pay awards
Early Years Centres	0	0	91	2	2	2	97	Running costs of Early Years Centres (Capital cost funded from Early Years Change Fund)
Continuing care	0	85	(85)	0	0	0	0	Additional grant for children in continuing care
Through Care & AfterCare	0	65	(65)	0	0	0	0	Additional grant for children through and aftercare
Kinship Care	0	55	(55)	0	0	0	0	Additional grant for children in kinship care
Changed eligibility for After care	0	12	(12)	0	0	0	0	Grant to enable new eligibility for aftercare
Self directed support	0	96	(96)	0	0	0	0	Transition grant to support implementation
Gaelic specific grant	0	4	(4)	0	0	0	0	Specific grant agreed for 2015/16 to support Gaelic education
Older People demographic increases	23,033	605	561	575	589	602	2,932	Remodelled - £224k reduction
Increased young adults with learning / physical disabilities	18,962	765	549	250	250	250	2,064	Increased named young adults in transition from children's services
Older People Realtime Monitoring	23,033	319	0	0	0	0	319	Previous saving which is undeliverable
Additional cost of Homecare retendering	23,033	140	0	0	0	0	140	Previous saving which is undeliverable

DEPARTMENT	2014/15 Base Budget	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000	Comments
<b>PLACE DEPARTMENT PRESSURES</b>								
<b>Service Specific Inflation</b>		<b>209</b>	<b>186</b>	<b>97</b>	<b>219</b>	<b>82</b>	<b>792</b>	
Bus Contracts (renewal)	2,762	47	91	0	139	0	276	Contracts due for re-tender. (10% inflation)
Road Works	2,083	0	25	25	21	22	93	Agreed inflation applied
Aggregates and Bitumen	441	2	5	5	5	5	22	Agreed inflation applied
Vehicles & Spare Parts	1,267	0	15	15	13	13	57	Agreed inflation applied
Winter Maintenance (Salt)	2,843	81	17	17	14	14	144	Increased salt costs from Excel tender
Carbon Tax on Street Lighting	0	60	0	0	0	0	60	A new tax applicable to Street Lighting electricity
Catering (Food)	1,297	18	33	34	28	28	141	Reduced inflation assumption
<b>Service Specific Pressures</b>		<b>637</b>	<b>327</b>	<b>74</b>	<b>65</b>	<b>61</b>	<b>1,164</b>	
Landfill Tax	3,274	76	62	79	70	71	358	Reduce expected L/Fill tax increase pa to CPI
DWP subsidy for CTax & HB administration	(799)	40	0	0	0	0	40	Subsidy reduction
Additional cost to support the new Kelso High School	0	0	275	0	0	0	275	Property maintenance costs
Costs associated with the Gala Transport Interchange	0	71	(10)	(5)	(5)	(10)	41	Revenue pressure from new facility
Creation of a leachate management budget	250	150	0	0	0	0	150	Recurring annual cost without a budget
Planning fee budget pressure	2,652	250	0	0	0	0	250	Planning fee pressure due to continued reduction in economic climate.
Creation of a Feasibility Study budget for capital projects	0	50	0	0	0	0	50	Creation of a feasibility budget to support the Capital Plan
<b>OTHER PRESSURES</b>								
<b>Service Specific Inflation</b>		<b>35</b>	<b>52</b>	<b>53</b>	<b>47</b>	<b>48</b>	<b>236</b>	
Property Maintenance fund	2,218	35	52	53	47	48	236	Inflated by RPI rate
<b>Service Specific Adjustments</b>		<b>(1,302)</b>	<b>(420)</b>	<b>437</b>	<b>(1,015)</b>	<b>(20)</b>	<b>(2,320)</b>	
Older People Change Fund	718	(718)	0	0	0	0	(718)	Removal of Change Fund budget
ER/VS - Redundancy Costs	783	(365)	188	456	(995)	0	(716)	Adjustments to ER/VS budget
Wide Area Network	976	(194)	0	0	0	0	(194)	Adjustment to reflect current project plans
Early Years & Other Change Fund	297	(297)	0	0	0	0	(297)	Removal of Change Fund budget
Commercial Rent income	(1,157)	(19)	(19)	(19)	(20)	(20)	(97)	Planned increase in Rents at 1.5% per annum
Council Tax Reduction Scheme	298	(298)	0	0	0	0	(298)	Removal of base budget pending confirmation of funding
Council Tax Reduction Scheme administration	0	117	(117)	0	0	0	0	Funding received for the Council to administer the Council Tax Reduction scheme.
Scottish Welfare fund (SWF)	0	472	(472)	0	0	0	0	Distribution of SWF funding for Crisis & Community Care grants



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 Making best use of our People

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Management review of professional and support services	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's
<b>Ref. 1-01</b>	N/A	(1,285)	(1,530)	(641)	0	0	(3,456)
<b>Description of Proposal</b>	Following the corporate restructure and changes to service delivery requirements a full review of Management and Admin will be undertaken to explore more integrated and streamlined professional, managerial and administrative support for front line services and ensure the optimum deployment of staff resources across service delivery models. Officers will seek to manage this reduction through natural staff turnover and the current ER/VS scheme where possible.						

Pupil Support Review	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's
<b>Ref. 1-02</b>	24,323	(185)	(357)	(612)	0	0	(1,154)
<b>Description of Proposal</b>	A review of staffing roles and responsibilities within Children & Families to ensure a less bureaucratic and more flexible deployment of staff across all Services. This will include a new Inclusion Strategy which will focus on early intervention and prevention. It is likely this will change how resources are currently allocated and some of the current decision making processes.						

Demographic and Class Composition efficiency savings		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	1-03	41,259	(1,181)	0	0	0	0	(1,181)
Description of Proposal		Savings already achieved from demographic changes in Primary and Secondary schools.						

Learning Delivery Framework		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	1-04	76,874	(437)	(1,900)	(1,989)	0	0	(4,326)
Description of Proposal		This review will look at the framework around how universal services are delivered to children and young people. This will include a strategic review of Technology, Senior Phase and Early Years, including early years centres and the delivery of a new staffing structure to meet the required outcomes of the Children and Young People's Bill (600 hours etc.) Also adjusting maximum Primary class sizes in line with Scottish Government guidelines. On an average cost basis these changes equate to 16 teachers.						

Supporting Independence when providing Care at Home		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Ref. 1-05	N/A	(307)	(150)	0	0	0	(457)
Description of Proposal		Project underway to develop an independence-focussed approach to Care at Home. It is expected that on implementation, a number of improved outcomes for clients will result such as quicker reablement and decreased dependency on homecare and other care services enabling affordability and sustainability of services going forward. This is also linked to a review of what/how key day and night care services are currently delivered.						

Employee Benefits Strategy		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Ref. 1-06	N/A	(60)	(70)	0	0	0	(130)
Description of Proposal		Proposed introduction of improved employee benefits scheme for Council employees. A report to Council on 20 November provides the detail.						

Changes to working practices		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Ref. 1-07	N/A	0	0	(178)	(405)	(465)	(1,048)
Description of Proposal		A project will be established to assess how the Council can deploy its workforce in the most efficient and effective ways. Changes in working practices resulting from this review will generate savings in 2018/19 and 2019/20 of the Financial Plan. This will involve more flexible working patterns and the deployment of staff to deliver services in line with service demand.						

<b>Total</b>		<b>(3,455)</b>	<b>(4,007)</b>	<b>(3,420)</b>	<b>(405)</b>	<b>(465)</b>	<b>(11,752)</b>
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 Working with our Partners

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Alternative models of service delivery	Ref.	4-02	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
			N/A	(480)	(547)	(627)	(1,512)	(1,252)	(4,418)
<b>Description of Proposal</b>	Improved efficiency and increased income from enhanced trading opportunities are planned through the implementation of a new Council Care Company ("ALEO") for the delivery of Care services, together with seeking alternative and more cost effective delivery models for other Council services such as LLP's, Joint-Ventures with other Councils or private-sector partners and other specific initiatives such as the Edinburgh, Lothians, Borders and Fife Roads Co-operative.								

Review of Cultural Services	Ref.	2-01	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
			4,803	(203)	(218)	0	0	0	(421)
<b>Description of Proposal</b>	Options are being considered regarding the future delivery of Cultural Services within the Scottish Borders. £65k relating to the previous Mobile Library review was included in the 2014/15 Financial Plan and has been achieved.								

Commissioned Services		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Page 43 Description of Proposal	Ref. 2-02	3,161	(110)	(110)	(154)	0	0	(374)
		Targeted efficiencies to be achieved from review and negotiation with providers around current commissioned services arrangements within the Children and Young People's Planning Partnership and Sports Trusts.						

Total		(793)	(875)	(781)	(1,512)	(1,252)	(5,213)
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Looking after The Borders

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Asset Management	Ref.	3-01	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
				2,482	(138)	(139)	(179)	(90)	(50)
<b>Description of Proposal</b>	Implementation of an asset management strategy that best supports the future delivery of Council services cost effectively. Includes building energy efficiency measures and estate rationalisation taking full account of revised future service delivery models and increased flexible working.								

Integrated Waste Management Strategy	Ref.	3-02	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
				9,339	(150)	(150)	0	0	0
<b>Description of Proposal</b>	An Integrated Waste Management Strategy (IWMS) has been developed to assess the current and future service provision. The main aim is to provide services that are sustainable both financially and environmentally and that are compliant with European policy, national policy, local policy and legislation. The IWMS is designed to meet the future needs of a range of stakeholders including SEPA / Scottish Government / Zero Waste Scotland / Industrial and commercial waste producers / residents of the Scottish Borders.								

Review of Neighbourhood Services		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Page 45	Ref. 3-03	12,406	(200)	0	0	0	0	(200)
Description of Proposal	Originally a review Parks & Open Spaces this project has now been widened to cover a range of services delivered by Neighbourhood Operations. The aim is to review how these services are delivered to best meet community needs, engender increased community involvement and partnership working and improved efficiency of service delivery which will release cost savings. Emphasis in achieving these savings will be to minimise cuts to front line services and instead where possible to make gains through the organisational structure and by seeking to increase income. £250k saving for 2014/15 was included as part of this review in the 2014/15 Financial Plan.							

More efficient property and asset portfolio		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Ref. 3-04	2,482	0	0	0	(750)	(750)	(1,500)
Description of Proposal	Implementation of a revised asset management strategy that best supports the future delivery of Council services more cost effectively. Includes energy efficiency measures, estate rationalisation, locality planning, taking full account of revised future service delivery models, increased flexible working and the co location of Council Services and community planning partner services wherever possible.							

<b>Total</b>		<b>(488)</b>	<b>(289)</b>	<b>(179)</b>	<b>(840)</b>	<b>(800)</b>	<b>(2,596)</b>
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 Business Process Transformation

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Review of Street Lighting provision (SLEEP project)	Ref.	4-01	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
			1,208	(124)	(145)	(104)	(104)	(104)	(581)
<b>Description of Proposal</b>	The Council maintains 19,000 street lights almost all of which utilise old Sodium lighting technology. The street lighting energy and maintenance costs of these lights are in excess of £950k p.a. A 5 year capital investment programme is now underway to replace 13,000 of the existing Sodium SL lanterns with more modern more energy efficient LED lights. Around 1,200 lights have been replaced to date. These use around 60% less electricity, require little maintenance and will lead to the savings shown in Street Lighting expenditure. The project will reduce the Council's Carbon Footprint and help to minimise future Carbon tax liabilities.								

Out of Area Placement savings resulting from investment in Education Outreach Support Team	Ref.	4-03	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
			3,408	0	(110)	(200)	(200)	(200)	(710)
<b>Description of Proposal</b>	Reduced cost of out of area placement cost resulting from investment in Education Outreach Support Team in 2015/16 funded initially by contingency. Working with young people to access opportunities within the community, and by building capacity within the community including making better use of the voluntary sector will lead to reduced spend on outwith authority placements.								



Commercial opportunities and Procurement		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	4-04	N/A	(246)	(21)	(19)	(394)	(321)	(1,001)
Description of Proposal		Effective contract management and related procurement activity will aim to generate cashable efficiencies through enhanced information sharing, ensuring best value from supply chain through contract management and supplier relationships and enhancing commercial activities through compliance measures and appropriate demand management mechanisms.						

Other efficiencies		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	4-06	N/A	(143)	0	(800)	0	0	(943)
Description of Proposal		Savings from 2015/16 in the range of budgets that can be considered as "discretionary spend". These budgets cover items such as courses, conferences, tools, uniforms, subscriptions, feasibility studies, furniture etc. The proposal is wherever possible to aggregate these items together into a more centralised location for each department and seek savings. Centralising these items will allow departments to better control this expenditure in line with strategic objectives and will allow more efficiencies in the procurement and ordering process to make budgetary savings. Training expenses and those operating on a trading basis have been excluded. Reduction in loans charges as a result of the repayment of specific consents to borrow for ER/VS and Icelandic Banks in 2017/18. Opportunities for savings in the PPP contract specifications continue to be explored.						

ICT Investments in new technology leading to reduced running costs and improved efficiency in back-office support services.		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Page 48	Ref. 4-08	N/A	0	(336)	(314)	(600)	(750)	(2,000)
Description of Proposal		An ICT investment programme is planned that will realise productivity gains and savings across all areas of Council activity. Investments and savings potential to be developed as part of a new Transformation project to reduce the cost of current business processes through more effective use of ICT. The use of LEAN process reviews will ensure the adoption of consistent efficient business processes in all areas of Council service delivery that reduce unnecessary administrative activity and bureaucracy. These processes should also simplify access to Council Services for all Service users.						

Phase 2 printer refresh		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	Ref. 4-09	N/A	0	0	0	(500)	0	(500)
Description of Proposal		Phase 2 of a printer refresh will ensure that the Council is operating the most efficient printing model. This project will focus on the wider estate including social work offices, contact centres, area offices and schools following the printer refresh programme at Council headquarters to replace multiple printers with fewer multi function devices managing printing, photocopying, scanning, faxing and contributing to more efficient and effective document and records management and reduced print consumable costs e.g. paper, print cartridges and maintenance.						

Reduction in road fuel inflation		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	4-10	2,132	(104)	0	0	0	0	(104)
Description of Proposal		A deflation factor of 5% on road fuel prices is forecast to deliver a saving of £104k in 2015/16. This adjustment is based on the current downward trend in crude oil prices and will be reviewed for 2016/17.						

Reduction in heating oil inflation		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	4-11	602	(100)	0	0	0	0	(100)
Description of Proposal		A deflation factor of 10p per litre on heating fuel prices is forecast to deliver a saving of £100k in 2015/16. This adjustment is based on the current downward trend in crude oil prices and is consistent with prices being paid by the Council in the third quarter of 2014/15 and will be reviewed for 2016/17.						

Reduction in external printing costs		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref.	4-14	N/A	(35)	(10)	0	0	0	(45)
Description of Proposal		Following the implementation of a new printing strategy and an investment in our internal printing capability the printing services team have committed to a 12% (£35k) reduction in expenditure on external printing in 2015/16. Other publications are anticipated to deliver a savings of £10k.						

Review of PPP contract		Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Page 50	Ref. 4-15	8,303	0	(107)	0	0	0	(107)
Description of Proposal		External consultants will be engaged to review the PPP contract with a target to deliver savings of £107k from 2016/17 with an emphasis on insurance costs / contract lifecycle / and all other services provided within the contract.						

Total		(752)	(729)	(1,437)	(1,798)	(1,375)	(6,091)
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 Maximising Resources

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Maximising Income	Base Budget 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total	
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
	<b>Ref. MR-01</b>	N/A	(780)	(160)	(1,016)	(94)	(94)	(2,144)
	<p>Following on from the Council's Fees &amp; Charges policy which was approved by Executive in November 2012, all fees and charges will be reviewed to ensure that they comply with this policy and fully recover all the costs incurred in delivering each service while remaining fair, equitable and consistent. In addition our debt recovery policy will help ensure transparent accounting and administration to recover a high proportion of income on time to maximise income for the Council. Proposed fees and charges for 2015/16 will be taken to Council in February 2015 and include the extension of the charging policy to self directed support clients in line with the charges already levied on existing Social Work clients, universally applying a charge for client contributions to all Adult clients on a consistent and equitable basis. A substantial increase in Planning fee income is anticipated in 2017/18 due to an expected increase in the planning fee level set by Scottish Government coupled with an anticipated upturn in the local economy and housing market activity.</p>							
<b>Total</b>		<b>(780)</b>	<b>(160)</b>	<b>(1,016)</b>	<b>(94)</b>	<b>(94)</b>	<b>(2,144)</b>	

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# **Fees and Charges**

## 2015-16

All fees & charges are quoted exclusive of VAT. Specific services are subject to VAT as required by HM Customs & Excise. Therefore, where applicable, VAT will be charged in addition to the quoted fee or charge.

<b>SCOTTISH BORDERS COUNCIL</b>					
<b>FEES &amp; CHARGES</b>	<b>Period</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Civic Government</b>					
<b>Taxis Etc:</b>					
Taxi/Private Hire Operator	3 years	£ 573	£ 573	£ 588.00	3%
		(see note 1)	(see note 1)		
Taxi/Private Hire Driver	1 year	£ 82	£ 82	£ 84.00	2%
Replacement Driver's Badge	N/a	£ 12	£ 12	£ 12.50	4%
Substitute Vehicle	N/a	£ 87	£ 87	£ 89.00	2%
Change of Use from Taxi to Private Hire & Private Hire to Taxi Licence	N/a	£ 62	£ 62	£64.00	3%
Taxi Booking Office	3 years	£ 210	£ 210	£ 215.00	2%
Temporary Licence Application Plate Deposit (refundable)	Duration of licence	£39 for full set and £16 for individual plates	£39 for full set and £16 for individual plates		
<b>Other Civic Government Licensing:</b>					
Second Hand Dealers	3 years	£ 163	£ 168	£ 172.00	2%
Street Traders	3 years	£ 183	£ 188	£ 193.00	3%
Street Trader employee			£ 55	£ 56.00	
Market Operators	3 years	£ 226	£ 233	£ 239.00	3%
Metal Dealers	3 years	£ 137	£ 141	£ 145.00	3%
Metal Dealers Exemption	3 years				
Itinerant Metal Dealer	1 year	£ 44	£ 141	£ 145.00	3%
Indoor Sports Entertainment	3 years	£ 137	£ 141	£ 145.00	3%
Late Hours Catering	3 years	£ 305	£ 314	£ 322.00	3%
Sex Shops	3 years	£ 163	£ 168	£ 172.00	2%
Knife Dealer	3 years	£ 210	£ 216	£ 221.00	2%
Skin Piercing and Tattooing	1 year (Grant)	£ 163	£ 168	£ 172.00	2%
	3 years (Renewal)	£ 163	£ 168	£ 172.00	2%
	1 year (Grant)	£ 107	£ 110	£ 113.00	3%
Ear Piercing Only	3 years (Renewal)	£ 107	£ 110	£ 113.00	3%
Public Entertainment: Commercial	3 years	£ 477	£ 491	£ 503.00	2%
Commercial Funfair – 1-5 stalls	Temp.	£ 42	£ 43	£ 44.00	2%
6-20 stalls	Temp.	£ 137	£ 141	£ 145.00	3%
21 or more stalls	Temp.	£ 273	£ 281	£ 288.00	2%
Non-commercial	3 years	£ 137	£ 141	£ 145.00	3%
Non-commercial	1 year	£ 47	£ 48	£ 49.00	2%
Non-commercial	Temp.	£ 33	£ 34	£ 35.00	3%
Other temporary licences	Temp.	£ 68	£ 70	£ 72.00	3%



<b>SCOTTISH BORDERS COUNCIL</b>					
<b>FEES &amp; CHARGES</b>	<b>Period</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>		<b>Increase %</b>
<b>Civic Government</b>					
<b>General:</b>					
Application for Material Change	n/a	£27.00	£28.00	£29.00	4%
Issue of Duplicate Licence		£19.00	£20.00	£21.00	5%
Certified true copy of entry in register		£19.00	£20.00	£21.00	5%
<b>Miscellaneous Licensing:</b>					
Pet Shops	1 year	£62.00	£62.00	£64.00	3%
Performing Animals			£41.00	£42.00	2%
*Dog Breeding Establishments	1 year	£124.00	£128.00	£131.00	2%
*Riding Establishments	1 year	£62.00	£64.00	£66.00	3%
*Dangerous Wild Animals	1 year	£74.00	£76.00	£78.00	3%
Animal Boarding Establishments	1year	£124.00	£128.00	£131.00	2%
Cinemas – Annual	1 year	£248.00	£255.00	£261.00	2%
Theatres –					
Commercial	1 year	£137.00	£141.00	£145.00	3%
Non-commercial	1 year	£54.00	£56.00	£57.00	2%
Commercial	Temp.	£74.00	£76.00	£78.00	3%
Non-commercial	Temp.	£33.00	£34.00	£35.00	3%
Houses in Multiple Occupation	3 years	£496.00	£510.00	£523.00	3%
<b>Civil Marriages –</b>					
Period Approval	3 years	£176.00	£181.00	£185.00	2%
Temporary Approval	1 day	£59.00	£61.00	£63.00	3%

**NOTE**

- (1) Operators may pay in three annual instalments which may then be subject to approved increases.
- (2) Wherever a veterinary inspection is required, the applicant will be required to pay the veterinary inspection fee.

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES Registrars</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
Notice of Marriage & Civil Partnerships each *	£ 30.00	£ 30.00		NRS set
Extract *	£ 10.00	£ 10.00		NRS set
Religious Marriage *	£ 70.00	£ 70.00		NRS set
Conducting Civil Marriage & Civil Partnership Registration in Office in Office Hours *	£ 55.00	£ 55.00		NRS set
Conducting Civil Marriage & Civil Partnership Ceremony in Office 1 hour or more after office hours	£ 103.00	£ 113.00	£ 113.00	0%
Conducting Civil Marriage & Civil Partnership Ceremony in Office on Saturday	£ 145.00	£ 155.00	£ 155.00	0%
Conducting Civil Marriage & Civil Partnership Ceremony at a period licensed venue	£ 170.00	£ 180.00	£ 180.00	0%
Conducting Civil Marriage & Civil Partnership Ceremony at a temp licensed venue	£ 200.00	£ 210.00	£ 210.00	0%
Conducting Civil Marriage & Civil Partnership on a Sunday/Public Holidays & New Year at any venue	£ 242.50	£ 311.50	£ 311.50	0%
Conducting Civil Ceremony & Civil Partnership after 5pm Office	£ 240.00	£ 250.00	£ 250.00	0%
Conducting Civil Ceremony & Civil Partnership after 5pm Period Venue	£ 262.50	£ 272.00	£ 272.00	0%
Conducting Civil Ceremony & Civil Partnership after 5pm Temp Venue	£ 290.50	£ 295.00	£ 295.00	0%
Naming & Vow renewing ceremony	£ 115.00	£ 120.00	£ 120.00	0%
Naming & Vow renewing ceremony (Saturday)	£ 115.00	£ 137.50	£ 137.50	0%
Naming & Vow renewing ceremony (after 5pm)	£ 115.00	£ 137.50	£ 137.50	0%
Naming & Vow renewing ceremony Sunday / Public Holidays, Christmas & New Year	-	£ 165.00	£ 165.00	0%
Ceremony Advance booking Fee (over 3 months)	£ 30.00	£ 35.00	£ 35.00	0%
Genealogy - per hour *	£ 20.00	£ 15.00	£ 15.00	0%
Digros Print	£ 1.50	£ 1.50	£ 1.50	0%
Extracts search fee	£ 10.00	£ 10.00	£ 10.00	0%
Private Citizenship	£ 50.00	£ 50.00	£ 50.00	0%

\* National Charge

National Records Scotland (NRS) are reviewing all marriage fees and charges with a significant increase expected by April 2015. SBC rates held pending the outcome of the new National Charges and will be reviewed early in 2015/16 financial year.

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES Burial Grounds</b>	<b>2013/14 Charge</b>	<b>2014/15 Charge</b>	<b>2015/16 Charge</b>	<b>Increase %</b>
<b>Purchase of ground</b>				
Lairs for one or two interments	£ 520.00	£ 580.00	£ 709.00	22.24%
Woodland burial - land (includes tree & marker)	£ 520.00	£ 580.00	£ 709.00	22.24%
Lairs for cremation caskets (up to 4)	£ 520.00	£ 580.00	£ 709.00	22.24%
<b>Interments</b>				
Adults (first, or re-open)	£ 480.00	£ 545.00	£ 609.00	11.74%
Woodland burial - interment	£ 480.00	£ 545.00	£ 609.00	11.74%
Cremation caskets	£ 177.00	£ 180.00	£ 201.13	11.74%
Child under 8 years	£ 177.00	£ 180.00	£ 201.13	11.74%
Child 8-16 years	£ 266.50	£ 266.50	£ 297.78	11.74%
<b>Interments on a Saturday (last interment 10.30am)</b>				
Adult	£ 685.00	£ 700.00	£ 782.18	11.74%
Cremation caskets	£ 275.00	£ 285.00	£ 318.46	11.74%
Child under 8 years	£ 275.00	£ 285.00	£ 318.46	11.74%
Child 8-16 years	£ 425.00	£ 435.00	£ 486.07	11.74%
<b>Interments on a Sunday, holiday or outwith seasonal working hours</b>				
Adult	£ 910.00	£ 925.00	£ 1,033.60	11.74%
Cremation caskets	£ 360.00	£ 370.00	£ 413.43	11.74%
Child under 8 years	£ 360.00	£ 370.00	£ 413.43	11.74%
Child 8-16 years	£ 570.00	£ 585.00	£ 653.70	11.74%
<b>Other Charges</b>				
Re-issue of lair certificate	£ 14.00	£ 15.00	£ 25.00	66.67%
Burial search fee - first hour	£ 38.00	£ 40.00	£ 40.00	0.00%
Burial search fee - second hour	£ 38.00	£ 40.00	£ 40.00	0.00%
Burial search fee - each additional hour	£ 10.00	£ 10.00	£ 10.00	0.00%
<b>Headstone foundations</b>				
Marking out, excavate, lay foundation	£ 118.00	£ 120.00	£ 159.00	32.50%
Marking out, excavate only	£ 84.00	£ 85.00	£ 135.00	58.82%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Waste Services</b>				
<b>Tipping Charges</b>				
Charge per tonne (pro-rata)	£ 24.00	£ 24.75	£ 27.00	9.09%
Minimum charge (if total weight under 1 tonne)	£ 24.00	£ 24.75	£ 27.00	9.09%
Soils/Green Waste/Paper & Cardboard (contact 01835-825111 for price)				
Green Waste from Mansfield & Eshiels (minimum 1 tonne charge per month).			£ 34.75	N/A
Mixed dry re-cyclate from Mansfield & Eshiels - includes similar materials as those collected at kerbside via Council re-cycling scheme. (minimum 1 tonne charge per month)			£ 16.00	N/A
Commercial Waste from Mansfield and Eshiels	£ 29.00	£ 30.00	£ 32.25	7.50%
Minimum charge (if total weight under 1 tonne)	£ 29.00	£ 30.00	£ 32.25	7.50%
<b>Landfill Tax (Added to tipping charge)</b>				
(Charged by weight at site (per tonne, pro-rata)				
Active waste *	£ 72.00	£ 80.00	£ 82.60	3.25%
Non active waste *	£ 2.50	£ 2.50	£ 2.60	4.00%
<b>Refuse Sacks (minimum purchase 50 sacks)</b>				
Industrial and Commercial - per sack				
Landfill tax & disposal charge.	£ 1.19	£ 1.21	£ 1.27	4.96%
Service Charge (outside the scope)	£ 0.35	£ 0.36	£ 0.37	2.78%
<b>Total</b>	<b>£ 1.54</b>	<b>£ 1.57</b>	<b>£ 1.64</b>	<b>4.46%</b>
<b>Special Collections - Business</b>				
Per hour - pro-rata	£ 99.50	£ 102.00	£ 104.50	2.45%
Minimum charge (20 minutes)	£ 33.50	£ 35.00	£ 36.00	2.86%
<i>(additional labour, plant and machinery charged at daywork)</i>				
Fridges and Freezers - each	£ 46.50	£ 46.50	£ 47.75	2.69%
<b>Special Collections - Domestic</b>				
Up to 5 articles (including fridges and freezers)	£ 25.00	£ 25.50	£ 26.25	2.94%

\* National Charge

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Waste Services</b>				
<b>Wheeled bins - Business</b>				
<b>NO VAT ON SERVICE ELEMENT - OUTSIDE THE SCOPE</b>				
1100 ltr bin rental, £82.37, disposal £112.43, landfill £337.30	£ 532.10	£ 575.30	£ 598.02	3.95%
1100 ltr Service £183.72 (outside the scope)	£ 183.72	£ 188.64	£ 193.00	2.31%
<b>Total</b>	<b>£ 715.82</b>	<b>£ 763.94</b>	<b>£ 791.02</b>	<b>3.54%</b>
660 ltr bin rental £82.37, disposal £67.46, landfill £202.38	£ 352.21	£ 379.01	£ 386.32	1.93%
660 ltr bin service £110.23 (outside the scope)	£ 110.23	£ 113.81	£ 123.47	8.49%
<b>Total</b>	<b>£ 462.44</b>	<b>£ 492.82</b>	<b>£ 509.79</b>	<b>3.44%</b>
360 ltr bin rental £21.68, disposal £36.80, landfill £110.39	£ 168.87	£ 182.86	£ 186.50	1.99%
360 ltr service £60.13 (outside the scope)	£ 60.13	£ 61.74	£ 67.35	9.09%
<b>Total</b>	<b>£ 229.00</b>	<b>£ 244.60</b>	<b>£ 253.85</b>	<b>3.78%</b>
<i>(Annual charge based on one collection per week)</i>				
<b>Fees</b>				
<b>Recycling Contracts</b>				
Minimum (equivalent to 1 bag/week)	£ 36.08	£ 37.50	£ 39.00	4.00%
Small (equivalent to 2 - 3 bags/week)	£ 90.09	£ 92.50	£ 96.25	4.05%
Medium (equivalent to 4 - 9 bags/week)	£ 234.30	£ 241.00	£ 250.50	3.94%
Large (equivalent to 10 - 15 bags/week)	£ 450.45	£ 462.50	£ 481.00	4.00%
Industrial (Over 15 bags/week)	*			
Large quantities from industrial or very large commercial producers will be priced on an individual basis, based on quantity & method of collection.				
<b>Recyclate Bags (Businesses Only)</b>				
Minimum Purchase 25 bags	£ 17.25	£ 18.00	£ 18.75	4.17%
<b>Keys for disabled facilities</b>				
RADAR Keys for disabled facilities	£ 4.00	£ 4.00	£ 4.00	0.00%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase % 14/15 - 15/16</b>
<b>Parks and Open Spaces</b>				
<b>Allotments</b>				
Per individual plot (size varies)	£10.00	£10.00	£ 40.00	300.00%
<b>Sports Pitches</b>				
Sports pitch per game, Adults	£20.00	£22.00	£ 22.00	0.00%
Sports pitch per game, Juveniles	£9.00	£10.00	£ 10.00	0.00%
<b>Changing Pavilion - Hawick</b>				
Dressing room and showers - per 2 teams				
- Adults, Monday to Saturday	£27.00	£28.00	£ 28.00	0.00%
- Adults, Sunday	£33.00	£35.00	£ 35.00	0.00%
- Juveniles, Monday to Saturday	£11.50	£12.00	£ 12.00	0.00%
- Juveniles, Sunday	£13.50	£14.00	£ 14.00	0.00%
Individual showers inc. of dressing room				
- Adults	£2.00	£2.00	£ 2.00	0.00%
- Juveniles	£1.00	£1.00	£ 1.00	0.00%
Dressing room only - per 2 teams				
- Adults, Monday to Saturday	£11.50	£12.00	£ 12.00	0.00%
- Adults, Sunday	£13.50	£14.00	£ 14.00	0.00%
- Juveniles, Monday to Saturday	£4.50	£5.00	£ 5.00	0.00%
- Juveniles, Sunday	£5.50	£6.00	£ 6.00	0.00%
<b>Floral displays</b>				
Full - 12 troughs/tubs	£200.00	£210.00	£ 225.00	7.14%
Half - 6 troughs/tubs	£100.00	£110.00	£ 135.00	22.73%
Hanging basket - supply (summer season)	£90.00	£100.00	£ 110.00	10.00%
Hanging basket - supply & maintain (summer season)				
	£120.00	£130.00	£ 195.00	50.00%
<b>Other Facilities</b>				
Recreation Ground, Lauder	£54.81	£100.00	£ 100.00	0.00%
Victoria Park, Selkirk	£232.42	£300.00	£ 300.00	0.00%
Mill Meadow Earliston	£54.81	£100.00	£ 100.00	0.00%
Greenyards Triangle, Melrose (LARGE)	£81.90	£100.00	£ 100.00	0.00%
Greenyards Triangle, Melrose (SMALL)	£48.17	£100.00	£ 100.00	0.00%
Victoria Park, Peebles (LARGE)	£81.90	£100.00	£ 100.00	0.00%
Victoria Park, Peebles Circus Only (SMALL)	£48.17	£100.00	£ 100.00	0.00%
Adj. Tennis Courts West Linton (LARGE)	£75.26	£100.00	£ 100.00	0.00%
Adj. Tennis Courts West Linton (Circusa Small)	£54.81	£100.00	£ 100.00	0.00%
Lothian Park, Jedburgh (Large)	£163.80	£200.00	£ 200.00	0.00%
Lothian Park, Jedburgh (Circus Small)	£81.90	£100.00	£ 100.00	0.00%
Croft Park, Kelso (LARGE)	£163.80	£200.00	£ 200.00	0.00%
Croft Park, Kelso Circus Only (SMALL)	£81.90	£100.00	£ 100.00	0.00%
Eyemouth (Unspecified) Killedraught	£61.45	£100.00	£ 100.00	0.00%
Lorry Park, Coldstream (LARGE)	£81.90	£100.00	£ 100.00	0.00%
Lorry Park, Coldstream (SMALL)	£54.81	£100.00	£ 100.00	0.00%
The Green, Greenlaw	£54.81	£100.00	£ 100.00	0.00%
Victoria Park, Innerleithen (LARGE)	£75.26	£100.00	£ 100.00	0.00%
Victoria Park, Innerleithen - Circus only small	£54.81	£100.00	£ 100.00	0.00%
Victoria Park, Car Park, Innerleithen (LARGE)	£75.26	£100.00	£ 100.00	0.00%
Victoria Park, Car Park, Innerleithen Circus small	£54.81	£100.00	£ 100.00	0.00%
Victoria Park, Selkirk	£232.42	£300.00	£ 300.00	0.00%
Public Park, Galashiels (Circus only, Large)	£163.80	£200.00	£ 200.00	0.00%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase % 14/15 - 15/16</b>
<b>Parks and Open Spaces</b>				
Public Park, Galashiels (Medium)	£81.90	£100.00	£ 100.00	0.00%
Public Park, Galashiels (Small)	£48.17	£100.00	£ 100.00	0.00%
Bog Park, Selkirk	£54.81	£100.00	£ 100.00	0.00%
Pringle Park, Selkirk	£54.81	£100.00	£ 100.00	0.00%
Open Space, Tweedbank	£54.81	£100.00	£ 100.00	0.00%
Rear of KGV, Newtown	£48.17	£100.00	£ 100.00	0.00%
KGV, Caddonfoot	£48.17	£100.00	£ 100.00	0.00%
KGV, Broughton	£48.17	£100.00	£ 100.00	0.00%
Newcastleton	£48.17	£100.00	£ 100.00	0.00%
Volunteer Park, Hawick, (Large)	£163.80	£200.00	£ 200.00	0.00%
Volunteer Park, Hawick, (Circus only, Small)	£81.90	£100.00	£ 100.00	0.00%
Netherdale Playing Fields, Galashiels	£163.80	£200.00	£ 200.00	0.00%
Haylodge park, Peebles	£163.80	£200.00	£ 200.00	0.00%
Market Square, Galashiels	£61.45	£100.00	£ 100.00	0.00%
Old Quarry, Chirnside	£48.17	£100.00	£ 100.00	0.00%
<b>LONG TERM LETS</b>		£0.00		
Public Park, Galashiels (Messrs Codona)		£3,000		

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Environmental Health</b>				
<b>Pest Control</b>				
Eradication of vermin, wasps, fleas and ants per incident	£ 45.00	£ 46.50	£ 48.00	3.23%
<b>Annual contracts for pest control for agricultural &amp; commercial premises are costed individually</b>				
<b>Water Samples</b>				
<b>Type A Supplies</b>				
Sample Visit Fee #		£ 70.00	£ 70.00	0.00%
Risk Assessment (Preparatory Work) #		£ 70.00	£ 70.00	0.00%
Risk Assessment (Site Visit & Report) #		£ 50.00	£ 50.00	0.00%
Risk Assessment (Annual Review) #		£ 25.00	£ 30.00	20.00%
Analysis of Check Monitoring Parameters #		£ 25.80	£ 30.00	16.28%
Analysis of Audit Monitoring Parameters # *		up to £435		
Additional Monitoring**		variable		NA
Analysis of Individual parameters***		variable		NA
<b>Type B Supplies</b>				
Sample Visit Fee # *		£ 70.00	£ 70.00	0.00%
Risk Assessment (Preparatory Work) # ****		£ 70.00	£ 70.00	0.00%
Risk Assessment (Site Visit & Report) # ****		£ 50.00	£ 50.00	0.00%
Analysis of Domestic Parameters # ****		£ 48.00	£ 48.00	0.00%
Additional Monitoring**		variable		NA
Individual Parameters***		variable		
* This analysis is supply specific based on the risks associated with the supply. Local authorities can recover analysis costs up to a maximum				
** Monitoring may be required to sample and analyse where there is a risk from substances, contaminants and organisms which are not part of				
*** Analysis cost of individual parameters given on next sheet				
**** Not charged for where work is carried out as art of an Improvement Grant enquiry / application.				
<b>Health Certificates</b>				
<i>(charge is per hour - minimum charge 1 hour)</i>				
Export Health Certificates (Food)	£ 17.00	£ 17.00	£ 60.00	252.94%
Additional Charges:				
Correction / Re-Issue of a Certificate		new charge	£ 20.00	
Copies of a Certificate		new charge	£ 20.00	
Charge for a Certificate issued at oint of entry rather than the originating authority.		new charge	£ 72.00	
Request for Country / Region / Product specific Certificate where there is an absence of a DEFRA agreed format.		new charge	£ 78.00	



<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Trading Standards</b>				
<b>Weights And Measures Act 1985</b>				
<b>Fees for the purpose of Section 11(5) of the 1985 Act</b>				
Linear measure not exceeding 10 metres	£ 11.50	£ 12.00	£ 12.50	4.17%
Capacity measures	£ 11.50	£ 12.00	£ 12.50	4.17%
Measuring instruments for liquid fuel and lubricants				
i) Single outlet	£ 118.00	£ 122.00	£ 125.00	2.46%
ii) Multi Outlet				
1 meter tested	£ 137.00	£ 140.00	£ 143.50	2.50%
2 meters tested	£ 219.00	£ 225.00	£ 230.50	2.44%
3 meters tested	£ 305.00	£ 315.00	£ 323.00	2.54%
4 meters tested	£ 385.00	£ 400.00	£ 410.00	2.50%
5 meters tested	£ 468.00	£ 480.00	£ 492.00	2.50%
6 meters tested	£ 545.00	£ 560.00	£ 574.00	2.50%
7 meters tested	£ 630.00	£ 650.00	£ 665.00	2.31%
8 meters tested	£ 710.00	£ 730.00	£ 750.00	2.74%
iii) Additional tests of ancillary equipment (e.g. credit card readers) to any of the foregoing categories				
the basic fee given in (i) and (ii) above and any additional costs calculated at the rate of: (per extra hour)				
	£ 92.00	£ 95.00	£ 97.50	2.63%
Measuring instruments for intoxicating liquor	£ 23.00	£ 24.00	£ 25.00	4.17%
Dipstick Measuring Systems - replacement dipsticks (including examination of compartment)	£ 50.00	£ 52.00	£ 53.50	2.88%
Weights	£ 11.50	£ 12.00	£ 12.50	4.17%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Trading Standards</b>				
<b>Weights And Measures Act 1985</b>				
<b>Fees for the purpose of Section 11(5) of the 1985 Act</b>				
Weighing instruments:				
i) Not exceeding 15kg	£ 34.00	£ 35.00	£ 36.00	2.86%
Exceeding 15kg to 100kg	£ 49.00	£ 51.00	£ 52.50	2.94%
Exceeding 100kg to 250kg	£ 71.00	£ 73.00	£ 75.00	2.74%
Exceeding 250kg to 1 tonne	£ 120.00	£ 125.00	£ 128.00	2.40%
Exceeding 1 tonne to 10 tonnes	£ 195.00	£ 200.00	£ 205.00	2.50%
Exceeding 10 tonnes to 30 tonnes	£ 410.00	£ 425.00	£ 435.00	2.35%
Exceeding 30 tonnes	£ 610.00	£ 625.00	£ 640.00	2.40%
ii) Instruments incorporating remote display or printing facilities the basic fee given in (i) above and any additional costs calculated at the rate of <i>(per hour)</i>	£ 92.00	£ 95.00	£ 97.50	2.63%
<b>Special Weighing and Measuring Equipment</b>				
The fee for the examining, testing and stamping of any equipment not described above, shall be calculated at the rate of <i>(per hour)</i>				
	£ 92.00	£ 95.00	£ 97.50	2.63%
<b>Fees for the purposes of Section 49 (4) of the 1985 Act</b>				
The fee for the examining, testing and certification equipment, shall be calculated at the rate of <i>(per hour)</i>				
	£ 92.00	£ 95.00	£ 97.50	2.63%
<b>Fees for the purpose of Section 74 (2) and (4) of the 1985 Act</b>				
The fee to be paid for the adjustment of any weight or measure in the course of a service provided pursuant to Section 74 of the Act, shall be the same as the amount prescribed as the fee for testing it <i>(plus VAT).</i>				
	£ 92.00	£ 95.00	£ 97.50	2.63%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Trading Standards</b>				
<b>Fees for the purpose of Section 76 of the 1985 Act</b>				
For the testing of weighing or measuring equipment with a view to E. C. initial or partial verification:  for other services or facilities provided, or for authorisations, certificates or other documents issued in pursuance of a Community obligation. <i>FEE (per hour)</i>	£92.00	£95.00	£97.50	2.63%
<b>Charge for the issue of a Calibration Certificate on the accuracy of any weight,</b>	£25.00	£26.00	£27.00	3.85%
<b>Poisons Act 1972</b>				
Fees for the purpose of the Poisons Act 1972  Fees payable in respect of registration, alteration, and annual renewal of names on list of persons entitled to sell specified poisons <i>(per Annum)</i>	£35.00	£36.00	£37.00	2.78%
<b>Publications</b>				
<b>Animal Health</b>				
Animal Transport Certificates - Book of 60	£10.00	£10.50	£11.00	4.76%
Record of Ovine Animals - Book of 50 pages	£10.00	£10.50	£11.00	4.76%
<b>Petroleum</b>				
Site Register	£8.50	£9.00	£10.00	11.11%
Inventory Book	£10.50	£11.00	£12.00	9.09%
Inventory Book without cover	£8.50	£9.00	£10.00	11.11%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Trading Standards</b>				
<b>Publications (cont.)</b>				
<b>Tobacco</b>				
Tobacco Notice	£ 5.00	£ 5.25	£ 5.50	4.76%
<b>Civic Government</b>				
Used Vehicle Pre-Sales Inspection Record	£ 10.50	£ 11.00	£ 12.00	9.09%
Trade Sale of Vehicle	£ 8.50	£ 9.00	£ 10.00	11.11%
<b>Fees</b>				
Used Vehicles Pre-Sales Information Sheet	£ 7.00	£ 7.50	£ 8.00	6.67%
<b>Fireworks</b>				
Fireworks Notice	£ 5.00	£ 5.25	£ 5.50	4.76%
<b>Miscellaneous</b>				
<b>Petroleum</b>				
- Search Fee (per hour)	£ 88.00	£ 90.00	£ 92.50	2.78%
- Gas Free Certification	£ 131.50	£ 135.00	£ 140.00	3.70%

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Passenger Transport and Roads</b>				
<b>Road Closure</b>				
Contractors and Utility companies				
- per Notice	£ 124.00	£ 130.00	£ 135.00	3.85%
- per Order	£ 248.00	£ 255.00	£ 265.00	3.92%
<i>Costs for Road Closures are currently being reviewed. It is proposed to introduce a sliding scale depending on the complexity of the closure, however no figures have been agreed as yet</i>				
<b>Street name plates</b>				
Developers				
- first sign	£ 182.50	£ 190.00	£ 195.00	2.63%
- 2nd and subsequent signs (each)	£ 126.50	£ 130.00	£ 135.00	3.85%
<b>Scaffolding Permits</b>				
Up to 3 Months and every subsequent 3 months to a maximum of 4 payments	£ 111.00	£ 115.00	£ 120.00	4.35%
<b>De-icing salt</b>				
Supplied to the public (excluding delivery - call 01835 825571 for quotation) Bulk, loose				
- 500 kg	£ 32.50	£ 35.00	£ 37.50	7.14%
- 1 tonne or more (pro-rata)	£ 50.00	£ 55.00	£ 57.50	4.55%
<i>The department no longer supplies smaller quantities</i>				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl.vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Building &amp; Natural Heritage</b>				
<b>Archaeology</b>				
Professional time (per hour)	£ 55.00	£ 55.00	£ 60.00	9.09%
<b>Books/Leaflets</b>				
Borders Heritage Book	£ 5.00	£ 5.00	£ 5.00	0.00%
Tweed Rivers Book	£ 9.99	£ 9.99	£ 9.99	0.00%
Town Trail Leaflets	£ 1.00	£ 1.00	£ 1.00	0.00%
Paths around (old stock)	£ 1.00	£ 1.00	£ 1.00	0.00%
Paths around (new stock)	£ 2.00	£ 2.00	£ 2.00	0.00%
<b>Walks</b>				
Short walks on the Eastern SUW	£ 2.50	£ 2.50	£ 2.50	0.00%
Ranger led walks - full day - adults	£ 5.00	£ 5.00	£ 5.00	0.00%
Ranger led walks - full day - concessions	£ 3.00	£ 3.00	£ 3.00	0.00%
Ranger led walks - part day - adults	£ 3.00	£ 3.00	£ 3.00	0.00%
Ranger led walks - part day - concessions	£ 2.00	£ 2.00	£ 2.00	0.00%
Hill walking navigations workshop - adult	£ 20.00	£ 20.00	£ 20.00	0.00%
Hill walking navigations workshop - concessions	£ 15.00	£ 15.00	£ 15.00	0.00%
Other various short walks and workshops/activity sessions have various small charges	Various	Various		

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Early Years</b>				
Busy Bees Nursery - per hour *	£ 3.20	£ 3.20	£ 3.20	0%
Wraparound Childcare - per hour *	£ 3.20	£ 3.20	£ 3.20	0%
Candidates Contribution towards First Aid Co	£ 15.00	£ 15.00	£ 15.00	0%
* Exempt				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Schools</b>				
<b>School lets - Standard Rate</b>				
Assembly Hall - Per Band B Hall per Hour *	£ 15.00	£ 15.00	£ 15.00	0%
Dining Hall per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Library per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Classroom per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Craft Studio per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Community Room per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Gymnasiums - 1 Court Gym per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Gymnasiums - 2 Court Gym per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Gymnasiums - 3 Court Gym per hour *	£ 13.50	£ 13.50	£ 13.50	0%
Games Halls - 3 Court Hall per hour *	£ 13.50	£ 13.50	£ 13.50	0%
Games Halls - 4 Court Hall per hour *	£ 18.00	£ 18.00	£ 18.00	0%
1 Court per Hour *	£ 4.50	£ 4.50	£ 4.50	0%
2 Courts per Hour *	£ 9.00	£ 9.00	£ 9.00	0%
3 Courts per Hour *	£ 13.50	£ 13.50	£ 13.50	0%
4 Courts per Hour *	£ 18.00	£ 18.00	£ 18.00	0%
Grass Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 18.00	0%
Synthetic Pitch (per game up to 2 hours) *	£ 36.00	£ 36.00	£ 36.00	0%
Synthetic Pitch - Half Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 18.00	0%
<b>Games Halls - Standard Rate</b>				
3 Court Hall per Hour *	£ 13.50	£ 13.50	£ 13.50	0%
4 Court Hall per Hour *	£ 18.00	£ 18.00	£ 18.00	0%
<b>Discounts</b>				
Junior Use have 40% discount				
Sports & Arts Development have 75% discount				
<b>Commercial Rate</b>				
Twice Standard rate				
<b>Fees Music Instruction Fees</b>				
Fee per annum **	£ 120.00	£ 126.00	£ 126.00	0%
Residential Fee per pupil ***	£ 77.00	£ 77.00	£ 77.00	0%
Residential Fee per two family members ***	£ 116.00	£ 116.00	£ 116.00	0%
* No Vat on multiple lets of 10+ dates				
** (min of 28 1/2hour lessons in academic year)				
*** Non refundable £15 deposit per child				



<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>School Meals</b>				
Primary School charge -Pupil - Per meal *	£ 1.90	£ 2.00	£ 2.10	5%
Primary School charge - Adult - Per meal *	£ 2.08	£ 2.17	£ 2.27	5%
* Price Increase from August 2013				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Strategic Services</b>				
<b>Income from lets - Standard Rate - 3 High Schools</b>				
Assembly Hall - Per Band B Hall per Hour *	£ 15.00	£ 15.00	£ 15.00	0%
Dining Hall per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Library per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Classroom per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Craft Studio per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Community Room per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Gymnasiums - 1 Court Gym per hour *	£ 4.50	£ 4.50	£ 4.50	0%
Gymnasiums - 2 Court Gym per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Gymnasiums - 3 Court Gym per hour *	£ 13.50	£ 13.50	£ 13.50	0%
1 Court per Hour *	£ 4.50	£ 4.50	£ 4.50	0%
2 Courts per Hour *	£ 9.00	£ 9.00	£ 9.00	0%
3 Courts per Hour *	£ 13.50	£ 13.50	£ 13.50	0%
4 Courts per Hour *	£ 18.00	£ 18.00	£ 18.00	0%
Grass Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 18.00	0%
Synthetic Pitch (per game up to 2 hours) *	£ 36.00	£ 36.00	£ 36.00	0%
Synthetic Pitch - Half Pitch (per game up to 2 hours)	£ 18.00	£ 18.00	£ 18.00	0%
<b>Income from lets - Exempt - 3 High Schools</b>				
No vat on multiple lets of 10+ dates	£ -	£ -		
<b>Games Hall Receipts - Standard Rate - 3 High Schools</b>				
3 Court Hall per Hour *	£ 13.50	£ 13.50	£ 13.50	0%
4 Court Hall per Hour *	£ 18.00	£ 18.00	£ 18.00	0%
<b>Games Hall Receipts - Exempt - 3 High School</b>				
No vat on multiple lets of 10+ dates	£ -	£ -		
<b>Discounts - 3 High Schools</b>				
Junior Use have 40% discount				
Sports & Arts Development have 75% discount				
<b>Hire</b>				
Whiteadder Fishing- Boat Hire - 2 rods **	£ 16.67	£ 16.67	£ 16.67	0%
Whiteadder Fishing - Boat Hire - 1 rod **	£ 10.00	£ 10.00	£ 10.00	0%
Whiteadder Fishing - Boat Hire - Parent and Child	£ 12.50	£ 12.50	£ 12.50	0%
Whiteadder Fishing - Bank - Parent - Full **	£ 6.67	£ 6.67	£ 6.67	0%
Whiteadder Fishing - Bank - Concession **	£ 5.00	£ 5.00	£ 5.00	0%
Whiteadder Fishing - Bank - Parent and Child Shar	£ 8.33	£ 8.33	£ 8.33	0%
Whiteadder Sailing - Syndicate Boats - Per Annum	£ 260.00	£ 260.00	£ 260.00	0%
Whiteadder Sailing Course per Day ***	£ 30.00	£ 30.00	£ 30.00	0%
Whiteadder Sailing- Season Boat/Season Tickets *	£ -	£ -	£ -	
<b>Tuition Fees</b>				
Jedburgh Ski Slope - Block of 4 lessons - Juniors *	£ 22.00	£ 25.00	£ 25.00	0%
Jedburgh Ski Slope - Block of 4 lessons - Seniors *	£ 32.00	£ 35.00	£ 35.00	0%
* No Vat on multiple lets of 10+ dates				
** Vat Included				
*** Exempt from Vat				
**** Enquire for individual clubs & syndicates				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Community Halls &amp; Venues</b>				
<b>Income from lets - Exempt</b>				
Band A - Hall - Non-Commercial per hour *	£ 18.00	£ 18.00	£ 18.00	0%
Band A - Hall - Commercial per hour *	£ 45.00	£ 45.00	£ 45.00	0%
Band A - Lesser Hall - Non-Commercial per hour *	£ 12.00	£ 12.00	£ 12.00	0%
Band A - Lesser Hall - Commercial per hour *	£ 30.00	£ 30.00	£ 30.00	0%
			£ 9.00	
Band A - Meeting Room - Non-Commercial per hour	£ 9.00	£ 9.00		0%
Band A - Meeting Room - Commercial per hour *	£ 12.00	£ 12.00	£ 12.00	0%
Band A - Kitchen - Non-Commercial per hour *	£ 10.00	£ 10.00	£ 10.00	0%
Band A - Kitchen - Commercial per hour *	£ 10.00	£ 10.00	£ 10.00	0%
Band A - Kitchen - Non-Commercial per hour (tea/coffee)	£ -	£ -	£ -	
Band A - Kitchen - Commercial per hour (tea/coffee)	£ 5.00	£ 5.00	£ 5.00	0%
Band A - Community Group Affiliation Non-Commercial	£ 35.00	£ 35.00	£ 35.00	0%
Band B - Hall - Non-Commercial per hour *	£ 15.00	£ 15.00	£ 15.00	0%
Band B - Hall - Commercial per hour *	£ 35.00	£ 35.00	£ 35.00	0%
Band B - Lesser Hall - Non-Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0%
Band B - Lesser Hall - Commercial per hour *	£ 20.00	£ 20.00	£ 20.00	0%
Band B - Meeting Room - Non-Commercial per hour	£ 6.00	£ 6.00	£ 6.00	0%
Band B - Meeting Room - Commercial per hour *	£ 9.00	£ 9.00	£ 9.00	0%
Band B - Kitchen - Non-Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0%
Band B - Kitchen - Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0%
Band B - Kitchen - Non-Commercial per hour (tea/coffee)	£ -	£ -	£ -	
Band B - Kitchen - Commercial per hour (tea/coffee)	£ 4.00	£ 4.00	£ 4.00	0%
Band B - Community Group Affiliation Non-Commercial	£ 30.00	£ 30.00	£ 30.00	0%
Band C - Hall - Non-Commercial per hour *	£ 11.00	£ 11.00	£ 11.00	0%
Band C - Hall - Commercial per hour *	£ 22.00	£ 22.00	£ 22.00	0%
Band C - Meeting Room - Non-Commercial per hour	£ 5.50	£ 5.50	£ 5.50	0%
Band C - Meeting Room - Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0%
Band C - Kitchen - Non-Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0%
Band C - Kitchen - Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0%
Band C - Kitchen - Non-Commercial per hour (tea/coffee)	£ -	£ -	£ -	
Band C - Kitchen - Commercial per hour Selkirk Vic	£ 3.00	£ 3.00	£ 3.00	0%
Band C - Community Group Affiliation Non-Commercial	£ 25.00	£ 25.00	£ 25.00	0%
Band D - Hall - Non-Commercial per hour *	£ 9.50	£ 9.50	£ 9.50	0%
Band D - Hall - Commercial per hour *	£ 19.00	£ 19.00	£ 19.00	0%
Band D - Meeting Room - Non-Commercial per hour	£ 5.00	£ 5.00	£ 5.00	0%
Band D - Meeting Room - Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0%
Band D - Kitchen - Non-Commercial per hour *	£ 4.00	£ 4.00	£ 4.00	0%
Band D - Kitchen - Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0%
Band D - Kitchen - Non-Commercial per hour (tea/coffee)	£ -	£ -	£ -	
Band D - Kitchen - Commercial per hour Selkirk Vic	£ 2.00	£ 2.00	£ 2.00	0%
Band D - Community Group Affiliation Non-Commercial	£ 20.00	£ 20.00	£ 20.00	0%
<b>Hires</b>				
Theatre Lights per unit per day **	£ 2.00	£ 2.00	£ 2.00	0%
Electric Piano per day **	£ 25.00	£ 25.00	£ 25.00	0%
Scaffolding per day **	£ 30.00	£ 30.00	£ 30.00	0%
Digital Projector per day **	£ 25.00	£ 25.00	£ 25.00	0%
PA System (inc 1 microphone) per day **	£ 25.00	£ 25.00	£ 25.00	0%
Microphone per day **	£ 5.00	£ 5.00	£ 5.00	0%
Portable Staging per unit per day for External Hire	£ 10.00	£ 10.00	£ 10.00	0%
Tables per unit per day for External Hire **	£ 2.00	£ 2.00	£ 2.00	0%
Chair per unit per day for External Hire **	£ 0.50	£ 0.50	£ 0.50	0%
Affiliated Groups receive 25% discount on all hires Additional £25 per hour charged Out of Hours Supplement + Public Holidays				
* Exempt ** Standard Rated				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>			
<b>Community Arts</b>							
<b>Art Store</b>							
Subscription - Local Arts, Cultural Groups, Voluntary Organisations and Individual Schools *							
£	40.00	£	-	£	-	0%	
£	200.00	£	200.00	£	200.00	0%	
£	75.00	£	75.00	£	75.00	0%	
<b>Equipment Hire</b>							
Lamps - 650W SELECON Fresnel **	£	1.88	£	1.88	£	1.88	0%
Lamps - 650W ACCLAIM Zoom Spots **	£	1.88	£	1.88	£	1.88	0%
Lamps - 1200W SELECON Fresnels **	£	2.92	£	2.92	£	2.92	0%
Lamps - 1200W CHORUS follow spot complete with colour changer and stand **	£	6.25	£	6.25	£	6.25	0%
Control - Analogue/Multiplex Dimmers **	£	8.33	£	8.33	£	8.33	0%
Control - 12 Channel Manual Control Desk **	£	5.00	£	5.00	£	5.00	0%
Control - 24 Channel Manual Control Desk with Two Presets **	£	6.67	£	6.67	£	6.67	0%
Control -25m Din-8 Control Cable (dimmer racks to desk) **	£	0.83	£	0.83	£	0.83	0%
Talkback - Systemheadsets and Belt Packs **	£	4.58	£	4.58	£	4.58	0%
Talkback - Systempower Supply **	£	4.17	£	4.17	£	4.17	0%
Talkback- System5m XLR3 Signal Cable **	£	0.83	£	0.83	£	0.83	0%
Talkback - System10m XLR3 Signal Cable **	£	0.83	£	0.83	£	0.83	0%
Talkback - System20m XLR3 Signal Cable **	£	0.83	£	0.83	£	0.83	0%
Accessories - 3 Section Telescopic Stands( Teebar & Tophat) **	£	4.17	£	4.17	£	4.17	0%
Accessories - 5m lengths 15A cable **	£	0.83	£	0.83	£	0.83	0%
Accessories - 10m lengths 15A cable **	£	0.83	£	0.83	£	0.83	0%
Accessories - 20m length 15A cable **	£	0.83	£	0.83	£	0.83	0%
Accessories - RCD sockets **	£	0.83	£	0.83	£	0.83	0%
<b>Children Events Initiative</b>							
Admission Charge - Average Charge * (no fixed rate/charge for activities, negotiate discounts with touring companies/cultural providers)	£	1.50	£	1.50	£	1.50	0%
* Exempt							
** Standard Rated							

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>	<b>2014/15 Charge (excl.vat)</b>	<b>2015/16 Charge (excl.vat)</b>	<b>Increase %</b>
<b>Community Central Services</b>				
<b>Admission Charges</b>				
Tower Mill - Cinema Charge - Adult *	£ 5.00	£ 5.00	£ 5.00	0%
Tower Mill - Cinema Charge - Concession *	£ 3.75	£ 3.75	£ 3.75	0%
Heart of Hawick Charge **	£ -	£ -	£ -	
Heart of Hawick Charge - Non HOB **	£ -	£ -	£ -	
<b>Advertising Charge</b>				
Tower Mill - Cinema Advertising	£ -	£ -	£ -	
<b>Hire Charge</b>				
Tower Mill - Rooms 301 and 206 - per session **	£ 55.00	£ 55.00	£ 55.00	0%
Tower Mill - Rooms 305 and 205 - per session **	£ 110.00	£ 110.00	£ 110.00	0%
Tower Mill - Auditorium - per session ***	£ 155.00	£ 155.00	£ 155.00	0%
Tower Mill - Auditorium (incl dressing rooms) - per session ***	£ 210.00	£ 210.00	£ 210.00	0%
<b>Enquiry/ Research Charge</b>				
Heritage Hub - Archive Enquiry ****	£ 20.83	£ 20.83	£ 20.83	0%
<b>Sales - Heritage Hub</b>				
Photocopies - B & W A4 per sheet *	£ 0.17	£ 0.17	£ 0.17	0%
Photocopies - B & W A3 per sheet *	£ 0.33	£ 0.33	£ 0.33	0%
Photocopies - Colour A4 per sheet *	£ 0.25	£ 0.25	£ 0.25	0%
Photocopies - Colour A3 per sheet *	£ 0.50	£ 0.50	£ 0.50	0%
Computer Printout - B & W A4 per sheet *	£ 0.13	£ 0.13	£ 0.13	0%
Computer Printout - B & W A3 per sheet *	£ 0.21	£ 0.21	£ 0.21	0%
Computer Printout - Colour A4 per sheet *	£ 0.25	£ 0.25	£ 0.25	0%
Computer Printout - Colour A3 per sheet *	£ 0.38	£ 0.38	£ 0.38	0%
Microform/Fiche Printout - B & W A4 per sheet *	£ 0.33	£ 0.33	£ 0.33	0%
Microform/Fiche Printout - B & W A3 per sheet *	£ 0.67	£ 0.67	£ 0.67	0%
Scans to Digital Format per scan *	£ 0.83	£ 0.83	£ 0.83	0%
Fee for self-photography per image *	£ 1.33	£ 1.33	£ 1.33	0%
ScotlandsPeople daily fee *	£ 12.50	£ 12.50	£ 12.50	0%
Scotlands People copies*	£ -	£ -	£ 0.42	
* Standard Rated				
** Exempt - live event ticket sales via visit Scotland				
*** Exempt				
**** 1st half hour free, standard rated				

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>		<b>2014/15 Charge (excl.vat)</b>		<b>2015/16 Charge (excl.vat)</b>		<b>Increase %</b>
<b>Museums</b>							
<b>Admission Charges</b>							
Out of Hours Group Visits *	£	20.83	£	20.83	£	20.83	0%
<b>Fees</b>							
Self Photography - per exposure **	£	0.83	£	0.83	£	0.83	0%
Photography/Film - by arrangement **	£	0.83	£	0.83	£	0.83	0%
Image Reproduction - Cost of reproduction plus £:	£	4.17	£	4.17	£	4.17	0%
Handling charge at Managers Discretion per item	£	8.33	£	8.33	£	8.33	0%
Lamination - A4 **	£	0.33	£	0.33	£	0.33	0%
Lamination - A3 **	£	0.67	£	0.67	£	0.67	0%
<b>Art Exhibition Sales/Commission (**)</b>		30%		30%		30%	0%
<b>Income from lets - Exempt</b>							
Borders Textile Towerhouse within office hours - r	£	10.00	£	10.00	£	10.00	0%
Borders Textile Towerhouse outwith office hours -	£	15.00	£	15.00	£	15.00	0%
* Standard Rated - Min, depending on size, duration & staff time							
** Standard Rated							
*** Exempt							

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14 Charge (excl. vat)</b>		<b>2014/15 Charge (excl.vat)</b>		<b>2015/16 Charge (excl.vat)</b>		<b>Increase %</b>
<b>Libraries</b>							
<b>Enquires/Research</b>							
Archive & Local History Enquiry - per hour *	£	20.83	£	20.83	£	20.83	0%
<b>Library Stock Request</b>							
Processed by Staff - Adult - per item *	£	0.42	£	0.42	£	0.42	0%
Processed by Staff - Concession - per item *	£	0.25	£	0.25	£	0.25	0%
Made on line - Adult - per item *	£	0.25	£	0.25	£	0.25	0%
Made on line - Concession - per item *	£	0.25	£	0.25	£	0.25	0%
<b>Library Fees</b>							
Varies for lost or damaged goods	£	-	£	-			
Administration charge for long overdue items	£	-	£	-	£	2.50	
Self Photography - per exposure £1+ *	£	0.83	£	0.83	£	0.83	0%
Photography/Film - by arrangement	£	-	£	-	£	-	
Image Reproduction - Cost of reproduction plus £5.00 *	£	4.17	£	4.17	£	4.17	0%
<b>Library Fines</b>							
Adult - per Book **	£	0.16	£	0.16	£	0.16	0%
Concession - per Book **	£	0.08	£	0.08	£	0.08	0%
CD overdue charge	£	0.50	£	0.50	£	0.50	0%
DVD overdue charge	£	1.00	£	1.00	£	1.00	0%
PS3/Xbox Games overdue charge	£	1.00	£	1.00	£	1.00	0%
<b>Hires</b>							
Music CD Per Hire (3 weeks) **	£	1.00	£	1.00	£	1.00	0%
DVD Hire - Single - Per Week ** Adult	£	2.50	£	2.50	£	2.50	0%
DVD Hire - Single - Per Week ** Junior	£	1.50	£	1.50	£	2.50	67%
DVD Hire - Boxed - Per 2 Weeks **	£	3.50	£	3.50	£	3.50	0%
Equipment Hire (that is not incl in room hire) Screen/proj	£	4.17	£	4.17	£	4.17	0%
PS3/Xbox Games hire charge*	£	-	£	-	£	1.50	
<b>Deposits</b>							
Linguaphone Deposit Charge *	£	4.17	£	4.17	£	4.17	0%
<b>Loan Charges</b>							
Inter- Library Loan Adult per book **	£	4.50	£	4.50	£	5.00	11%
Inter- Library Loan - Concession per book **	£	2.00	£	2.00	£	2.00	0%
<b>Sales - Prices are discretionary</b>							
Book Sales - Fiction ***	£	0.60	£	0.60	£	0.60	0%
Book Sales - Non Fiction ***	£	0.75	£	0.75	£	0.75	0%
Book Sales - Paperworks ***	£	0.50	£	0.50	£	0.50	0%
Book Sales - Junior ***	£	0.50	£	0.50	£	0.50	0%
Book Sales - A/V ***	£	2.00	£	2.00	£	2.00	0%
Photocopies - B & W A4 *	£	0.17	£	0.17	£	0.17	0%
Photocopies - B & W A3 *	£	0.33	£	0.33	£	0.33	0%
Photocopies - Colour A4 *	£	0.21	£	0.21	£	0.21	0%
Photocopies - Colour A3 *	£	0.42	£	0.42	£	0.42	0%
Computer Printout - B & W A4 *	£	0.13	£	0.13	£	0.13	0%
Computer Printout - B & W A3 *	£	0.21	£	0.21	£	0.25	20%
Computer Printout - Colour A4 *	£	0.25	£	0.25	£	0.25	0%
Computer Printout - Colour A3 *	£	0.38	£	0.38	£	0.50	33%
Microform/Fiche Printout - B & W A4 *	£	0.33	£	0.33	£	0.33	0%
Microform/Fiche Printout - B & W A3 *	£	0.67	£	0.67	£	0.67	0%
Universal Job Match Fax/Copy charge- concession*	£	-	£	-	£	0.17	
Scans to Digital Format *	£	0.83	£	0.83	£	0.83	0%
USB memory stick*	£	-	£	-	£	5.00	
Headphones*	£	-	£	-	£	1.50	
Fax Use - Receive *	£	0.13	£	0.13	£	0.13	0%
Fax - Send - First *	£	0.67	£	0.67	£	0.67	0%
Fax - Send - Subsequent *	£	0.46	£	0.46	£	0.46	0%
* Standard Rated							
** Non-Business							
*** Zero Rated							

<b>SCOTTISH BORDERS COUNCIL FEES &amp; CHARGES</b>	<b>2013/14</b>		<b>2014/15</b>		<b>2015/16</b>		<b>Increase %</b>
<b>Social Work</b>	<b>Charge</b>	<b>£</b>	<b>Charge</b>	<b>£</b>	<b>Charge</b>	<b>£</b>	
	<b>(excl.vat)</b>		<b>(excl.vat)</b>		<b>(excl.vat)</b>		
<b>Services in the community</b>							
Homecare (per hour)*	£	12.80	£	12.80	£	12.80	0%
Assessment Taper		33.50%		43.50%		55.00%	26%
Homecare - DP clients (per hour)	£	11.50	£	11.50	£	11.50	0%
Assessment Taper		33.50%		43.50%		55.00%	26%
Lunch Clubs (per meal)	£	3.20	£	3.20	£	3.20	0%
Meal Provided at Day Centres (per meal)	£	3.20	£	3.20	£	3.20	0%
Meals at home*	£	2.92	£	2.99	£	2.99	0%
Shopping Service	£	3.42	£	3.42	£	3.42	0%
Bordercare - Community Alarm (per week)	£	2.04	£	2.12	£	2.50	18%
Day Care (per day attendance)	£	2.00	£	2.00	£	3.00	50%
Transport (per day)	£	1.00	£	1.00	£	2.00	100%
Extra Care Housing (per week)	£	86.00	£	88.33	£	89.40	1%
Range Min to Max	£	172.00	£	176.66	£	178.80	1%
Clients requiring 24hr/day care (per week)	£	86.00	£	88.33	£	89.40	1%
Range Min to Max	£	172.00	£	176.66	£	178.80	1%
Housing with Care		n/a	£	27.60	£	27.94	1%
Range Min to Max		n/a	£	55.20	£	55.88	1%
<b>Residential</b>							
Residential Homes in house*	£	632.15	£	632.15	£	632.15	0%
External residential - Single Min*	£	499.38	£	499.38	£	499.38	0%
External residential - Single Max*	£	501.88	£	501.88	£	501.88	0%
Shared*	£	474.38	£	474.38	£	474.38	0%
External Nursing - Single Min*	£	580.11	£	580.11	£	580.11	0%
External Nursing - Single Max*	£	583.11	£	583.11	£	583.11	0%
Shared*	£	555.11	£	555.11	£	555.11	0%
Residential Respite - max*	£	333.38	£	333.38	£	333.38	0%
Intermediate Care - max*	£	333.38	£	333.38	£	333.38	0%
Respite - outwith clients's own home	£	15.00	£	15.00	£	15.00	0%
* 2014/15 charge. 2015/16 charges will be published following agreement of contract uplifts as they are based on recovery of actual costs, either in full or in part.							



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## **FINANCIAL PLAN 2015/16 – 2019/20 REVENUE SAVINGS EQUALITY IMPACT ASSESSMENT**

**Report By Chief Financial Officer**

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### **SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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#### **1 PURPOSE AND SUMMARY**

**1.1 This report seeks to provide assurance to members that any potential equality impacts of the savings proposals brought forward within the Council's Financial Plan 2015/16 – 2019/20 have been identified and will be managed.**

1.2 An equality impact assessment (EIA) is a tool that helps public authorities make sure their policies and the ways they carry out their functions, do what they are intended to do for everybody fairly. EIAs therefore help the Council to fulfil legal obligations, ensure it meets its core business needs and identifies any ethical considerations which require to be managed in doing so ensuring no equality group is inadvertently discriminated against and that equality and inclusion are promoted consistently.

1.3 From the 27<sup>th</sup> May 2012, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires that all changes to Council policy are Impact Assessed for relevance to each part of the Public Sector General Duty under the Act. Carrying out and considering the findings of an EIA therefore provides evidence there has been "due regard" to equality impact as part of the decision-making process. The Council is obliged to ensure that equality impact assessments start at the same time as the rest of the analysis and evaluation on proposals; they must not be used as justification for decisions already taken. On this basis therefore, Initial Equality Impact Assessments on all Financial Plan 2015/16 – 2019/20 proposals have been undertaken as an integral part of the budget planning process in order to fully inform evaluation decision making by officers and members of the Administration Budget Working Group and Scottish Borders Council.

1.4 As part of the 2015/16 Financial Planning process therefore, full consideration of any potential equality impact must be made when evaluating potential options for balancing the Council's budget. In order to ensure that the Council fully complies with its policy on equalities, an initial Equality Impact Assessment has been undertaken in respect of the 25 key component Financial Plan savings proposals, of which 3 have been held to have some relevance to the Council's duties under the Equality Act 2010, potentially may impact on 1 or more equality groups and require ongoing management through their implementation stage, in terms of mitigating and alleviating these impacts.

- 1.5 Each of these proposals are considered to have a possible negative impact on 1 or more of the recognised 8 equality groups and will, in accordance with the Council's policy on equality assessment, therefore now require further assessment as the summary savings proposals are developed and their implementation planned. Where any potential negative impact is identified going forward, proposals for mitigation and alleviation will be put in place and if any residual impact is still considered to be possible, this will be reported back to members to inform ongoing budget planning and decision-making.
- 1.6 Initial assessments have been made with varying degrees of certainty. Assessment of 24 of the 25 proposals have been expressed as only being 'Fairly Certain' (13) or 'Certain' (11). The detail of some proposals therefore will require further work as projects are developed.

## **2 RECOMMENDATIONS**

### **2.1 It is recommended that Council**

- notes the summary outcomes of the 25 Initial Equality Impact assessments undertaken in respect of the 2015/16 – 2019/20 Financial Plan savings proposals**
- agrees to undertake further and ongoing Equality Impact work in respect of the 5 proposals where it has been identified that they have a relevance to the Council's duty under the Equality Act 2010, with specific reference to the equality groups on whom there may be possible negative impact**
- agrees to undertake further assessment of those proposals where the equality impact evaluation is 'Not Certain' at this point, regardless of whether there is believed to be a relevance to the Council's duties under the Equalities Act 2010**
- agrees that where there is an identified relevance to the Council's statutory duties and where there is a possible impact on one or more equality characteristic group, actions to mitigate and alleviate this impact are identified and implemented as part of the project planning and delivery of each proposal**

### **3 OVERVIEW OF EQUALITY IMPACT ASSESSMENT PROCESS**

3.1 An Equality Impact Assessment (EIA) is a tool to help the Council make sure its policies, services and functions are fit for purpose by meeting the needs of its community, service users and staff. Carrying out an EIA involves systematically assessing the likely (or actual) effects of policies on people in respect of what are known in the Equality Act 2010 as protected characteristics. These are:

- age,
- disability
- gender
- race,
- religion or belief,
- sexual orientation,
- marriage and civil partnership, and
- gender reassignment.

In addition the Council also takes into account the themes of, rurality and deprivation when making such an assessment.

3.2 If the EIA shows there is discrimination against a protected group, then the proposal should go no further until the discrimination has been alleviated, mitigated or justified; alternatively if there is a negative but non-discriminatory impact on such a group, efforts should be made to minimise any detrimental impact and to maximise any beneficial impact.

3.3 On reporting equalities impacts to Council it is not enough to state that an EIA has been carried out. The Council must be made aware of what the equalities impacts are and how these can be addressed, and must use these findings within their decision making.

### **4 INITIAL IMPACT ASSESSMENT FOR BUDGET PROPOSALS**

4.1 As an integral part of the 2015/16 Revenue Financial Planning process therefore, initial impact analyses on all proposals brought forward to members have been undertaken in order to inform the Corporate Management Team and Members' planning and decision-making and in particular, to ensure that any potential equalities impact formed part of the evaluation criteria when considering savings proposals alongside financial benefit, potential impact on performance and outcomes, deliverability and the views of stakeholders through the budget consultation process.

4.2 Each summary Revenue savings proposal for consideration was categorised across 5 key areas when presented to members:

- Making Best Use of Our People (7)
- Working with Our Partners (3)
- Looking After the Borders (4)
- Business Process Transformation (10)
- Maximising Income (1)

Within these categories, members reviewed and subsequently approved 25 individual summary themed proposals spread across the categories above,

each constituted by one or more detailed proposals or actions.

4.3 In order to inform members' decision making, for each of the 25 summary themed proposals, an "Initial Impact Assessment for Budget Proposals" was undertaken. Heads of Service across the Council are responsible for ensuring EIAs are carried out when a policy or service which is under consideration may affect them. For each Financial Planning proposal therefore, a relevant officer within each department, normally the lead officer responsible for delivery of each proposal, undertook an initial evaluation of equality impact, considering the following factors:

- Whether the proposal has any relevance to the duties of the Council under the Equality Act 2010 (*in terms of eliminating discrimination, victimisation and harassment, promoting equal opportunities and fostering good relations*)
- Which groups of people may be positively or negatively impacted should the proposal be adopted
- Where a possible negative impact is identified, what this impact, in summary terms, may be

4.4 Whilst 25 summary themed proposals for savings have been made to members and 25 summary Impact Analyses are appended to this report, one in respect of each proposal, the initial Equality Impact Assessment work undertaken has in some cases been taken at a more detailed level specifically on the component elements of each summary proposal either by individual department or, as for some proposals, for the Council as a whole.

4.5 In terms of relevance to the duties of the Council under the Equality Act 2010, 17 of the 25 Initial Impact Assessments have recognised that the proposal they cover does have some relevance and in nearly all of these cases, across all 3 public sector duties (*eliminating discrimination, victimisation and harassment, promoting equal opportunities and fostering good relations*). These are summarised in **Appendix 1**. Where the initial assessment has indicated that a particular proposal has relevance to one or more of the Council's duties under the Equality Act 2010, the groups of people who may be positively or negatively impacted should the proposal be adopted have been identified. For each of these proposals where there is relevance to the equality duties of the Council, the possible impact on at least one of the 8 key groups has been recognised. The likelihood of possible impact and in particular, negative impact, varies considerably across equality characteristic groups with the most commonly identified possible impact affecting the following equality characteristic groups:

- Age (3)
- Disability (2)
- Employees (1)

These are summarised in **Appendix 2**. Copies of the individual EIA assessments have been placed in the members library and will be published on the Council website.

4.6 The following equality characteristics were identified as not likely to experience a (negative) impact:

- Religion
- Sexual Orientation

- Race
- Gender
- Carers

4.7 Traditionally, these are the lesser known and understood equality characteristics and relevance of Council policy decisions do tend to be more visibly identified as affecting groups with characteristics such as 'Age', 'Disability' and 'Gender'. We should therefore be mindful of assuring, where we can, that there are no hidden negative impacts on these characteristics as we progress should further information come to light. A summary of the identified *possible* impact against each characteristic group, where there may be any, is detailed in figure 1 below:

4.8 In summary, those proposals where it has been identified that there is a possible impact on an equality characteristic group are:

<u>Ref</u>	<u>Description</u>	<u>Group</u>
1-02	Pupil Support Review	Age / Employees
1-05	Supporting Independence - Care at Home	Age / Disability
MR-01	Maximising Resources	Age / Disability

4.9 What must also be considered is the degree of certainty of officers who have undertaken the 25 initial assessments as to whether they believe a particular proposal has any relevance to the duties of the Council under the Equality Act 2010 (*these duties again being eliminating discrimination, victimisation and harassment, promoting equal opportunities and fostering good relations*). In terms of their initial assessment of whether there is a relevance to the Council's duties and if so, which equality characteristic groups may possibly be affected, officers are asked to quantify their certainty over their assessment in terms of whether they are:

- Certain (sufficient evidence exists)
- Fairly Certain (no sufficient evidence until delivery is planned)
- Not Certain (further assessment is required)

4.10 Of the 25 initial assessments (of which 17 are believed to have a relevance to the Council's duties under the act):

- 11 are held to be Certain
- 13 are held to be Fairly Certain
- 1 is held to be Not Certain

Whilst a number of the proposals which are believed to have sufficient evidence supporting the views expressed have been ascertained to have no relevance to the Council's legislative equality duties and therefore do not require further work, 24 have been held to be either 'Fairly Certain' or 'Certain', the former requiring further evidence and evaluation as the proposals for delivery of each saving are formulated.

## 5 NEXT STEPS

5.1 Based on the outcomes from the Initial Impact Assessment for Budget Proposals (summarised above and included in detail, per proposal, as appendices to this report), the proposals that have been identified as having relevance to the Council's equality duties, with particular focus on

the proposals in which a potential negative impact was identified will, in line with the EIA process, continue to be assessed and managed through evidence gathering and mitigation and alleviation. This will take place concurrently with the planning and delivery of the savings proposals in order to ensure that as their various components and detailed elements are identified and put in place, any potential equality impacts arising can be quickly identified, evaluated and dealt with.

5.2 If at any point when undertaking further EIA evidence suggests there may be discrimination against a protected characteristic group, then the proposal will go no further until the discrimination has been alleviated, mitigated or justified. Alternatively if there is a negative but non-discriminatory impact on such a group, efforts will be made to minimise any detrimental impact and to maximise any beneficial impact.

5.3 It is acknowledged that undertaking further EIA for those proposals that have been identified as requiring it is not sufficient for the Council to provide assurance over the equality impacts of its Financial Plan proposals. Following identification, attempts should be made to mitigate or alleviate, any discriminatory or detrimental equality impacts. These identified impacts will be reported to Council with full explanation of the impact, alongside proposals for how they may be addressed in order to inform further planning and decision-making by members. In summary therefore, once budget proposals are accepted by members, further assessment of the equality impact is required as a key component of the planning and delivery of each proposal, in order to ensure that the Council sufficiently and appropriately has paid due regard to and discharges its duties under the Equality Act 2010. This further assessment will be proportionate in relation to the specific equality characteristics identified as being potentially impacted by each proposal.

## **6 IMPLICATIONS**

### **6.1 Financial**

There are no additional financial implications associated with this report, its content referring specifically to the Equality Impacts of the Council's Financial Plan savings proposals.

### **6.2 Risk and Mitigations**

- (a) Rigorously following the Council's agreed process for Equality Impact Assessment should ensure that any potential impact, positive or negative, of any proposal, on any equality group, is identified in a timely manner.
- (b) Where a potential negative equality impact is identified, a clear plan for mitigation, alleviation and/or justification will be put in place in order to address this impact. Where any impact prevails, this will be reported back to members to inform ongoing decision-making over the delivery of the Financial Plan required savings.

### **6.3 Equalities**

There are no direct adverse equality implications arising from this report. Any potential equality impacts of any Financial Plan savings proposal will be identified by the rigorous application of the Council's EIA process, which has already commenced through the completion of Initial Impact Assessments. Any issues re: Council staff will be addressed through

Trades Unions and Staff Consultation processes.

6.4 **Acting Sustainably**

There are no economic, social or environmental effects arising directly from this report.

6.5 **Carbon Management**

There are no effects on carbon emissions.

6.6 **Rural Proofing**

There are no implications that would compromise the Council's rural proofing policy.

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes required to either the Scheme of Administration or the Scheme of Delegation

## CONSULTATION

### 7

- 7.1 The Monitoring and Reporting Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

### Approved by

**David Robertson**  
**Chief Financial Officer**

### Author

Name	Designation and Contact Number
Paul McMenamin	Business Partner (Finance) 01835 824000 x5277

**Background Papers: Copies of each of the 25 Initial Assessments have been made available in the Members' Library**

### Previous Minute Reference:

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

Contact us at: Paul McMenamin, Business Partner, Scottish Borders Council, Council Headquarters, Newtown St Boswells, and Melrose, TD6 0SA.  
Telephone – 01835 825018. Fax – 01835 824000. e-mail – [paul.mcmenamin@scotborders.gov.uk](mailto:paul.mcmenamin@scotborders.gov.uk)



**Equality Impact Assessment Summary**  
**Revenue Plan 2015/16 - 2024/25**

		Is the project relevant to the duties of the Council under the Equality Act 2010		
		Elimination of discrimination, victimisation and harassment	Promotion of equality of opportunity	Foster good relations
Management Review of Professional and Support Services	1-01	Y	Y	Y
Pupil Support Review in Children & Young Peoples Service	1-02	Y	Y	Y
Demographic & Class composition efficiency savings	1-03	Y	Y	Y
Learning Delivery Framework Review	1-04	Y	Y	Y
Supporting Independence when providing Care at Home	1-05	Y	Y	Y
Employee Benefits Strategy	1-06	N	N	N
Changes to Working Practices	1-07	Y	Y	Y
Alternative Models of Service Delivery	4-02	Y	Y	Y
Cultural Services Review	2-01	N	N	N
Commissioned Services	2-02	N	N	N
Asset Management	3-01	Y	Y	Y
Develop an Integrated Waste Strategy	3-02	Y	Y	Y
Review of Neighbourhood Services	3-03	Y	Y	Y
More Efficient Property and Asset Portfolio	3-04	Y	Y	Y
Review of Street Lighting Provision	4-01	N	N	N
Out of Area Placement saving from investment in Outreach Team	4-02	Y	Y	Y
Commercial Opportunities and Procurement	4-04	Y	Y	Y
Other Efficiencies	4-06	Y	Y	Y
ICT Investments in new technology	4-08	Y	Y	Y
Phase 2 Printer Refresh	4-09	N	N	N
Reduction in Road Fuel Inflation	4-10	N	N	N
Reduction in Heating Oil Inflation	4-11	N	N	N
Reduction in External Printing Costs	4-14	N	Y	Y
Review of Neighbourhood Services	4-15	Y	Y	Y
More Efficient Property and Asset Portfolio	MR-01	Y	Y	Y



Equality Impact Assessment  
Summary  
Revenue Plan 2015/16 - 2024/25

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?								
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees	
Management Review of Professional and Support Services	1-01	Y	Y	Y	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact	
Pupil Support Review in Children & Young Peoples Service	1-02	Y	Y	Y	Possible Negative Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Negative Impact	
Demographic & Class composition efficiency savings	1-03	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	
Learning Delivery Framework Review	1-04	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	
Supporting Independence when providing Care at Home	1-05	Y	Y	Y	Possible Positive & Negative Impacts	Possible Positive & Negative Impacts	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact	
Employee Benefits Strategy	1-06	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	
Changes to Working Practices	1-07	Y	Y	Y	Possible Positive Impact	No Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	
Alternative Models of Service Delivery	4-02	Y	Y	Y	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	
Cultural Services Review	2-01	Y	Y	Y	No Impact	No Impact	No	No	No	No Impact	No	Possible	

							Impact	Impact	Impact		Impact	Positive Impact
Commissioned Services	2-02	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Asset Management	3-01	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Develop an Integrated Waste Strategy	3-02	Y	Y	Y	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
Review of Neighbourhood Services	3-03	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
More Efficient Property and Asset Portfolio	3-04	Y	Y	Y	Possible Positive Impact	No Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Review of Street Lighting Provision	4-01	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Out of Area Placement saving from investment in Outreach team	4-02	Y	Y	Y	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
Commercial Opportunities and Procurement	4-04	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Other Efficiencies	4-06	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
ICT Investments in new technology	4-08	Y	Y	Y	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Phase 2 Printer Refresh	4-09	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in Road Fuel Inflation	4-10	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in Heating Oil Inflation	4-11	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
Reduction in External Printing Costs	4-14	N	N	N	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Review of PPP contract	4-15	N	N	N	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact

Maximising Income	MR-01	Y	Y	Y	Possible Negative Impact	Possible Negative Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact
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**TREASURY MANAGEMENT STRATEGY 2015/16**

**Report by Chief Financial Officer**

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**SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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**1 PURPOSE AND SUMMARY**

- 1.1 This report proposes the Treasury Management Strategy 2015/16 for Council approval.**
- 1.2 The Treasury Management Strategy is the framework which ensures that the Council operates within prudent, affordable limits in compliance with the CIPFA Code.
- 1.3 The Treasury Management Strategy 2015/16 is included in this report at Appendix 1 and reflects the impact of the Administration's Financial Plans for 2015/16 onwards on the prudential and treasury indicators for the Council.

**2 RECOMMENDATIONS**

- 2.1 It is recommended that the Council approves the Treasury Management Strategy 2015/16 as set out in Appendix 1.**

### 3 BACKGROUND

- 3.1 The Council is required to present a Treasury Management Strategy for approval at the same time as the Council's Financial Plan and Financial Strategy is approved.
- 3.2 The Audit and Risk Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) Code (ie, *Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes*). The Committee reviewed the Strategy set out in Appendix A at the meeting on the 19 January 2015.

### 4 TREASURY MANAGEMENT STRATEGY 2015/16

- 4.1 **Appendix 1** contains the draft Treasury Management Strategy for 2015/16.
- 4.2 This is based on the Administration's Capital Financial Plan for the 2015/16 to 2024/25.
- 4.3 The significant changes from the 2014/15 Strategy are the:
- the reduction in the allocation for Registered Social Landlord (RSL) on-lending to £5m (from £13m) within the other relevant capital expenditure amounts following the publication of new guidance relating to on lending. The Council was a full participant in the COSLA/ Scottish Government working group which established this new framework;
  - the cross referencing to the Council's overall Financial Strategy and the alignment of the Indicators to the five years of this Strategy;
  - the incorporation of reference to the Treasury Management Earmark Balance; and,
  - the ability to undertake treasury management for subsidiary companies.
- 4.4 Within the Appendix, Annex A contains a summary of the proposed indicators contained within the Strategy.
- 4.5 There are no major changes proposed to the Creditworthiness Policy to be applied as part of the Investment Strategy; however, continuing regulatory changes in the banking sector leading to the withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant in relation to the Creditworthiness Policy. (**Annex E** of the Strategy provides additional information)



## **5 IMPLICATIONS**

### **5.1 Financial**

There are no additional financial implications in relation to this report, its content specifically relating to the financing and investment activities of the Council.

### **5.2 Risk and Mitigations**

The key purpose of presenting the Treasury Management Strategy for Audit and Risk Committee scrutiny was to ensure that the members are satisfied with this element of the risk management framework for the treasury management function within the Council. These strategies provide the parameters and guidance for the investment and borrowing decisions for the Council.

### **5.3 Equalities**

It is anticipated that there are no adverse equality implications arising from the proposals in this report.

### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

### **5.5 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

## **6 CONSULTATION**

6.1 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted in the preparation of this report for Council and any comments will be incorporated into the final Council report.

6.2 The Audit and Risk Committee considered the report at the meeting on the 19 January 2015 and supported its submission to Council for approval.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

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**Background Papers:**

**Previous Minute Reference:** Audit & Risk Committee, 19 January 2015

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Capital & Investments Team can also give information on other language translations as well as providing additional copies.

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## **SCOTTISH BORDERS COUNCIL**

### **TREASURY MANAGEMENT STRATEGY (incorporating the Annual Investment Strategy) 2015/16**

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## 1 Purpose and Scope

1.1 The Council is required to receive and approve, as a minimum, three main reports on treasury activity each year, which incorporate a variety of policies, estimated and actual figures.

a) **Treasury Management Strategy 2015/16** (this report).

This report is the most important of the three reports and covers:

- The capital plans of the Council (including prudential indicators);
- The treasury management strategy (how the investments and borrowings are organised), including treasury indicators, and
- An investment strategy (investment options and limits applied).

b) **Mid Year Treasury Management Report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and assess whether the actual treasury strategy is adhering to the approved strategy, or whether any policies require revision.

c) **Annual Treasury Report** - This provides details of a selection of actual prudential and treasury indicators compared to the estimates within the strategy and the performance of actual treasury operations.

### 1.2 Scrutiny

These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the **Audit and Risk Committee**.

### 1.3

The treasury management issues covered by this report are:

#### Capital Issues

- the capital plans and associated prudential indicators

#### Treasury management issues

- the current treasury position
- treasury indicators which will limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy and
- policy on use of external service providers

1.4 These elements cover the requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code (the Prudential Code), the CIPFA Treasury Management Code (the Code) and Scottish Government Investment Regulations.

## 1.5 Treasury Management Consultants

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that it does not rely solely upon information and advice from its external service providers.

It also recognises however that there is value in employing external providers of treasury management services in order to gain 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.

- 1.6 The Treasury Management Strategy covers the treasury management activities for the Council (including any subsidiary organisations), the cash managed by the Council on behalf of the Scottish Borders Council Pension Fund, the Common Good and Trust Funds.

## 2 Background

- 2.1 The Council is required to operate a balanced budget, which broadly means that cash received during the year will meet cash expenditure. A major aspect of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, ensuring adequate liquidity before considering investment return.
- 2.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, being essentially 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 any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 2.3 The Prudential and Treasury Indicators (summarised in **Annex A**) consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. These Indicators have been developed in line with both the Prudential and Treasury Codes. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets its balanced budget requirement under the Local Government Finance Act 1992. The Treasury Management Strategy therefore forms an integral part of the Council's overall Financial Strategy covering both its revenue and capital budgets.
- 2.4 CIPFA defines treasury management as:

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

### 3 The Capital Prudential Indicators 2015/16 – 2017/18

The Council's 5 year Financial Strategy sets out the parameters for its financial management. The Financial Strategy is required to:

- (i) Raise the funds required by the Council to meet approved service levels in the most effective manner;
- (ii) Manage the effective deployment of those funds in line with the Council's corporate objectives and priorities; and
- (iii) Provide stability in resource planning and service delivery as expressed through revenue and capital budgets and approved Corporate Plans.

As part of achieving these aims the Financial Strategy sets out to continue to invest in infrastructure through a sustainable capital programme financed by £20.7m capital financing revenue implications per annum (reducing to £19.9m per annum from 2017/18). This creates the affordability and sustainability financial boundaries for the development of the Council's Capital Financial Plan.

The Council's Capital Financial Plan is the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### 3.1 Capital Expenditure (Prudential Indicator PI-1)

- a) This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this planning cycle. The Capital Financial Plan for 2015/16 – 2024/25 includes the following capital expenditure forecasts:

Capital Expenditure (PI-1) £m	Estimate					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Place	26.4	23.4	23.6	11.7	20.4	27.5
People	5.1	25.2	15.0	7.9	9.3	4.3
Chief Executive	6.1	9.5	10.4	7.3	8.4	4.7
Emergency & Unplanned Schemes	0.2	0.3	0.3	0.3	0.3	0.3
<b>Total</b>	<b>37.8</b>	<b>58.4</b>	<b>49.3</b>	<b>27.2</b>	<b>38.4</b>	<b>36.8</b>

#### 3.2 Other Relevant Expenditure

- a) The Council anticipates to have additional expenditure which, for the purposes of the Treasury and Prudential Indicators, will be treated as capital expenditure. This expenditure relates to initiatives where the Council has applied, or is planning to apply, for a Consent to Borrow from the Scottish Government. The key areas not included in paragraph 3.1 are borrowing to lend in respect of an affordable house building programme in partnership with the Scottish Futures Trust (Bridge Homes LLP) and lending to Registered Social Landlords (RSLs). The estimated amounts are as follows:

Other Relevant Expenditure £m	Estimate					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Bridge Homes LLP (Affordable house building programme)	3.0	12.0	3.8	-	-	-
Lending to Registered Social Landlords (RSLs)	-	5.0	-	-	-	-
<b>Total</b>	<b>3.0</b>	<b>17.0</b>	<b>3.8</b>	<b>-</b>	<b>-</b>	<b>-</b>

- b) The Council was an active participant in the development of funding mechanisms for affordable housing through a working group established by the Scottish Government. In order to standardise the approach to supporting Registered Social Landlords (RSLs) through on-lending arrangements the Scottish Government has issued guidance around the parameters under which Consent to Borrow to lend to RSLs is given.
- c) Previously the Council had included up to £13m over the three years for the provision of loans to RSLs, however it is now anticipated that the changes in the commercial lending markets has led to RSL's being able to secure funding elsewhere and therefore the meeting of requirements of the Scottish Government guidance have become more challenging. This has resulted in the Council significantly reducing the allocation within Other Relevant Expenditure for this purpose. However, in the event that circumstances change a report will be brought to Council to request consideration of the changing of the Prudential Indicators to enable on-lending to proceed.

### 3.3 Capital Financing Assumptions

- a) The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a financing need.

Capital Expenditure £m	Estimate					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Capital Expenditure	37.8	58.4	49.3	27.2	38.4	36.8
Other Relevant Expenditure	3.0	17.0	3.8	-	-	-
<b>Total Expenditure</b>	<b>40.8</b>	<b>75.4</b>	<b>53.1</b>	<b>27.2</b>	<b>38.4</b>	<b>36.8</b>
<b>Financed by:</b>						
Capital receipts	1.2	1.7	1.4	2.6	2.0	-
CFCR	0.2	0.8	0.8	-	-	-
Developer Contributions	0.3	0.2	0.1	0.1	0.1	0.1
Govt. General Capital Grants	9.7	15.2	12.0	12.0	12.0	12.0
Govt. Specific Capital Grants	14.2	26.2	15.1	0.2	5.8	14.3
Other Grants & Contributions	2.0	2.1	3.5	1.8	1.8	-
Plant & Vehicle Fund	2.0	2.0	2.0	2.0	2.0	2.0
<b>Net financing need for the year</b>	<b>11.2</b>	<b>27.2</b>	<b>18.2</b>	<b>8.5</b>	<b>14.7</b>	<b>8.4</b>

### 3.4 The Council's Borrowing Need (the Capital Financing Requirement – Prudential Indicator PI-2)

- a) The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure identified above, which has not immediately been paid for (e.g. via grants), will increase the CFR. The CFR does not increase indefinitely, as scheduled debt amortisation (loans pool charges) broadly reduces the borrowing need in line with each asset's life.
- b) The CFR includes any other long term liabilities (e.g. PPP schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council had £58.1m of liabilities relating to such schemes within the 2013/14 long term liabilities figure.



c)

c) The Council is asked to approve the CFR projections below:

Capital Financing Requirement (PI-2) £m	Actual	Estimate					
	13/14	14/15	15/16	16/17	17/18	18/19	19/20
<b>Total CFR (PI-2) *</b>	<b>258.9</b>	<b>259.0</b>	<b>276.1</b>	<b>284.6</b>	<b>284.3</b>	<b>290.4</b>	<b>289.3</b>
<b>Movement in CFR represented by:</b>							
Net financing need for the year (above)		11.2	27.2	18.2	8.5	14.7	8.4
Less scheduled debt amortisation and other financing movements		(11.1)	(10.1)	(9.7)	(8.8)	(8.6)	(9.5)
<b>Movement in CFR</b>		<b>0.1</b>	<b>17.1</b>	<b>8.5</b>	<b>(0.3)</b>	<b>6.1</b>	<b>(1.1)</b>

\* The CFR for this calculation includes capital expenditure to 31 March of each financial year.

The significant increase between 2014/15 and 2015/16 is driven by the shift in the net financing need for the year as detailed in the table in section 3.3 a). The main drivers for the increase is the Bridge Homes LLP funding requirement of £12m in 2015/16 as detailed in 3.2 a) and the increase in the capital expenditure plans for 2015/16 compared with 2014/15 as driven by the proposals in the Capital Financial Plan 2015/16 - 2024/25 as summarised in 3.1 a).

### 3.5 Affordability Prudential Indicators

a) Further prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The updated indicators are as follows:

#### Ratio of financing costs to net revenue stream (Prudential Indicator PI-3)

b) This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs, net of investment income) against the net revenue stream.

%	Actual	Estimate					
	13/14	14/15	15/16	16/17	17/18	18/19	19/20
<b>Ratio of Financing Costs to Net Revenue Stream (PI-3)</b> <i>(inc. PPP repayment costs)</i>	9.4	9.4	10.0	9.7	9.5	9.5	9.5

The estimates of financing costs include current commitments and the proposals in the Financial Plans for 2015/16.

#### Incremental impact of capital investment decisions on council tax (Prudential Indicator PI-4)

c) This indicator identifies the revenue costs associated the operational three year capital programme detailed in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period

£	Estimate				
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Incremental (Saving)/Cost Impact of Capital Investment Decisions on the Band D Council Tax (PI-4)</b>	0.00	0.00	(0.01)	(0.02)	(0.02)

## 4 Treasury Management Strategy

The capital expenditure plans set out in Section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional Codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

### 4.1 Current Portfolio Position

- a) The Council's treasury portfolio position at 31 March 2014, with forward projections, is summarised below. The table shows the actual external debt, against the Council's borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

as at 31 March £m	Estimate					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Borrowing</b>	173.6	193.1	197.0	197.0	197.0	197.0
<b>Other Long Term Liabilities</b>	55.9	54.2	52.4	50.7	49.0	47.3
<b>Total Gross Borrowing (Prudential Indicator PI-5)</b>	<b>229.5</b>	<b>247.3</b>	<b>249.4</b>	<b>247.7</b>	<b>246.0</b>	<b>244.3</b>
<b>CFR – the borrowing need *</b>	<b>284.6</b>	<b>284.3</b>	<b>290.4</b>	<b>289.3</b>	<b>286.5</b>	<b>283.6</b>
<b>(Under) / Over Borrowing (Prudential Indicator PI-6)</b>	<b>(55.1)</b>	<b>(37.0)</b>	<b>(41.0)</b>	<b>(41.6)</b>	<b>(40.5)</b>	<b>(39.3)</b>

\* The CFR for this calculation includes the current and two future years projected capital expenditure see 4.1b)

- b) Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these (PI-6) is that the Council needs to ensure that its gross debt figure (shown above) does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and following two financial years. This allows some flexibility for limited borrowing for future years, but ensures that borrowing in advance of need is not undertaken for revenue purposes.
- c) The Council has complied with this prudential indicator in the current year and no difficulties are currently envisaged for the future. This view takes into account current commitments, existing plans, and the proposals in the Financial Plans for 2015/16.

### 4.2 Treasury Indicators: Limits to Borrowing Activity

#### The Operational Boundary (Prudential Indicator PI-7)

- a) This is the limit which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £m	Estimate				
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Total Operational Boundary (PI-7a)</b>	<b>251.1</b>	<b>249.4</b>	<b>247.7</b>	<b>246.0</b>	<b>244.3</b>
Less: Other long term liabilities	(54.2)	(52.4)	(50.7)	(49.0)	(47.3)
<b>Operational Boundary exc. Other Long Term Liabilities (PI-7b)</b>	<b>196.9</b>	<b>197.0</b>	<b>197.0</b>	<b>197.0</b>	<b>197.0</b>

### The Authorised Limit for External Debt (Prudential Indicator PI-8)

- b) A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.
- c) This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35(1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- d) The proposed Authorised Limit for the Council is as follows:

Authorised Limit £m	Estimate				
	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Total Authorised Limit (PI-8a)</b>	<b>323.9</b>	<b>315.1</b>	<b>323.0</b>	<b>315.3</b>	<b>305.2</b>
Less: Other long term liabilities	(54.2)	(52.4)	(50.7)	(49.0)	(47.3)
<b>Authorised Limit exc. Other Long-Term Liabilities (PI-8b)</b>	<b>269.7</b>	<b>262.7</b>	<b>272.3</b>	<b>266.3</b>	<b>257.9</b>

### 4.3 Prospects for Interest Rates

- a) The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table and commentary below gives the central view of Capita Asset Services.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

- b) UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The recent plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002.
- c) Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.
- d) The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.
- e) The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- Greece: the general election on 25 January 2015 may bring a political party to power which is anti EU and anti austerity. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;

- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

f) **Annex C** contains a more comprehensive Economic Background narrative from Capita Asset Services.

#### 4.4 Borrowing Strategy

- a) The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded by external loan debt as the cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains both prudent and cost effective as investment returns are low and counterparty risk is relatively high.
- b) Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
  - *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a faster than currently anticipated unwinding of quantitative easing in the US, or an unexpected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.*
- c) Any decisions will be reported to Members at the next available opportunity.

##### Treasury Management Limits on Activity

- d) There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs / improve performance. The indicators are:
- (i) **Upper limits on fixed interest rate exposure (Treasury Indicator TI-1)**
- This covers a maximum limit for borrowing exposure to fixed interest rates, based on the debt position net of investments.
- (ii) **Upper limits on variable interest rate exposure (Treasury Indicator TI-2)**
- This identifies a maximum limit for borrowing exposure to variable interest rates based upon the debt position net of investments.
- (iii) **Maturity structure of borrowing (Treasury Indicator TI-3)**
- These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

(iv) The following table highlights the proposed treasury indicators and limits:

£m	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Interest rate exposures</b>					
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt (TI-1)</b>	251.1	249.4	247.7	246.0	244.3
<b>Limits on variable interest rates based on net debt (TI-2)</b>	87.9	87.3	86.7	86.1	85.5
<b>Maturity Structure of fixed interest rate borrowing 2015/16 (TI-3)</b>					
		<b>Lower</b>		<b>Upper</b>	
Under 12 months		0%		20%	
12 months to 2 years		0%		20%	
2 years to 5 years		0%		20%	
5 years to 10 years		0%		20%	
10 years and above		20%		100%	

#### 4.5 Policy on borrowing in advance of need

- a) The Council will not borrow in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
- b) 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.
- c) Borrowing in advance is defined as any borrowing undertaken by the local authority which will result in the total external debt of the local authority exceeding the capital financing requirement (CFR) of the local authority for the following twelve month period. This twelve month period is on a rolling twelve month basis.
- d) The Chief Financial Officer has the authority to borrow in advance of need under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. The Chief Financial Officer will adopt a cautious approach to any such borrowing and a business case to support the decision making process must consider:
  - the benefits of borrowing in advance,
  - the risks created by additional levels of borrowing and investment, and
  - how far in advance it is reasonable to borrow considering the risks identified
- e) Any such advance borrowing should be reported through the mid-year or annual Treasury Management reporting mechanism.

## 4.6 Debt Rescheduling

- a) As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential 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 size of the cost of debt repayment (premiums incurred).
- b) The reasons for any rescheduling to take place will include:
  - the generation of cash savings and/or discounted cash flow savings
  - helping to fulfil the treasury strategy
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- c) Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- d) All rescheduling will be reported to the **Executive** at the earliest meeting following its action.

## 4.7 Treasury Management Earmarked Balance

- a) The Council identified, in conjunction with its advisors, that the increasing expectation of interest rate increases in the medium term exposed the Council to financing risk and that it was appropriate to identify approaches to manage this risk.
- b) The Council approved the establishment of a Treasury Management Earmarked Balance (the Balance) within the General Fund Reserve for the purposes of managing its costs of treasury and financing activities and the associated financing risk.
- c) The Balance creates an appropriate tactical mechanism to make financial provision in the current low interest rate environment to support the Council as interest rates increase and the financing need crystallises. This Balance will provide resource to smooth out potentially higher costs in the future, by having resources which can be used to mitigate costs in the Council's revenue budget. [the wording of the report on the earmarked balance is quite specific it is carefully worded to ensure this balance can be used flexibly if needs be to support the "finances of the council- it is not therefore just about interest rates although this is the primary purpose
- d) The Balance will be funded through the identification of opportunities to earmark funds due to short term savings on the Loans Charges revenue budget resulting from the current prudent approach to capital financing.



## 5 Investment Strategy

### 5.1 Investment Objectives and Policy

- a) The Council's investment policy has regard to the Scottish Government's Investment (Scotland) Regulations (and accompanying Finance Circular) and the latest CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the Code").
- b) The Council's primary investment objectives are:
  - (i) The safeguarding or **security** of the re-payment of principal and interest of investments on a timely basis; and
  - (ii) The **liquidity** of its investments
- c) The Council will also aim to achieve the optimum return on its investments corresponding with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.
- d) In accordance with the above guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council has below (see 5.3 below) clearly stipulated the minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- e) The aim of the creditworthiness policy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the approach is to provide security of investment and minimisation of risk.
- f) The borrowing of monies purely to invest or on-lend, without relevant Scottish Government consent, is unlawful and this Council will not engage in such activity.
- g) The Council will ensure its investments have sufficient liquidity. For this purpose it will set out procedures for determining the maximum periods over which funds may prudently be committed.

## 5.2 Council Permitted Investments

- a) The Local Government Investments (Scotland) Regulations 2010 require the Council to give approval for all the types of investments to be used and set appropriate limits for the amount that can be held in each investment type. These types of investments are termed **Permitted Investments** and any investments used which have not been approved as a permitted investment will be considered ultra vires.
- b) The permitted investment instruments which may be used by the Council (and its subsidiary organisations) in the forthcoming year are detailed in **Annex D**, and include the following:

### Cash type instruments

- Deposits with the Debt Management Account Facility (DMADF) (UK Government)
- Deposits with other local authorities or public bodies
- Money Market Funds
- Call account deposit accounts with financial institutions (banks and building societies) meeting the Creditworthiness Policy
- Term deposits with financial institutions (banks and building societies) meeting the Creditworthiness Policy
- UK Government Gilts and Treasury Bills

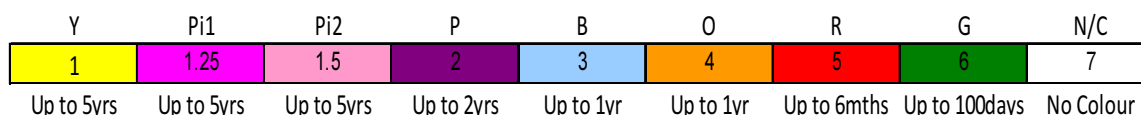
### Other investments

- Investment properties
  - Loans to third parties, including soft loans
  - National Housing Trust (NHT)
  - Investments in and loans to local authority companies/partnerships
  - Pooled Investment Vehicles
  - Investment in the subordinated debt of projects delivered via the 'HubCo' model
- c) Details of the risks, mitigating controls and limits associated with each of these permitted categories are shown in **Annex D**.
- d) Common Good and Pension Fund permitted investments are also shown at **Annex D** and, where applicable, the same counterparty selection criteria as for the Council will be applied. [subsidiaries?]
- e) The Treasury Management Strategy only applies to the funds managed in-house for the Pension Fund, as the externally invested funds are covered by the Pension Fund's Statement of Investment Principles and other associated policy documents.

### 5.3 Creditworthiness Policy

- a) This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties (**Annex E**) are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies
  - Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
  - sovereign ratings to select counterparties from only the most creditworthy countries
- b) Continuing regulatory changes in the banking sector leading to the withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant in relation to the Creditworthiness Policy. (**Annex E** provides additional information)
- c) This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Creditworthiness Colour Banding	Maximum Investment Duration
Yellow	5 years
Dark pink	5 years for Enhanced Money Market Funds (EMMFs) with a credit score of 1.25
Light pink	5 years EMMFs with a credit score of 1.5
Purple	2 years
Blue	1 year (only applies to nationalised or semi-nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	not to be used (ie don't invest)



- d) The creditworthiness service provided by Capita uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue weight to just one agency's ratings.
- e) Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

- f) Using the Capita Asset Services creditworthiness service, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
- g) There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but the counterparty may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- h) Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government

#### 5.4 Country, Group and Sector Considerations

- a) Due care will be taken to consider the country, group and sector exposure of the Council's investments.

##### Country Limits

- b) If the institution is non-UK, then the country in which it is domiciled must have a minimum Sovereign long term rating of AAA.
- c) No more than **10%** will be placed with any non-UK country at any time.

##### Institutional Sector Limits

- d) These institutions must either be UK Local Authorities or UK Incorporated Institutions, UK Banks and Building Societies incorporated in the European Economic Area entitled to accept deposits through a branch in the UK. The Council may also use the UK Government including in the form of gilts and the Debt Management Account Deposit Facility (DMADF).
- e) Limits will be applied to the overall amount lent out to any one sector at any one time in order to limit sector specific exposure risk, as follows:

<b>UK Building Societies</b>	<b>£25 m</b>
<b>Banks</b>	<b>£35 m</b>
<b>UK Local Authorities</b>	<b>£40 m</b>
<b>UK Government Debt Management Office</b>	<b>£unlimited</b>
<b>UK Gilts and Treasury Bills</b>	<b>£20 m</b>
<b>Institutions covered by Government Guarantee</b>	<b>£10 m</b>
<b>Part Nationalised Banks</b>	<b>£35 m</b>
<b>Money Market Funds (AAA)</b>	<b>£20 m</b>

These limits will be monitored regularly for appropriateness.

##### Group Limits

- g) Limits will be applied to the overall amount lent out to institutions within the same group at any one time in order to limit group specific exposure risk, as follows, and subject to the parent company appearing on Capita Asset Services' creditworthiness list:

<b>Group of Banks</b>	<b>£10m</b>
-----------------------	-------------

## Council's Own Banker

- h) The Council's own banker (Bank of Scotland – part of Lloyds) will be maintained on the Council's counterparty list in situations where rating changes may mean this is below the above criteria. This is to allow the Council to continue to operate normal current account banking facilities and overnight and short-term investment facilities. However, in the event that the rating does change below the criteria, officers will review the situation carefully and identify any appropriate action required to manage the risk that this change creates for the Council.

## 5.5 Individual Institution Monetary Limits

- a) The monetary limits for institutions on the Council's Counterparty List are as follows:

	Money Limit
UK Building Societies	£5m
Banks	£5m
UK Local Authorities (i)	£40m
UK Government Debt Management Office	Unlimited
UK Gilts & Treasury Bills	£20m
Government Guaranteed Institutions	£2m
AAA rated Money Market Funds	£5m
Council's Own Banker (ii)	£5m

- (i) No individual limit will be applied on lending to a UK local authority, other than it must not exceed the relevant sector limit of £40m.
- (ii) Further to Sections 5.4 and 5.5, in the event that the rating of the Council's own banker falls below the criteria, the time limit on money deposited with the bank will be reduced to an overnight basis.
- b) As mentioned earlier, the treasury function manages the funds of the Council, any subsidiary organisations, the Pension Fund and the Common Good and Trust Funds. When applying the limits set out in the table above, these limits will apply to the cumulative investment with an institution from the Council, the Pension Fund and the Common Good Funds and Trust Funds.

## 5.6 The Monitoring of Investment Counterparties

- a) All credit ratings will be monitored on a weekly basis. The Council is alerted to changes to ratings of all three agencies through its use of the creditworthiness service of Capita Asset Services.
- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
  - In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

- b)** If the Council has funds invested in an institution which is downgraded to below the acceptable rating criteria, the Council will enter discussions with the counterparty to establish if the funds can be returned early. This however this will be subject to an appropriate cost versus risk assessment of the specific situation.
- c)** The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Under exceptional market conditions, the Chief Financial Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out in this Strategy. These restrictions will remain in place until the Chief Financial Officer is of an opinion that the banking system has returned to ‘normal’. Similarly a restriction may be placed on the duration of investments.

## 5.7 Types of Investments

- a)** For institutions on the approved counterparty list, investments will be restricted to safer instruments (such as deposits). Currently this involves the use of money market funds, the DMADF and institutions with higher credit ratings than the minimum permissible rating outlined in the investment strategy, as well as the Council’s own bank.
- b)** Where appropriate, investments will be made through approved brokers. The current list of approved brokers comprises:
  - ICAP Securities Limited
  - Sterling International Brokers Limited
  - Tradition (UK) Limited

## 5.8 Investment Strategy and bank rate projections

### In-house funds

- a)** 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).

### Bank Rate

- b)** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year-ends (March) as at January 2015 are:

2014/2015	0.50%
2015/2016	0.75%
2016/2017	1.25%
2017/2018	2.00%

- c)** There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

**Investment Treasury Indicator And Limit (Treasury Indicator TI-5)  
 Total Principal Funds Invested for greater than 364 days**

- d) These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.
- e) The treasury indicator and limit proposed is:

<b>Maximum principal sums invested &gt; 364 days (TI-5)</b>					
<b>£m</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Principal sums invested > 364 days	20%	20%	20%	20%	20%

- f) For positive cash balances and in order to maintain liquidity, the Council will seek to use overnight investment accounts, short term (< 1 month) notice accounts, money market funds and short-dated deposits (overnight to three months).

**5.9 Risk Benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks are that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or annual report.

**a) Security**

The Council's **maximum** security risk benchmark for the current portfolio, when compared to historic default tables, is:

**0.04% historic risk of default when compared to the whole portfolio.**

**b) Liquidity**

In respect of this area the Council seeks to maintain:

- Bank Overdraft: £250,000
- § Liquid short term deposits of at least £3,000,000 available with a week's notice.
- § Weighted Average Life benchmark is **expected to be 0.5 years** (equivalent to an weighted average life of 6 months), with a **maximum of 1.00 years**

**c) Yield**

Local measures of yield benchmarks are:

Investments – **Internal returns above the 7 day LIBID rate**

- d) At the end of the financial year, the Chief Financial Officer will report on its investment activity as part of the annual treasury report.

## 6 Performance Indicators

**6.1** The CIPFA Code requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking.

### 6.2 Debt Performance Indicators

- (i) Average “Pool Rate” charged by the Loans Fund compared to Scottish Local Authority average Pool Rate.

Target is to be at or below the Scottish Average for 2014/15.

- (ii) Average borrowing rate movement year on year

Target is to maintain or reduce the average borrowing rate for the Council versus 2014/15.

**6.3 Investment Risk Benchmark Indicators** for Security, Liquidity and Yield, as set out in paragraph 5.9.

### 6.4 Loan Charges

- a) Loan Charges for 2015/16 are expected to be at or below the Revenue Budget estimate contained in the Council’s Financial Plans to be approved in February 2015, which are estimated as follows:

£m	2015/16	2016/17	2017/18	2018/19	2019/20
Interest on Borrowing	12.0	12.0	12.0	12.0	12.0
Investment income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital Repayments	8.8	8.8	8.0	8.0	8.0
<b>Total Loan Charges *</b>	<b>20.7</b>	<b>20.7</b>	<b>19.9</b>	<b>19.9</b>	<b>19.9</b>

*\*The Loan Charges exclude the capital element of PPP repayments.*

- b) The above budget excludes the revenue impact of funding the cost of the NHT and the lending to RSLs and lending in respect of the Council-led house building programme with the Scottish Futures Trust, as these are assumed to be revenue neutral overall.

**6.5** The indicators, based on actual performance for the year, will be included in the Treasury Management Annual Report for 2015/16.



## 7 Monitoring and Reporting

7.1 In line with the CIPFA Code the following formal reporting arrangements will be adopted:

Requirement	Purpose	Decision making body	Frequency
Treasury Management Policy Statement	Reviews and Revisions	Executive	As required
Treasury Management & Investment Strategy	Reporting of Annual Strategy	Council	Annually prior to start of new financial year
Treasury Management Strategy and / or Treasury Investment Strategy	Updates and revisions	Council	As appropriate
Treasury Management Mid-Year Report	Mid-Year Performance Report	Council	Annually in October/November of the current year
Treasury Management Annual Report	Annual Performance report for previous financial year	Council	Annually following the revenue outturn report to Executive
Treasury Management Monitoring Reports	Including Revenue Budget Monitoring	Executive	Revenue reported as part of the regular monitoring reports, otherwise as and when appropriate
Treasury Management Practices		Executive	As appropriate
Scrutiny of Treasury Management & Investment Strategy	Detailed scrutiny prior to annual approval by Council	Audit & Risk Committee	Annually
Scrutiny of Treasury Management Performance		Audit & Risk Committee	As appropriate

## 8 Treasury Management Consultants and Advisers

- 8.1** The Council uses Capita Asset Services as its external treasury management consultants. The company provides a range of services which include:
- Technical support on treasury matters, capital financing issues and the drafting of Member reports
  - Economic and interest rate analysis
  - Debt services which includes advice on the timing of borrowing
  - Debt rescheduling advice surrounding the existing portfolio
  - Generic investment advice on interest rates, timing and investment instruments
  - Credit ratings/market information service
- 8.2** As part of the service provided, Capita meet with Council officers periodically to review the current Treasury Management and Investment Strategies and also review the service provided to the Council.
- 8.3** The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that it does not only rely upon information and advice from our external service providers.
- 8.4** 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.

## 9 Member and Officer Training

- 9.1** The increased Member consideration of treasury management matters and the need to ensure that officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. This Council will address this important issue by:
- a) Elected Members**
- Working with members of the Audit Committee to identify their training needs
  - Working with Capita Asset Services to identify appropriate training provision for elected members
- b) Officers** dealing with treasury management matters will have the option of various levels of training including:
- Treasury courses run by the Council's advisers
  - Attendance at CIPFA treasury management training events
  - Attendance at the CIPFA Scottish Treasury Management Forum and information exchanged via the Treasury Management Forum network
  - On the job training in line with the approved Treasury Management Practices (TMPs).

# ANNEXES

## ANNEX A SUMMARY OF PRUDENTIAL AND TREASURY INDICATORS

Indicator Ref.	Indicator	Page Ref.	2015/16	2016/17	2017/18	2018/19	2019/20
<b>PRUDENTIAL INDICATORS</b>							
<b>Capital Expenditure Indicator</b>							
PI-1	Capital Expenditure Limits	5	£58.4m	£49.3m	£27.2m	£38.4m	£36.8m
PI-2	Capital Financing Requirement (CFR)	7	£276.1m	£284.6m	£284.3m	£290.4m	£289.3m
<b>Affordability Indicator</b>							
PI-3	Ratio of Financing Costs to Net Revenue (inc. PPP repayment costs)	7	10.0%	9.7%	9.5%	9.5%	9.5%
PI-4	Incremental (Saving)/Cost Impact of Capital Investment Decisions on Council Tax	7	£0.00	£0.00	(£0.01)	(£0.02)	(£0.02)
<b>External Debt Indicators</b>							
PI-5	Actual Debt	8	£247.3m	£249.4m	£247.7m	£246.0m	£244.3m
PI-7a	Operational Boundary (inc. Other Long Term Liabilities)	8	£251.1m	£249.4m	£247.7m	£246.0m	£244.3m
PI-7b	Operational Boundary (exc. Other Long Term Liabilities)	8	£196.9m	£197.0m	£197.0m	£197.0m	£197.0m
PI-8a	Authorised Limit (inc. Other Long Term Liabilities)	9	£323.9m	£315.1m	£323.0m	£315.3m	£305.2m
PI-8b	Authorised Limit (exc. Other Long Term Liabilities)	9	£269.7m	£262.7m	£272.3m	£266.3m	£257.9m
<b>Indicators of Prudence</b>							
PI-6	(Under)/Over Gross Borrowing against the CFR	8	£(37.0)m	£(41.0)m	£(41.6)m	£(40.5)m	£(39.3)m
<b>TREASURY INDICATORS</b>							
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt	13	£251.1m	£249.4m	£247.7m	£246.0m	£244.3m
TI-2	Upper Limit to Variable Interest Rates based on Net Debt	13	£87.9m	£87.3m	£86.7m	£86.1m	£85.5m
TI-3	Maturity Structure of Fixed Interest Rate Borrowing 2012/13	13	<b>Lower</b>		<b>Upper</b>		
	Under 12 months		0%		20%		
	12 months to 2 years		0%		20%		
	2 years to 5 years		0%		20%		
	5 years to 10 years		0%		20%		
	10 years and above		20%		100%		
TI-4	Maximum Principal Sum invested greater than 364 days	21	20%	20%	20%	20%	20%

**ANNEX B: INTEREST RATE FORECASTS 2014-18**

Capita Asset Services Interest Rate View													
	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
<b>Bank Rate View</b>	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
3 Month LIBID	0.50%	0.50%	0.60%	0.80%	0.90%	1.10%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	2.10%
6 Month LIBID	0.70%	0.70%	0.80%	1.00%	1.10%	1.20%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.30%
12 Month LIBID	0.90%	1.00%	1.10%	1.30%	1.40%	1.50%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.60%
5yr PW IB Rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PW IB Rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PW IB Rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
<b>Bank Rate</b>													
Capita Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	-	-	-	-	-
<b>5yr PW IB Rate</b>													
Capita Asset Services	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
Capital Economics	2.20%	2.50%	2.70%	3.00%	3.10%	3.20%	3.30%	3.40%	-	-	-	-	-
<b>10yr PW IB Rate</b>													
Capita Asset Services	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
Capital Economics	2.80%	3.05%	3.30%	3.55%	3.60%	3.65%	3.70%	3.80%	-	-	-	-	-
<b>25yr PW IB Rate</b>													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.25%	3.45%	3.65%	3.85%	3.95%	4.05%	4.15%	4.25%	-	-	-	-	-
<b>50yr PW IB Rate</b>													
Capita Asset Services	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
Capital Economics	3.30%	3.50%	3.70%	3.90%	4.00%	4.10%	4.20%	4.30%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

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Source: Capita Asset Services, January 2015

## **ANNEX C**

### **Economic Background**

#### **UK**

After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November 2014, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

#### **Eurozone**

The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of

sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

### **Greece**

The general election due to take place on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

### **USA**

The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

### **China**

Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

### **Japan**

Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

## **CAPITA ASSET SERVICES FORWARD VIEW**

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government.
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

**Source: Capita Asset Services, January 2015**



## Annex D

### Credit and Counterparty Risk Management

#### Permitted Investments, Associated Controls and Limits for Scottish Borders Council, Common Good and Trust Funds and In-house Managed Pension Fund

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
<b>Cash type instruments</b>					
a. Deposits with the Debt Management Account Facility (UK Government) <b>(Very low risk)</b>	This is a deposit with the UK Government and, as such, counterparty and liquidity risk is very low, and there is no risk to value. Deposits can be between overnight and 6 months.	Little mitigating controls required. As this is a UK Government investment, the monetary limit is unlimited to allow for a safe haven for investments.	£unlimited, maximum 6 months.	£unlimited, maximum 6 months.	£unlimited, maximum 6 months.
b. Deposits with other local authorities or public bodies <b>(Very low risk)</b>	<p>These are considered quasi UK Government debt and, as such counterparty risk is very low, and there is no risk to value. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply.</p> <p>Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.</p>	<p>Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment.</p> <p>Non-local authority deposits will follow the approved credit rating criteria.</p>	£40m, maximum 1 year.	£5m, maximum 1 year.	£40m, maximum 1 year.
c. Money Market Funds (MMFs) <b>(Very low risk)</b>	Pooled cash investment vehicle which provides very low counterparty, liquidity and market risk. These will primarily be used as liquidity instruments.	Funds will only be used where the MMFs are Constant Net Asset Value (CNAV), and the fund has a "AAA" rated status from either Fitch, Moody's or Standard & Pools.	£5m per fund/£20m overall	£5m per fund/£20m overall	£5m per fund/£20m overall

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
<p>d. Call account deposit accounts with financial institutions (banks and building societies)</p> <p><b>(Low risk depending on credit rating)</b></p>	<p>These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is high and investments can be returned at short notice.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poor's. The selection defaults to the lowest available colour band / credit rating to provide additional risk control measures.</p> <p>Day to day investment dealing with this criteria will be further strengthened by use of additional market intelligence.</p>	<p>As shown in the counterparty section criteria above.</p>	<p>As shown in the counterparty section criteria above.</p>	<p>As shown in the counterparty section criteria above.</p>
<p>e. Term deposits with financial institutions (banks and building societies)</p> <p><b>(Low to medium risk depending on period &amp; credit rating)</b></p>	<p>These tend to be low risk investments, but will exhibit higher risks than categories (a), (b) and (c) above. Whilst there is no risk to value with these types of investments, liquidity is low and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p>	<p>The counterparty selection criteria approved above restricts lending only to high quality counterparties, measured primarily by credit ratings from Fitch, Moody's and Standard and Poores. The selection defaults to the lowest available credit rating to provide additional risk control measures.</p> <p>Day to day investment dealing with this criteria will be further strengthened by the use of additional market intelligence.</p>	<p>As shown in the counterparty section criteria above.</p>	<p>As shown in the counterparty section criteria above.</p>	<p>As shown in the counterparty section criteria above.</p>

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
<p>f. UK Government Gilts and Treasury Bills</p> <p><b>(Very low risk)</b></p>	<p>These are marketable securities issued by the UK Government and, as such, counterparty and liquidity risk is very low, although there is potential risk to value arising from an adverse movement in interest rates (no loss if these are held to maturity).</p>	<p>Little counterparty mitigating controls are required, as this is a UK Government investment. The potential for capital loss will be reduced by limiting the maximum monetary and time exposures.</p>	<p>£20m, maximum 1 year.</p>	<p>£5m, maximum 1 year</p>	<p>£20m, maximum 1 year.</p>

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
<b>Other types of investments</b>					
g. Investment properties  <b>(Medium Risk)</b>	These are non-service properties which are being held pending disposal or for a longer-term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids).	In larger investment portfolios, some small allocation of property based investment may counterbalance/compliment the wider cash portfolio.  Property holding will be revalued regularly and reported annually with gross and net rental streams.	£30m	£25m	N/A
Page 130 h. Loans to third parties, including soft loans <b>(Low to Medium Risk depending on Credit Risk)</b>	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid.	Each third party loan requires Member approval and each application is supported by the service rationale behind the loan and the likelihood of partial or full default.	£25m	£1m	N/A
i. National Housing Trust  <b>(Very Low Risk due to Scottish Government Underwriting)</b>	These are loans to a Special Purpose Vehicle to allow it to purchase new homes under the NHT umbrella. These loans represent either 65% or 70% of the purchase price, the remainder being funded by the developer. The loan is redeemed after a 5 to 10 year period when the properties are sold.	Loan redemption arises when the homes are sold. Interest payments are made to the Council by the SPV from rental payments in the intervening period. Both the loan amount and associated interest payments are underwritten by Scottish Government.	£8m	N/A	N/A

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
<p>j. Loans to a local authority company or partnership</p> <p><b>(Low Risk)</b></p>	<p>These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid</p>	<p>Each loan to a local authority company/LLP requires Member approval and each application is supported by the service rational/business case behind the loan and the likelihood of partial or full default. In general these loans will involve some form of security or clear cashflow that is available to service the debt.</p>	<p><b>£25M</b></p>	<p>N/A</p>	<p>N/A</p>
<p>k. Shareholdings in a local authority company / Corporate membership of local authority partnerships</p> <p>Page 131</p>	<p>These are service investments which may exhibit market risk and are likely to be highly illiquid.</p>	<p>Each equity investment in a local authority company/partnership requires Member approval and each application will be supported by the service rational behind the investment and the likelihood of loss.</p>	<p><b>£1m</b></p>	<p>N/A</p>	<p>N/A</p>
<p>l. Pooled Investment Vehicles</p> <p><b>(Low to Medium Risk)</b></p>	<p>These use an investment vehicle, for long term capital growth and income returns. These are liquid assets in the sense that there is a realizable market value, however there is a high risk of volatility in the short and medium term in relation to market values and dividend income streams.</p>	<p>The Common Good and Trust Funds Investment Strategy sets out the risk/return criteria and the asset allocation for these investments. It also sets out the mechanisms for monitoring and managing the performance of the funds. Using a Multi Asset fund to increase the diversification to manage the volatility risk of specific asset</p>	<p>£0</p>	<p>All balances nominated by the Common Good &amp; Trust Fund Working Groups as approved by Council up to a maximum of £7.5m.</p>	<p>N/A</p>

		classes.			
m. Investment in the Subordinated Debt of projects delivered via the 'HubCo' model <b>(Very Low Risk)</b>	These are investments that are exposed to the success or failure of individual projects and are highly illiquid.	The Council and Scottish Government (via the SFT) are participants in and party to the governance and controls within the project structure. As such they are well placed to influence and ensure the successful completion of the project's term. These projects are based on robust business cases with a cashflow from public sector organisations (i.e. low credit risk)	£250,000	N/A	N/A

### Page 36 The Monitoring of Investment Counterparties

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

### Use of External Fund Managers

It is the Council's policy to use external fund managers to manage the investment portfolios of the Scottish Borders Council Pension Fund and the pooled investment fund of the Common Good and Trust Funds. This Annex reflects the approved policies around the Common Good and Trust Fund Investment Strategy but specifically excludes, as allowed by regulations, the work undertaken by External Fund Managers in relation to the Scottish Borders Council Pension Fund.

## ANNEX E

### Credit Ratings

#### Long and Short Term Credit Ratings

Audit Commission Grading#	Fitch		Moody's		Standard and Poor's	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Extremely strong grade	AAA	F1+	Aaa	P-1	AAA	A-1+
Very strong grade	AA+	F1+	Aa1	P-1	AA+	A-1+
	AA	F1+	Aa2	P-1	AA	A-1+
	AA-	F1+	Aa3	P-1	AA-	A-1+
Strong grade But susceptible to adverse conditions	A+	F1+ / F1	A1	P-1	A+	A-1+ / A-1
	A	F1	A2	P-1 / P-2	A	A-1
	A-	F1	A3	P-1 / P-2	A	A-1 / A-2
Adequate Grade	BBB+	F2	Baa1	P-2	BBB+	A-2
	BBB	F2 / F3	Baa2	P-2 / P-3	BBB	A-2 / A-3
	BBB-	F3	Baa3	P-3	BBB-	A-2
Speculative Grade	BB+	B	Ba1	NP *	BB+	B-1
	BB	B	Ba2	NP	BB	B-2
	BB-	B	Ba3	NP	BB-	B-3
Very Speculative Grade	B+	B	Ba1	NP	B+	-
	B	B	Ba2	NP	B	-
	B-	B	Ba3	NP	B-	-
Vulnerable Grade	CCC	C	Caa1	NP	CCC+	C
	CCC	C	Caa2	NP	CCC	C
	CCC	C	Caa3	NP	CCC-	C
	CC	C	-	NP	CC	C
	C	C	Ca	NP	C	C
Defaulting Grade	D	D	C	NP	D	D

# for the purpose of standardisation based on Standard and Poor's credit rating definitions.

\* NP – Not Prime

Source: Audit Commission adaptation of information from Fitch, Moody's and Standard & Poor's

### Viability, Financial Strength and Support Ratings

Continuing regulatory changes in the banking sector designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key rating agency information used to monitor counterparties will be the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes

As a result of these rating agency changes, the credit element of creditworthiness methodology applied by Capita Asset Services will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that has always taken, but a change to the use of Fitch and Moody's ratings. Furthermore, Credit Default Swap prices will continue to be used as an overlay to ratings in our new methodology.

## Annex F

### Benchmarking and Monitoring Security, Liquidity and Yield

The consideration and approval of security and liquidity benchmarks are also part of Member reporting. These benchmarks are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons, in the annual treasury report.

#### Yield

These benchmarks are currently widely used to assess investment performance. Local measures of yield benchmarks are:

- Investments – **Internal returns above the 7 day LIBID rate**

Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators. Benchmarks for the cash type investments are below. In the other investment categories, appropriate benchmarks will be used where available.

#### Liquidity

This is defined as an organisation “having adequate, though not excessive, cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives” (CIPFA Treasury Management Code of Practice). In respect of liquidity, the Council seeks to maintain:

- Bank overdraft - £250,000
- Liquid short term deposits of at least £3,000,000 available with a week’s notice.

The availability of liquidity in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect, the proposed benchmark to be used is:

- **WAL benchmark is expected to be 0.5 years, with a maximum of 1.00 years.**

#### Security of the investments

In the context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties, primarily through the use of the Creditworthiness service provided by Capita Asset Services. Whilst this approach embodies security considerations, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy.

The Council’s maximum security risk benchmark for the whole portfolio, when compared to these historic default tables, is:

- **0.04% historic risk of default when compared to the whole portfolio.**

These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Annual Treasury Management Report. As this data is collated, trends and analysis will be collected and reported.



## GLOSSARY OF TERMS

<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CIPFA Code</b>	Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
<b>CFR</b>	Capital Financing Requirement is the estimated the level of borrowing or financing needed to fund capital expenditure.
<b>Consent to Borrow</b>	Para 1 (1) of Schedule 3 of the Local Government (Scotland) Act 1975 (the 1975 Act) effectively restricts local authorities to borrowing only for capital expenditure. Under the legislation Scottish Ministers may provide consent for local authorities to borrow for expenditure not covered by this paragraph, where they are satisfied that the expenditure should be met by borrowing.
<b>Gilts</b>	A gilt is a UK Government liability in sterling, issued by HM Treasury and listed on the London Stock Exchange. The term “gilt” or “gilt-edged security” is a reference to the primary characteristic of gilts as an investment: their security. This is a reflection of the fact that the British Government has never failed to make interest or principal payments on gilts as they fall due.
<b>LIBID</b>	London Interbank Bid Rate The rate at which banks bid on Eurocurrency Deposits, being the rate at which a bank is willing to borrow from other banks.
<b>MPC</b>	Monetary Policy Committee
<b>NHT</b>	National Housing Trust initiative undertaken in partnership with the Scottish Futures Trust.
<b>Other Long Term Liabilities</b>	Balance sheet items such as Public Private Partnership (PPP), and leasing arrangements which already include borrowing instruments.
<b>PPP</b>	Public-Private Partnership.
<b>Prudential Indicators</b>	The Prudential Code sets out a basket of indicators (the Prudential Indicators) that must be prepared and used in order to demonstrate that local authorities have fulfilled the objectives of the Prudential Code.
<b>QE</b>	Quantitative Easing
<b>Treasury Indicators</b>	These consist of a number of Treasury Management Indicators that local authorities are expected to ‘have regard’ to, to demonstrate compliance with the Treasury Management Code of Practice.

You can get this document on tape, in Braille, large print and various computer formats by contacting the address below.

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**CAPITAL FINANCIAL RESOURCES 2015/16 – 2024/25**

**Report by Chief Financial Officer**

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**SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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**1 PURPOSE AND SUMMARY**

- 1.1 **The purpose of this report is to advise Council of the estimated capital resources for 2015/16 to 2024/25 and provide additional information to supplement the Administration's 10 year Draft Capital Plan.**
- 1.2 The total capital funding available for the future capital plan is estimated at £352.1m.
- 1.3 The report outlines the process supporting the compilation of the draft 10 year Capital Financial Plan, comprising a long term 7 year Strategic Plan plus the traditional 3 year Operational Plan. This Plan has been developed in an affordable and sustainable way per the principles agreed by the Administration Budget Working Group.
- 1.4 The Administration's Draft 10 year Capital Plan in comparison to the current approved Capital Financial Plan shows a £105.1m increase over the 10 year planning period. Of this increase £31.4 is assumed to be funded from additional borrowing, £21.7m from the General Capital Grant from Scottish Government, £30.3m from specific or external grants, £18m from the Plant and Vehicle Fund, and £1.8m from additional Developer Contributions.

**2 RECOMMENDATIONS**

- 2.1 **It is recommended that Scottish Borders Council:**
  - (a) **Note the estimated Capital Resources for 2015/16 to 2024/25 and the requirement to adhere to the prudential code for capital borrowing; and**
  - (b) **Proceed to consider the Administration's 10 year Draft Capital Plan for 2015/16 to 2024/25**

### 3 BACKGROUND

- 3.1 The Council in setting its Capital Plan the must adhere to The Prudential Code of Capital Finance (the Code) in Local Authorities as published by CIPFA. The Code was established to both give Local Authorities an element of flexibility but also to ensure they do not over borrow beyond levels that are sustainable over the longer term. The Code requires Council to set a Capital Annual Treasury Management Strategy (the Strategy) which includes how it will finance its Capital plans in an affordable and sustainable way. The Strategy is approved each year along with the Revenue and Capital Plans.
- 3.2 Using these principles an estimate of the funds available for the future 10 year Capital Plan are shown in the table below totalling £352.1m (including the Plant & Vehicle Fund). This compares to the current approved Capital Plan which totals £247.0m as at November Executive.

	<b>Operational £m</b>	<b>Strategic £m</b>	<b>Total £m</b>	<b><i>Movement V current approved plan over 10 years to 2024/25</i></b>
CFCR	1.6	0.0	<b>1.6</b>	<b>1.0</b>
Specific Grant from Scottish Government	41.6	51.1	<b>92.7</b>	<b>25.4</b>
Other Grants and Contributions	7.4	4.4	<b>11.8</b>	<b>5.9</b>
Developer Contributions	0.3	2.7	<b>3.0</b>	<b>2.1</b>
Capital Fund/Capital Receipts	5.8	2.0	<b>7.8</b>	<b>(0.4)</b>
Plant & Vehicle Fund	6.0	14.0	<b>20.0</b>	<b>18.0</b>
General Grant from Scottish Government	39.2	84.0	<b>123.2</b>	<b>21.7</b>
Borrowing	33.1	58.9	<b>92.0</b>	<b>31.4</b>
<b>Total Available Funding</b>	<b>135.0</b>	<b>217.1</b>	<b>352.1</b>	<b>105.1</b>

- 3.3 The borrowing requirements associated with the proposals are anticipated to be fully financed by a loans charges revenue budget of:

	£m
2015/16	20.7
2016/17	20.7
2017/18	19.9
2018/19	19.9
2019/20	19.9

## 4 PRIORITISATION PROCESS

- 4.1 All projects submitted for consideration for inclusion in the Draft 10 year Capital Plan have been subject to assessment of the Project Business Cases (PBC) through a peer review process and discussion at the Capital Programme Board and Corporate Management Team. Due to the number of significant, additional large value capital projects linked to the key strategic and political priorities of the Council that have arisen during the process the prioritisation approach did not involve scoring as in previous years due to the fact that this would not have changed the capital investment priorities presented.

## 5 DRAFT CAPITAL PLAN 2015/16 – 2024/25

- 5.1 The Administration's 10 year Capital Financial Plan, being presented to Council today, contains the proposed allocations. The Plan presented does not include any budget changes between years agreed by Executive Committee since August 2014. The changes approved since this time will be incorporated into the budgets for the first monitoring report 2015/16.
- 5.2 The proposals are being presented aligned to the new Corporate Transformation programme based on 4 main themes.
- Making Best use of our people
  - Working with our partners
  - Looking After the Borders and
  - Business Process Transformation

## 6 FUNDING ASSUMPTIONS

### 6.1 Capital Fund/Capital Receipts

- (a) Capital Fund/Capital Receipts are funds generated from the disposal of capital assets. These funds are held in the Capital Fund and be used to either finance new capital expenditure or repay loans. The estimate of capital receipts is reviewed on a regular basis to determine assets available for disposal and their likely disposal value and timing.
- (b) The proposed Capital Plan is predicated on £7.8m (net reduction of £0.35m versus current Capital Plan) of capital receipts being generated over a 10 year period.
- (c) The assumptions made concerning the deliverability of these receipts and the profile and amounts up will be subject to continual review.

### 6.2 Capital Financed from Current Revenue

- (a) Capital Financed from Current Revenue (CFCR) allows the authority to supplement its capital plan using available revenue sources.
- (b) The current and proposed Capital Plan assumes a £0.45m contribution from Reserves in 2015/16 towards the Selkirk Synthetic pitch project, and the use of the Landfill Provision (£0.9m) created in 2014/15 to fund some of the Easter Langlee Cell work.

### 6.3 Developer Contributions

- (a) Developer Contributions are contributions made by private developers for specific items. Legal agreements are in place detail the use in terms of

both location and type of asset. The economic downturn has seen the number of contributions drop and developers pushing back as late as possible the payment of these. Due to the uncertainty of timing on payment of these it is not prudent to include large sums of developer contributions being received at the same time as the assets are being constructed. This means the Council is required to either use the General Capital Grant or Borrowing fund up front for an indefinite period until the contributions are received.

- (b) The proposed Capital Plan includes an assumed £3m of developer contributions, of which £2m as related to specific funding for the proposed new Peebles Bridge.
- (c) The assumption around Peebles Bridge contributions is subject to a timing risk as the proposed Capital Plan assumes that these will be received in line with the construction of the bridge; however, an element of the contributions may require the bridge to be built first in order to fully release them as they will be related to development progress.

#### 6.4 **General Capital Grant**

- (a) A General Capital Grant is issued to each Local Authority in Scotland. The current Grant letter issued to Scottish Borders Council on 7 July 2014 gives use a provision grant of £15.2m (excluding specific grants) for 2015/16. This grant however has been temporarily increased above historic levels due to previous re-phasing by Scottish Ministers. The 2015/16 figure is therefore inflated due to the Scottish Government decisions in prior years which had rephrased and delayed elements of the General Capital Grant to the current year.
- (b) A review of future funding assumptions has led to a more a prudent annual estimate of £12m capital grant being provided per annum from 2016/17. This will however still result in an additional £21.7m of resources in the proposed 10 year Capital Plan versus the current Capital Plan.
- (b) Although indicative grant figures have not been provided for future years, therefore the assumptions in (a) above have been made for planning purposes. There is a risk that grant assumptions for future years are over / under estimated.

#### 6.5 **Scottish Government – Specific Grants**

- (a) These are grants issued to Local Authorities for specific projects or areas of expenditure. These include Cycling, Walking and Safer Routes to School (CWSRS), Flood and Schools such as Duns Primary School and Kelso High School.
- (b) As part of negotiations between COSLA and the Scottish Government additional funding has been allocated to support the capital expenditure required to deliver the Early Years Childcare and Learning aspects of the Children and Young People's Act. The Council's allocation is £1.6m
- (c) Additional Specific Grant Funding has been added to the previously approved budget for Selkirk Flood Protection resulting in an increase of £3.4m in the estimated expenditure in the draft Capital Plan.

- (d) There is a significant element of unconfirmed funding (£49.2m) within the £91.7m assumed in the proposed Capital Plan.
- (e) The key projects that are unconfirmed are Hawick Flood Scheme (£27.3m) and the Galashiels School Review (£21.9m). In addition the funding for Cycling, Walking and Safer Routes to School is only confirmed for 2015/16 and no confirmation has been received for future years although the plan assumes this grant will continue at current levels.

## 6.6 Other Grants and Contributions

- (a) Many projects and programs are successful in bringing in matched funding from external sources such as Sports Scotland, Historic Scotland, Lottery and European funds. These funds come with specific conditions and are usually time limited.
- (b) The majority of the £11.8m funding assumed in the proposed Capital Plan is unconfirmed (£10.1 m) and subject to further business case and grant application processes. This unconfirmed funding includes:

Sir Walter Scott Court House Project	£2m
Supported Care Housing Berwickshire	£2.5m
Central Borders Business Park	£1m
Tapestry Building	£2.5m
Synthetic Pitches	£1.7m

## 6.7 Plant & Vehicle Fund

- (a) This Fund was established by the Council in 2004 to ensure funds were in place for the continual replacement of its fleet. The Fund is used to purchase the vehicles and then reimbursed by the department revenue budgets over the life of the vehicle.
- (b) The expenditure and funding have been included at £2m p.a. (in line with the current estimate for 2014/15), however due to the profile of vehicle replacement this may change to reflect the requirements in year. This however will not impact on the capital financing costs due to the existence of the Plant & Vehicle Fund.

## 6.8 Borrowing

- (a) The balance of the funds required for the Capital Plan is secured by borrowing. Local Authorities are able to borrow to fund Capital expenditure or if given specific consent by Scottish Government. When determining the borrowing requirement the Council must follow the Prudential Code which requires Councils to ensure is acting prudentially and Sustainably. The cost of borrowing is charged to revenue via the Loans Charges Budgets.
- (b) This proposed revenue budget to support capital through loans charges is set out in paragraph 3.3 above and the proposed Financial Strategy states that the borrowing will be constrained within this available budget. Decisions to increase capital borrowing will require permanent adjustments, funded by savings elsewhere to be made to the loans charges budget in order to repay additional capital borrowing.
- (c) The proposed Capital Plan includes a total of £92m borrowing an increase of £31m over the 10 years. Based on the proposed profile of

expenditure, it is estimated that this is deliverable within the estimated revenue resources. There is however a risk if interest rates rise more than expected and/or the management of the council's cash flow cash flow requires additional borrowing which would result in additional charges, especially due to the significant funding requirement in the earlier years of the 10 year Draft Capital Plan. This will require regular monitoring to ensure that the borrowing levels are sustainable and affordable.

6.9 The following table summarises the total funding resources for the proposed Capital Plan:

	<b>Operational £m</b>	<b>Strategic £m</b>	<b>Total £m</b>
CFCR	1.6	0.0	<b>1.6</b>
Specific Grant from Scottish Government	41.6	51.1	<b>92.7</b>
Other Grants and Contributions	7.4	4.4	<b>11.8</b>
Developer Contributions	0.3	2.7	<b>3.0</b>
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Borrowing	33.1	58.9	<b>92.0</b>
<b>Total Available Funding</b>	<b>135.0</b>	<b>217.1</b>	<b>352.1</b>

## 7 **IMPLICATIONS**

### 7.1 **Financial**

There are revenue implications of some of the proposed projects within the Capital Plan, and these are captured as part of the Revenue Financial Plan.

### 7.2 **Risk and Mitigations**

- (a) The key risks associated with the projects and associated funding have been identified within the narrative in the in Administration's Draft Capital Financial Plan.
- (b) Several major projects have not been included in the proposals which are linked to substantial developer contributions which are linked to the timing of major housing developments in Newtown St Boswells and Reston. These projects relate to increasing the school provision and it is anticipated that the cost of this provision will exceed the contributions received. Once there is greater clarity around this these projects will be incorporated into the Capital Plan proposals.

### 7.3 **Equalities**

Equalities Impact Assessments have been carried out in relation to the draft Capital Plan a separate report outlining the key points of these assessments incorporated into a separate report being presented to Council.

### 7.4 **Acting Sustainably**



There are no direct economic, social or environmental issues with this report although there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

**7.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this monitoring report however there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

**7.6 Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

**7.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Delegation are required as a result of this report.

**8 CONSULTATION**

8.1 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and their comments have been incorporated into the final report.

8.2 The proposals have been discussed and supported by the Administration Budget Working Group and communicated to the wider stakeholder groups as part of the Budget Communication Strategy.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
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**Background Papers:**

**Previous Minute Reference:**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Treasury & Capital Team can also give information on other language translations as well as providing additional copies.

Contact us at

Treasury & Capital Team, Council HQ, [treasuryteam@scotborders.gov.uk](mailto:treasuryteam@scotborders.gov.uk), 01835 825249

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# ADMINISTRATION CAPITAL FINANCIAL PLAN 2015/16 -2024/25

Further information on the Administration's Capital Financial Plan is available from:  
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Scottish Borders Council  
Capital Financial Plan 2015/16 - 2024/25

Page 17	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific Funding £000
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25			
	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000			
<b>Looking after the Borders</b>														
Gardens Developments	1,152	442	200	<b>1,794</b>	0	200	0	0	0	0	0	<b>1,994</b>	(361)	<b>1,633</b>
Roads & Bridge Infrastructure	3,921	3,940	4,195	<b>12,056</b>	7,620	5,075	5,120	5,120	14,820	12,910	4,910	<b>67,631</b>	(2,100)	<b>65,531</b>
Lighting Infrastructure	1,200	1,200	1,200	<b>3,600</b>	1,100	200	200	200	200	200	200	<b>5,900</b>	0	<b>5,900</b>
Cycling, Walking & Safety Infrastructure	406	257	284	<b>947</b>	497	241	251	261	271	282	294	<b>3,044</b>	(2,147)	<b>897</b>
Flood Protection Infrastructure	11,632	12,212	736	<b>24,580</b>	7,093	17,745	9,891	200	200	200	200	<b>60,109</b>	(45,973)	<b>14,136</b>
Waste Management Infrastructure	1,235	1,661	1,523	<b>4,419</b>	190	148	148	50	50	51	53	<b>5,109</b>	(1,243)	<b>3,866</b>
Other	281	453	104	<b>838</b>	105	106	107	108	109	110	52	<b>1,535</b>	0	<b>1,535</b>
<b>Total Place</b>	<b>19,827</b>	<b>20,165</b>	<b>8,242</b>	<b>48,234</b>	<b>16,605</b>	<b>23,715</b>	<b>15,717</b>	<b>5,939</b>	<b>15,650</b>	<b>13,753</b>	<b>5,709</b>	<b>145,322</b>	<b>(51,824)</b>	<b>93,498</b>
School Infrastructure	23,186	13,889	7,434	<b>44,509</b>	8,743	3,720	5,520	10,750	12,130	5,960	7,340	<b>98,672</b>	(45,467)	<b>53,205</b>
Social Care Infrastructure	899	68	42	<b>1,009</b>	0	0	0	0	0	0	0	<b>1,009</b>	0	<b>1,009</b>
<b>Total People</b>	<b>24,085</b>	<b>13,957</b>	<b>7,476</b>	<b>45,518</b>	<b>8,743</b>	<b>3,720</b>	<b>5,520</b>	<b>10,750</b>	<b>12,130</b>	<b>5,960</b>	<b>7,340</b>	<b>99,681</b>	<b>(45,467)</b>	<b>54,214</b>
Heritage & Cultural Infrastructure	1,168	6,786	911	<b>8,865</b>	2,065	40	0	0	0	0	0	<b>10,970</b>	(5,963)	<b>5,007</b>
Sports Infrastructure	2,118	1,300	320	<b>3,738</b>	1,110	290	290	290	290	890	590	<b>7,488</b>	(1,600)	<b>5,888</b>
Economic & Regeneration Infrastructure	480	116	1,085	<b>1,681</b>	2,490	2,784	184	220	156	100	100	<b>7,715</b>	(1,005)	<b>6,710</b>
Housing Infrastructure	340	375	375	<b>1,090</b>	375	525	5,375	5,375	375	425	425	<b>13,965</b>	(2,538)	<b>11,427</b>
<b>Total Chief Executive</b>	<b>4,106</b>	<b>8,577</b>	<b>2,691</b>	<b>15,374</b>	<b>6,040</b>	<b>3,639</b>	<b>5,849</b>	<b>5,885</b>	<b>821</b>	<b>1,415</b>	<b>1,115</b>	<b>40,138</b>	<b>(11,106)</b>	<b>29,032</b>
<b>Total Looking after the Borders</b>	<b>48,018</b>	<b>42,699</b>	<b>18,409</b>	<b>109,126</b>	<b>31,388</b>	<b>31,074</b>	<b>27,086</b>	<b>22,574</b>	<b>28,601</b>	<b>21,128</b>	<b>14,164</b>	<b>285,141</b>	<b>(108,397)</b>	<b>176,744</b>
<b>Business Process Transformation</b>														
Property Asset Programme	1,000	1,165	1,365	<b>3,530</b>	1,365	1,465	1,465	1,475	1,515	1,515	1,515	<b>13,845</b>	0	<b>13,845</b>
Other Property	524	252	90	<b>866</b>	130	20	20	20	20	20	20	<b>1,116</b>	0	<b>1,116</b>
Investment in Plant & Vehicles	2,000	2,000	2,000	<b>6,000</b>	2,300	2,300	2,000	2,000	2,000	2,300	2,300	<b>21,200</b>	(21,200)	<b>0</b>
Other	55	50	50	<b>155</b>	50	50	50	50	50	50	50	<b>505</b>	0	<b>505</b>
<b>Total Place</b>	<b>3,579</b>	<b>3,467</b>	<b>3,505</b>	<b>10,551</b>	<b>3,845</b>	<b>3,835</b>	<b>3,535</b>	<b>3,545</b>	<b>3,585</b>	<b>3,885</b>	<b>3,885</b>	<b>36,666</b>	<b>(21,200)</b>	<b>15,466</b>
School Infrastructure	908	1,042	405	<b>2,355</b>	550	550	550	550	550	550	550	<b>6,205</b>	0	<b>6,205</b>
Social Care Infrastructure	162	0	0	<b>162</b>	0	0	0	0	0	0	0	<b>162</b>	0	<b>162</b>
<b>Total People</b>	<b>1,070</b>	<b>1,042</b>	<b>405</b>	<b>2,517</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>6,367</b>	<b>0</b>	<b>6,367</b>
IT Infrastructure	5,462	1,838	4,602	<b>11,902</b>	2,364	1,084	1,035	1,473	997	998	1,048	<b>20,901</b>	0	<b>20,901</b>
<b>Total Chief Executive</b>	<b>5,462</b>	<b>1,838</b>	<b>4,602</b>	<b>11,902</b>	<b>2,364</b>	<b>1,084</b>	<b>1,035</b>	<b>1,473</b>	<b>997</b>	<b>998</b>	<b>1,048</b>	<b>20,901</b>	<b>0</b>	<b>20,901</b>
<b>Total Business Process Transformation</b>	<b>10,111</b>	<b>6,347</b>	<b>8,512</b>	<b>24,970</b>	<b>6,759</b>	<b>5,469</b>	<b>5,120</b>	<b>5,568</b>	<b>5,132</b>	<b>5,433</b>	<b>5,483</b>	<b>63,934</b>	<b>(21,200)</b>	<b>42,734</b>
<b>Emergency &amp; Unplanned Schemes</b>	300	300	300	<b>900</b>	300	300	300	300	300	300	300	<b>3,000</b>	0	<b>3,000</b>

Looking after the Borders PLACE	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific Funding £000
	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000			
<b>Gateways Developments</b>														
Transport Interchange	987	16		1,003								1,003	(361)	642
GIRR 5	15	276	200	491								491		491
GIRR 1-3 claims	150	150		300		200						500		500
	<b>1,152</b>	<b>442</b>	<b>200</b>	<b>1,794</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,994</b>	<b>(361)</b>	<b>1,633</b>
<b>Road &amp; Bridge Infrastructure</b>														
General Roads and Bridges Block	3,710	3,560	3,560	10,830	4,710	4,910	4,910	4,910	4,910	4,910	4,910	45,000		45,000
A72 Dirtpot Corner - Traffic Management	30	135	210	375	2,460	165						3,000		3,000
A72 Neidpath Corner - Traffic Management	30	170		200								200		200
Selkirk Traffic Management Scheme	101			101								101		101
Selkirk Town Centre (Streetscape works)		50	400	450								450	(100)	350
Peebles Bridge				0			210	210	9,910	8,000		18,330	(2,000)	16,330
Union Chain Bridge	50	25	25	100	450							550		550
	<b>3,921</b>	<b>3,940</b>	<b>4,195</b>	<b>12,056</b>	<b>7,620</b>	<b>5,075</b>	<b>5,120</b>	<b>5,120</b>	<b>14,820</b>	<b>12,910</b>	<b>4,910</b>	<b>67,631</b>	<b>(2,100)</b>	<b>65,531</b>
<b>Lighting Infrastructure</b>														
General Lighting Block	200	200	200	600	200	200	200	200	200	200	200	2,000		2,000
Energy Efficient Street Lighting	1,000	1,000	1,000	3,000	900							3,900		3,900
	<b>1,200</b>	<b>1,200</b>	<b>1,200</b>	<b>3,600</b>	<b>1,100</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>5,900</b>	<b>0</b>	<b>5,900</b>
<b>Cycling, Walking &amp; Safety Infrastructure</b>														
Accident Investigation Prevention Schemes Block	50	50	50	150	50	50	50	50	50	50	50	500		500
Cycling, Walking & Safer Streets	171	171	173	515	182	191	201	211	221	232	244	1,997	(1,997)	0
Railway Black Path	155			155								155		155
Innerleithen - Walkerburn - shared access route	30	36	61	127	265							392	(150)	242
	<b>406</b>	<b>257</b>	<b>284</b>	<b>947</b>	<b>497</b>	<b>241</b>	<b>251</b>	<b>261</b>	<b>271</b>	<b>282</b>	<b>294</b>	<b>3,044</b>	<b>(2,147)</b>	<b>897</b>
<b>Flood Protection Infrastructure</b>														
Selkirk Flood Protection	10,261	11,392		21,653								21,653	(18,670)	2,983
Hawick Flood Protection	509	517	536	1,562	6,893	17,545	9,691					35,691	(27,303)	8,388
Jedburgh Flood Protection	462	3		465								465		465
General Flood Protection Block	400	300	200	900	200	200	200	200	200	200	200	2,300		2,300
	<b>11,632</b>	<b>12,212</b>	<b>736</b>	<b>24,580</b>	<b>7,093</b>	<b>17,745</b>	<b>9,891</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>60,109</b>	<b>(45,973)</b>	<b>14,136</b>

## Looking after the Borders

### PLACE

Galashiels Developments	This programme of work continues to deliver Galashiels Inner Relief Road (GIRR) Phases and the Transport Interchange project which will tie in with the Borders Railway. The Transport Interchange project which is under construction has an element of external European funding which supports it.
Roads and Bridge Infrastructure	<p><b>General Roads and Bridges Block</b> - this relates to capital maintenance and refurbishment works relating to the road and bridge infrastructure in the Scottish Borders. The proposed plan includes additional resources in the Strategic Plan period of £1m p.a. (£7m in total) which is in addition to the £7m extra resources allocated in the 2014/15 Capital Financial Plan.</p> <p><b>A72 Dirtpot Corner -Traffic Management</b> - to provide improvements to traffic management and road safety at Dirtpot Corner on A72.</p> <p><b>A72 Neidpath Corner - Traffic Management</b> - road improvement scheme to address the restricted carriageway width and lack of verge at an accident site.</p> <p><b>Selkirk Traffic Management Scheme (New Project)</b> - project to safely manage traffic in south west of town due to a dangerous wall owned by a third party.</p> <p><b>Selkirk Town Centre (Streetscape works)</b> - project to enhance the area around the Market Place through more effective traffic management, partly supported by funding from the Selkirk Conservation Area Regeneration Scheme (CARS)</p> <p><b>Peebles Bridge (New Project)</b> - There is a future requirement to provide a new bridge in Peebles to support the housing development proposed in the draft Local Development Plan. This project is currently estimated at a cost of £18.3m, of which there is an estimate that £2m from developer contributions will be available. The project is still subject to significant public consultation, the development of full design and cost estimates and, final approval of housing development proposals. These factors, coupled with constrained resources in the Draft Capital Financial Plan, have meant this project been included for construction in 2022/23. It should be noted however this will result in a significant inflationary impact, in addition to other costs currently excluded such as land acquisition (including any Compulsory Purchase requirements), utility diversions and flood works, depending on the final design solution.</p> <p><b>Union Chain Bridge (New Project)</b> - Funding of £0.55m has been assumed to match with the current Northumberland County Council (the lead authority) contribution estimate. There is a risk that as this project is still in development phase, for completion in 2020 to tie in with the bridge's 200 year anniversary, that the costs/phasing will change. It is currently assumed that this is able to be treated as a Council asset, and the two Councils will share all costs on a 50/50 basis with Northumberland, net of Heritage Lottery Grant.</p>
Lighting Infrastructure	<p><b>Energy Efficient Street Lighting</b> - a project which will improve 13,500 of the Scottish Border's lights by replacing them with LED lanterns.</p> <p><b>General Lighting Block</b> - allocation for the routine column, cabling and lamp upgrade programme.</p>
Cycling, Walking & Safety Infrastructure	<p><b>Accident Investigation Prevention Scheme Block</b> - minor schemes to address problems at identified accident cluster sites.</p> <p><b>Cycling, Walking and Safer Streets</b> - continuation of Specific Scottish Government Funding to encourage more walking and cycling, especially schools and to connect communities.</p> <p><b>Railway Black Path</b> - to provide appropriate footway/cycleway linkages to the new Transport Interchange in Galashiels, in particular to ensure that of the current amenity of the Black Path through Galashiels and Tweedbank is not lost following introduction of Borders Railway.</p>
Flood Protection Infrastructure	<p><b>Innerleithen - Walkerburn - shared access route</b> - extension of the Peebles - Innerleithen shared access route by a further 1.5 miles alongside the River Tweed.</p> <p><b>Selkirk Flood Protection</b> - 80% Scottish Government (confirmed) grant funded major infrastructure project that will provide flood protection to property and businesses in Selkirk currently at risk of flooding. Delivering the Selkirk Flood Protection Scheme and the Bridge Street Bridge Replacement Project.</p> <p><b>Hawick Flood Protection</b> - Proposed 80% Scottish Government grant (for the construction phase) funded infrastructure project to remove 915 residential and commercial properties from flood risk within the River Teviot's flood plain in Hawick. Additional costs of £7m have been included which is partially covered by an increase in the estimated (unconfirmed) specific funding from the Scottish Government of £3.8m.</p> <p><b>Jedburgh Flood Protection</b> - to deliver protection measures against flooding from the Skiprunning Burn.</p> <p><b>General Flood Protection Block</b> - to deliver natural flood management works, small scale flood and coast protection works. Includes an additional £1.3m versus 2014/15 Capital Financial Plan to address specific smaller scale projects, such as Fountainhall.</p>

Scottish Borders Council  
Capital Financial Plan 2015/16 - 2024/25

Looking after the Borders	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific £000
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25			
	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000			
<b>PLACE(contd.)</b>														
<b>Waste Management Infrastructure</b>														
Easter Langlee Cell Provision	175	900	100	1,175	100	100	100					1,475	(942)	533
Waste Treatment Facility	127	587		714								714		714
Food Waste Collections	301			301								301	(301)	0
Waste Containers	42	45	46	133	48	48	48	50	50	51	53	481		481
Easter Langlee Leachate Management Facility	56	63	1,377	1,496	42							1,538		1,538
Community Recycling Centres:														
- Improved Skip Infrastructure	516			516								516		516
- Enhancements		48		48								48		48
Waste Transfer Stations Health & Safety Works	18	18		36								36		36
<b>Other</b>	<b>1,235</b>	<b>1,661</b>	<b>1,523</b>	<b>4,419</b>	<b>190</b>	<b>148</b>	<b>148</b>	<b>50</b>	<b>50</b>	<b>51</b>	<b>53</b>	<b>5,109</b>	<b>(1,243)</b>	<b>600</b>
Play Facilities	50	51	52	153	53	54	55	56	57	58	0	486		486
Cemetery Land Acquisition & Development Block	150	350		500								500		500
Contaminated Land Block	81	52	52	185	52	52	52	52	52	52	52	549		549
	<b>281</b>	<b>453</b>	<b>104</b>	<b>838</b>	<b>105</b>	<b>106</b>	<b>107</b>	<b>108</b>	<b>109</b>	<b>110</b>	<b>52</b>	<b>1,535</b>	<b>0</b>	<b>1,535</b>
<b>TOTAL PLACE</b>	<b>19,827</b>	<b>20,165</b>	<b>8,242</b>	<b>48,234</b>	<b>16,605</b>	<b>23,715</b>	<b>15,717</b>	<b>5,939</b>	<b>15,650</b>	<b>13,753</b>	<b>5,709</b>	<b>145,322</b>	<b>(51,824)</b>	<b>93,498</b>



PLACE

<p>Waste Management Infrastructure</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 151</p>	<p><b>Easter Langlee Cell Provision</b> - management and development of landfill cells at Easter Langlee Landfill Site, Galashiels. Work that is underway in the Waste Management Team will inform and may change the scope and phasing of this work once the options have been evaluated.</p> <p><b>Waste Treatment Facility</b> - delivery of a waste treatment solution that diverts waste away from landfill and contributes to the recycling requirements set by Scottish Government.</p> <p><b>Food Waste Collections</b> - capital expenditure required to support the introduction of food waste collections in the Borders.</p> <p><b>Waste Containers</b> - to supply to new properties or to replace damaged waste containers</p> <p><b>Easter Langlee Leachate Management Facility</b> - to implement the solution(s) recommended by the option appraisal currently being undertaken to address the management of the cost and environmental impact of the discharge of leachate water from the Easter Langlee Landfill Site. Work that is underway in the Waste Management Team will inform and may change the scope and phasing of this work once the options have been evaluated.</p> <p><b>Community Recycling Centres</b> - two budgets to improve health and safety at the centres linked to safe movement of skips, improve the use of space and improve the efficiency through purchase of compaction skips at Hawick and Galashiels.</p> <p><b>Waste Transfer Stations Health &amp; Safety Works</b> - to reduce the risk of accident/injury at the Council's three Waste Transfer Station through improvements to traffic management at the sites.</p>
<p>Other</p>	<p><b>Play Facilities</b> - to refurbish Council play areas through replacement or addition of equipment in play areas.</p> <p><b>Cemetery Land Acquisition &amp; Development Block</b> - The Cemetery Team are undertaking a Strategic Review of Cemetery Land Acquisition in order to inform and develop a Cemetery Asset Management Plan. This review will include the development of a policy around urban and rural provisioning which will in turn inform future investment requirements.</p> <p><b>Contaminated Land Block</b> - to enable appropriate measures to be taken to remove unacceptable risks and support the Council in the delivery of its statutory duty in relation to land which is not suitable for its current use because of unacceptable levels of risk to human health and/or the wider environment.</p>

Looking after the Borders	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN						Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific £000	
	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24				2024/25
	£000	£000	£000		£000	£000	£000	£000	£000	£000				£000
<b>PEOPLE</b>														
<b>School Infrastructure</b>														
West Winton Primary School	10	10		20									20	
Duns Primary School & Locality Support Centre	4,485	124		4,609								(2,598)	2,011	
Keiso High School	14,250	5,150		19,400								(19,128)	272	
Galashiels School Review				0		120	4,000	9,000	10,230	4,120	5,500	(21,900)	11,070	
Langlee Primary School	350	350	5,712	6,412	5,713								12,125	
Broomlands Primary School	750	7,125	350	8,225									8,225	
School Refurbishment & Capacity Block	190	635	1,140	1,965	3,030	3,600	1,520	1,750	1,900	1,840	1,840		17,445	
Early Years Centres Block	185			185								(185)	0	
Early Learning & Childcare Block	1,656			1,656								(1,656)	0	
Complex Needs - Central Education Base	1,180			1,200									1,200	
SEBN Facilities	30	475	232	737									737	
Eyemouth Early Years Centre	100			100									100	
	<b>23,186</b>	<b>13,889</b>	<b>7,434</b>	<b>44,509</b>	<b>8,743</b>	<b>3,720</b>	<b>5,520</b>	<b>10,750</b>	<b>12,130</b>	<b>5,960</b>	<b>7,340</b>	<b>(45,467)</b>	<b>53,205</b>	
<b>Social Care Infrastructure</b>														
Residential Care Home Upgrade Block	764	3		767									767	
Fire Compartments in Care Homes Block	135	65	42	242									242	
	<b>899</b>	<b>68</b>	<b>42</b>	<b>1,009</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,009</b>	
<b>TOTAL PEOPLE</b>	<b>24,085</b>	<b>13,957</b>	<b>7,476</b>	<b>45,518</b>	<b>8,743</b>	<b>3,720</b>	<b>5,520</b>	<b>10,750</b>	<b>12,130</b>	<b>5,960</b>	<b>7,340</b>	<b>(45,467)</b>	<b>54,214</b>	

## Looking after the Borders

### PEOPLE

<p>School Infrastructure</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 153</p>	<p><b>West Linton Primary School</b> - final end of project landscaping and completion costs</p> <p><b>Duns Primary School &amp; Locality Support Centre</b> - refurbishment of the former high school to provide a relocated primary school to meet future roll projections and provide a Locality Support Centre in Berwickshire for children and young people with Additional and Complex Needs complementing the new Central Complex Needs Education Base. Budget includes an additional £0.15m to undertake the additional site works including demolition of the existing technical block and creation of new car parking following proposals to retain Jim Clark Museum on its existing site. Project supported by Scottish Futures Trust (SFT) funding.</p> <p><b>Kelso High School</b> - provision of a new Kelso High School to provide a fit for purpose school, secured SFT funding due to being the only secondary school in Scottish Borders Council which had an overall "poor" suitability rating. Recent announcement from SFT resulted in this project being 100% funded for the construction of the school building. The project assumes the provision of a synthetic pitch which is anticipated to attract SportScotland match funding.</p> <p><b>Galashiels School Review</b> - ambitious large scale project to significantly improve the school estate within Galashiels to match current and future demand. Included in scope is the refurbishment of the Galashiels Academy and the improvement/enhancement of primary school provision. This programme assumes the continuation of Scottish Government funding to support school infrastructure.</p> <p><b>Langlee Primary School</b> - Planned project accelerated from the 2014/15 approved budget which indicated a site start in 2018/19. Although it has been previously indicated that the school would be completed by March 2017, funding constraints, absence of further additional Scottish Government funding and a technically complex project the construction is now proposed to commence 2017/18. The total project to build a new fit for purpose primary school at Langlee at a budget of £12.1m, as well as being accelerated, has increased by £4m of which £1.6m is supported by the additional funding released from Kelso HS.</p> <p><b>Broomlands Primary School</b> - Planned project has been accelerated into Operational Plan period and scope expanded to build a new fit for purpose primary school at Langlee, Galashiels including Early Learning and Childcare provision required under the new Children &amp; Young Peoples Act. The net additional expenditure of £4.8m supported by the additional funding released from Kelso HS.</p> <p><b>School Refurbishment &amp; Capacity Block</b> - programme of works to improve a number of schools through extension, refurbishment and adaptations to provide to meet increasing demographic demand and addressing issues identified by the School Estate Management Plan in relation to condition and suitability. This block allocation has been included at a similar level as in the previous Capital Plan pending the undertaking of a full School Review which will inform the updating of the School Estate Management Plan and investment priorities.</p> <p><b>Early Years Centres Block</b> - to support the new model of Early Years Service delivery through Early Years Centres sited in targeted communities of high deprivation. Facilitated by start up funding from the Early Years Change Fund.</p> <p><b>Early Learning &amp; Childcare Block</b> - Scottish Government Grant funding to support the requirements of the Children and Young Peoples Act in relation to Early Learning and Childcare. The block will provide funding to move nurseries from temporary units into school buildings and support refurbishment of nurseries. In addition it is intended to support the expansion of service provision to some 2 year olds and the resulting impact that this will have on the school estate and infrastructure.</p> <p><b>Complex Needs - Central Education Base</b> - creation of a central facility in Earlston to consolidate existing service provision of Spectrum Support Services and the Complex Needs Outreach Team. Providing increased accessibility and improved travel times and maximise expertise through co-location of staff. Facility will compliment the locality and school based services already in place.</p> <p><b>Social, Emotional &amp; Behaviour Needs (SEBN) Facilities</b> - to facilitate the adaption of accommodation within existing schools to improve mainstream provision and create a new centrally based facility to provide support for SEBN within the Borders.</p> <p><b>Eyemouth Early Years Centre (New Project)</b> - A budget of £0.1m has been included to undertake the immediate priorities, pending the completion of the review of the Eyemouth education provision and options.</p> <p><b>Social Care Infrastructure</b></p> <p><b>Residential Care Home Upgrade Block</b> - to provide alterations/upgrading of Waverley and Saltgreens care homes to provide en-suite facilities to future proof the service and enable the facilities to be used for intermediate and long-term care.</p> <p><b>Fire Compartments in Care Homes Block (New Project)</b> - to implement fire compartmentation works in Care Homes to meet legislative requirements.</p>
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Looking after the Borders	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific £000
	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000			
<b>CHIEF EXECUTIVE</b>														
<b>Heritage &amp; Cultural Infrastructure</b>														
Jim Clark Museum	0	0	0	0	515							515		515
Wilton Lodge Park	893	711	101	1,705								1,705	(1,288)	417
Sir Walter Scott Court House - Phase 1	75	195		270								270	(175)	95
Sir Walter Scott Court House - Phase 2		80	810	890	1,550	40						2,480	(2,000)	480
Great Tapestry of Scotland - Building	200	5,800		6,000								6,000	(2,500)	3,500
	<b>1,168</b>	<b>6,786</b>	<b>911</b>	<b>8,865</b>	<b>2,065</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,970</b>	<b>(5,963)</b>	<b>5,007</b>
<b>Sport Facility Infrastructure</b>														
Selkirk 2G Synthetic Pitch	720			720							300	1,020	(700)	320
Peebles 3G Synthetic Pitch	1,095			1,095							300	1,395	(300)	1,095
Jedburgh 3G Synthetic Pitch	13		30	43	820							863	(300)	563
Hawick 3G Synthetic Pitch		1,010		1,010							300	1,310	(300)	1,010
Sports Trusts - Plant & Services Block	290	290	290	870	290	290	290	290	290	290	290	2,900		2,900
	<b>2,118</b>	<b>1,300</b>	<b>320</b>	<b>3,738</b>	<b>1,110</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>290</b>	<b>890</b>	<b>7,488</b>	<b>(1,600)</b>	<b>5,888</b>
<b>Economic &amp; Regeneration Infrastructure</b>														
Central Borders Business Park	100	100	1,000	1,200	1,200	2,600						5,000	(1,000)	4,000
Eymouth Seafood Technology Park	15			15								15	(5)	10
Newtown St Boswells Village Centre		16	20	36	20	84	84	120	56			400		400
Reston Station (SBC Contribution)	365		65	430	1,170							1,600		1,600
Borders Town Centre Regeneration Fund Block				0	100	100	100	100	100	100	100	700		700
	<b>480</b>	<b>116</b>	<b>1,085</b>	<b>1,681</b>	<b>2,490</b>	<b>2,784</b>	<b>184</b>	<b>220</b>	<b>156</b>	<b>100</b>	<b>100</b>	<b>7,715</b>	<b>(1,005)</b>	<b>6,710</b>
<b>Housing Infrastructure</b>														
Private Sector Housing Grant - Adaptations	340	375	375	1,090	375	375	375	375	375	425	425	3,815		3,815
Supported Care Housing - Berwickshire				0		150	5,000	5,000				10,150	(2,538)	7,612
	<b>340</b>	<b>375</b>	<b>375</b>	<b>1,090</b>	<b>375</b>	<b>525</b>	<b>5,375</b>	<b>5,375</b>	<b>375</b>	<b>425</b>	<b>425</b>	<b>13,965</b>	<b>(2,538)</b>	<b>11,427</b>
<b>TOTAL CHIEF EXECUTIVE</b>	<b>4,106</b>	<b>8,577</b>	<b>2,691</b>	<b>15,374</b>	<b>6,040</b>	<b>3,639</b>	<b>5,849</b>	<b>5,885</b>	<b>821</b>	<b>1,415</b>	<b>1,115</b>	<b>40,138</b>	<b>(11,106)</b>	<b>29,032</b>
<b>TOTAL LOOKING AFTER THE BORDERS</b>	<b>48,018</b>	<b>42,699</b>	<b>18,409</b>	<b>109,126</b>	<b>31,388</b>	<b>31,074</b>	<b>27,086</b>	<b>22,574</b>	<b>28,601</b>	<b>21,128</b>	<b>14,164</b>	<b>285,141</b>	<b>(108,397)</b>	<b>176,744</b>

**Looking after the Borders**

**CHIEF EXECUTIVE**

<p><b>Heritage &amp; Cultural Infrastructure</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Page 155</b></p>	<p><b>Jim Clark Museum</b> - Proposed budget has been reduced to £0.5m to reflect the reduction in capital receipts and need to undertake work at Duns Primary School following new confirmed proposal by the Trustees to stay at the current site. Timing of the project has been delayed until 2018/19 due to the impact of other accelerated projects on the available resources.</p> <p><b>Wilton Lodge Park</b> - continuation of the capital element of the project to restore the historical features within Wilton Lodge Park, Hawick including the provision of a new bandstand, modern café and additional links to the town. Partially funded by Heritage Lottery Funding.</p> <p><b>Sir Walter Scott Court House - Phases 1 &amp; 2</b> - development of the Category A listed property in Selkirk, Phase 1 being the upgrading of the external fabric of the building and is supported by an allocation of grant funding from the Selkirk Conservation Area Regeneration Scheme (CARS). Phase 2 is a major redevelopment of the Courthouse and adjacent building to provide a modern and attractive visitors centre which has disability access and modernised and upgraded exhibition areas and displays. This project is subject to the securing of significant external funding.</p> <p><b>Great Tapestry of Scotland - Building (New Project)</b> - An indicative budget of £6m, pending feasibility study and business case work, has been included in the Capital Financial Plan to provide the permanent home for the Great Tapestry of Scotland at Tweedbank. This includes the assumption of £2.5m external funding. The project is anticipated to be constructed by the end of 2016/17. There is however a significant amount of work that is still to be undertaken to get the project fully defined, the external funding secured and construction works tendered.</p>
<p><b>Sport Facility Infrastructure</b></p>	<p><b>2 &amp; 3G Synthetic Pitches</b> - a programme to provide synthetic sports pitches which is underpinned by the assumption of match funding support for all projects from SportScotland. The current proposals include (a) the acceleration of Hawick's budget to 2014/17 with an increase in the budget of £0.46m versus the previous Capital Plan, (b) the construction of Peebles in 2015/16 however the complexities around the site selection make this a challenging target.</p> <p><b>Sports Trusts - Plant &amp; Services Block</b> - capital funding to support the leisure trusts in improving and refurbishing the sports and leisure facilities they run which are owned by the Council.</p>
<p><b>Economic &amp; Regeneration Infrastructure</b></p>	<p><b>Central Borders Business Park (New Project)</b>- to support the development of a Business Park to maximise the inward investment using the opening of the Borders Railway as a catalyst to provide modern, sustainable business space to support the future growth of the Scottish Borders economy. The preparation of a feasibility study has commenced following match funding support by Scottish Enterprise as part of the South of Scotland Strategic Alliance. The proposed budget is included at £5m, with an assumption of £1m from Scottish Enterprise. £1.2m of this expenditure is assumed to be incurred in the Operational Plan period associated with initial design work and site acquisition. There is a significant risk that this project, due to the absence of a detailed scope and design, could result an increased cost. There may however also be a possibility to leverage in additional external funding support which is still being explored.</p> <p><b>Eyemouth Seafood Technology Park</b> - completion of a project undertaken at Gungreenhill, Eyemouth in 2014/15</p> <p><b>Newtown St Boswells Village Centre</b> - to provide an initial development phase for the village centre regeneration, with the potential to lead to a wider programme of regeneration activity in the village centre.</p> <p><b>Reston Station (SBC Contribution)</b> - to support the provision of a new station at Reston supported by potential funding from the Scottish Stations Fund. A contribution towards the project of £1.68m has been included, an increase of £1.4m above the previous Plan. This is based on an estimate construction cost for the new station and ancillary services e.g. car parking of £3.2m of which the Council would support up to 50%. The project costs for this are still being established and there is a potential risk that this could increase further dependant on the treatment of design costs for the project. In addition, consent to borrow from the Scottish Government may be necessary in order to enable the capital funding as the project.</p> <p><b>Borders Town Centre Regeneration Fund Block (New Project)</b>- An indicative budget of £0.1m per annum in the Strategic Plan period has been identified to support the outcome of the Locality/Town review work that is being initiated. As this work is not fully defined the total budget of £0.7m is a placeholder within the Capital Plan proposals.</p>
<p><b>Housing Infrastructure</b></p>	<p><b>Private Sector Housing Grant - Adaptations</b> - to provide grant funding to assist the provision of major adaptation to private sector housing following a needs and priority</p> <p><b>Supported Care Housing - Berwickshire (New Project)</b> - to provide a supported care housing offering in Berwickshire to address the deficiency in provision in that area. Work on developing the feasibility study and options appraisal is currently underway and therefore a provisional budget of £10.15m has been included in the draft Capital Budget with an estimated 25% Housing Support Grant to assist in the funding. There is however a lack of clarity at this time in relation to the most effective delivery model for this and that may affect the approach taken to financing this initiative.</p>

Business Process Transformation	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific £000
	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000			
<b>Property Asset Programme</b>														
Structure/H&S Works Block	280	445	465	1,190	465	465	465	475	475	475	475	4,485		4,485
Asbestos Management Block	50	50	100	200	100	100	100	100	100	100	100	900		900
Building Systems Efficiency Upgrades Block	100	100	200	400	200	300	300	300	340	340	340	2,520		2,520
Electrical Infrastructure Upgrades Block	150	150	150	450	150	150	150	150	150	150	150	1,500		1,500
Fixed Assets Block	20	20	20	60	20	20	20	20	20	20	20	200		200
Building Thermal Efficiency Upgrades Block	400	400	430	1,230	430	430	430	430	430	430	430	4,240		4,240
	<b>1,000</b>	<b>1,165</b>	<b>1,365</b>	<b>3,530</b>	<b>1,365</b>	<b>1,465</b>	<b>1,465</b>	<b>1,475</b>	<b>1,515</b>	<b>1,515</b>	<b>1,515</b>	<b>13,845</b>	<b>0</b>	<b>13,845</b>
<b>Other Property</b>														
Demolition & Site Preparation Block	150	70	70	290	70							360		360
Cleaning Equipment Replacement Block	20	20	20	60	20	20	20	20	20	20	20	200		200
Combined Depot Enhancements	204	12		216	40							256		256
Office Accommodation Transformation Block	150	150		300								300		300
	<b>524</b>	<b>252</b>	<b>90</b>	<b>866</b>	<b>130</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>1,116</b>	<b>0</b>	<b>1,116</b>
<b>Investment in Plant &amp; Vehicles</b>														
Waste Collection Vehicles - Non P&V Fund				0	300	300				300	300	1,200	(1,200)	0
Plant & Vehicle Replacement - P&V Fund	2,000	2,000	2,000	6,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000	(20,000)	0
	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>6,000</b>	<b>2,300</b>	<b>2,300</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,300</b>	<b>2,300</b>	<b>21,200</b>	<b>(21,200)</b>	<b>0</b>
<b>Other</b>														
Drainage - Parks & Open Spaces Block	55	50	50	155	50	50	50	50	50	50	50	505		505
	<b>55</b>	<b>50</b>	<b>50</b>	<b>155</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>505</b>	<b>0</b>	<b>505</b>
<b>TOTAL PLACE</b>	<b>3,579</b>	<b>3,467</b>	<b>3,505</b>	<b>10,551</b>	<b>3,845</b>	<b>3,835</b>	<b>3,535</b>	<b>3,545</b>	<b>3,585</b>	<b>3,885</b>	<b>3,885</b>	<b>36,666</b>	<b>(21,200)</b>	<b>15,466</b>

## Business Process Transformation

### PLACE

<p><b>Property Asset Programme</b></p>	<p>This is a programme of work focused around various capital block allocations to undertake the necessary capital works required to manage the property owned and maintained by the Council. Focus covers health and safety projects, upgrade and replacement works as well as building efficiency improvements to reduce ongoing running costs.</p>
<p><b>Other Property</b></p>	<p><b>Demolition &amp; Site Preparation Block</b> - to undertake works to improve or prepare sites for sale or re-development including as sites for affordable housing.</p> <p><b>Cleaning Equipment Replacement Block (New Project)</b> - allocation for a programme of capital expenditure on larger scale cleaning equipment.</p> <p><b>Combined Depot Enhancements Block (New Project)</b> - to provide for a programme of Health and Safety, Environmental and Security upgrades at various depot locations.</p> <p><b>Office Accommodation Transformation Block</b> - to support work style transformation through capital accommodation works.</p>
<p><b>Investment in Plant &amp; Vehicles</b></p>	<p><b>Waste Collection Vehicles - Non P&amp;V Fund</b> - budget provided through specific funding supported by the Waste revenue budget to provide for the replacement of several refuse lorries not provided for via the Plant and Vehicle Fund.</p> <p><b>Plant &amp; Vehicle Replacement - P&amp;V Fund</b> - The Plant &amp; Vehicle Fund is used to manage the replacement of plant and vehicles and is "replenished" by departmental revenue budgets over the life of the asset.</p>
<p><b>Other</b></p>	<p><b>Drainage - Parks &amp; Open Spaces Block</b> - to provide a programme of works to deliver landscape drainage improvements throughout the Borders.</p>

Business Process Transformation	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN							Grand Total £000	Specific Project Funding £000	Net Cost exc. Specific £000
	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000			
<b>PEOPLE</b>														
<b>School Infrastructure</b>														
School Health & Safety Block	610	610	200	1,420	200	200	200	200	200	200	200	2,820		2,820
School Kitchen Improvement Block	98	282	55	435	200	200	200	200	200	200	200	1,835		1,835
Equality Act School Adaptations (DDA) Block	200	150	150	500	150	150	150	150	150	150	150	1,550		1,550
	<b>908</b>	<b>1,042</b>	<b>405</b>	<b>2,355</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>6,205</b>	<b>0</b>	<b>6,205</b>
<b>Social Care Infrastructure</b>														
Telecare	75			75								75		75
BAES Relocation: Autoclave	87			87								87		87
	<b>162</b>	<b>0</b>	<b>0</b>	<b>162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162</b>	<b>0</b>	<b>162</b>
<b>TOTAL PEOPLE</b>	<b>1,070</b>	<b>1,042</b>	<b>405</b>	<b>2,517</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>6,367</b>	<b>0</b>	<b>6,367</b>
<b>CHIEF EXECUTIVE</b>														
<b>IT Infrastructure</b>														
General IT Block	200	200	200	600	200	200	200	200	200	200	200	2,000		2,000
Passenger Transport MIS	75			75								75		75
Corporate IT Equipment Fund	350	350	350	1,050	350	350	350	350	350	350	350	3,500		3,500
Curricular Network IT Equipment Fund	140	383	380	903	380	380	380	380	380	380	380	3,563		3,563
IT Disaster Recovery Programme	40	41	52	133	53	54	55	56	57	58	58	524		524
Unified Communications	0	50	65	115	0	0	50	65	0	0	50	280		280
Infrastructure & Microsoft Refresh	50	470	55	575	150	100	0	405	10	10	10	1,260		1,260
Additional Server Storage	35	44		79								79		79
Next Generation Broadband (BDUK)	4,200			4,200								4,200		4,200
Peoples Network Upgrade				0	214							214		214
Data Backup Replacement	12			12								12		12
Corporate Applications Suite	250	300	3,500	4,050	1,000							5,050		5,050
Confirm Mobile Implementation	110			110	17			17				144		144
	<b>5,462</b>	<b>1,838</b>	<b>4,602</b>	<b>11,902</b>	<b>2,364</b>	<b>1,084</b>	<b>1,035</b>	<b>1,473</b>	<b>997</b>	<b>998</b>	<b>1,048</b>	<b>20,901</b>	<b>0</b>	<b>20,901</b>
<b>TOTAL CHIEF EXECUTIVE</b>	<b>5,462</b>	<b>1,838</b>	<b>4,602</b>	<b>11,902</b>	<b>2,364</b>	<b>1,084</b>	<b>1,035</b>	<b>1,473</b>	<b>997</b>	<b>998</b>	<b>1,048</b>	<b>20,901</b>	<b>0</b>	<b>20,901</b>
<b>TOTAL BUSINESS PROCESS TRANSFORMATION</b>	<b>5,462</b>	<b>1,838</b>	<b>4,602</b>	<b>11,902</b>	<b>2,578</b>	<b>1,084</b>	<b>1,035</b>	<b>1,473</b>	<b>997</b>	<b>998</b>	<b>1,048</b>	<b>21,115</b>	<b>0</b>	<b>21,115</b>



## Business Process Transformation

### PEOPLE

<p>Page 159</p>	<p><b>School Infrastructure</b></p> <p><b>School Health &amp; Safety Block</b> - a programme of works across the school estate to ensure compliance with a range of legislation in relation to Health &amp; Safety, Care Inspectorate, Environmental Health and Insurers and enable improvement of safety in schools.</p> <p><b>School Kitchen Improvement Block</b> - a programme of works to refurbish and improve the infrastructure of school kitchens and dining areas to ensure that they meet current legislative requirements, are fit for purpose and support the improvement of meal uptake.</p> <p><b>Equality Act School Adaptations (DDA) Block</b> - a programme of works to improve access for all pupils, staff and other users with disabilities and to comply with the relevant legislation as it applies to the school estate. Includes provision of specific adaptations to meet the needs of individual pupils with complex needs.</p>
<p><b>Social Care Infrastructure</b></p>	<p><b>Telecare</b> - facilitates a range of services which enables the Council to support people to live independently.</p> <p><b>Borders Ability Equipment Store (BAES) Relocation: Autoclave (New Project)</b> - linked to the change fund project to relocate BAES to new premises and will enable the purchase and installation of an Autoclave (high temperature cleaning equipment) which is essential for infection control in relation to the community loan equipment.</p>

### CHIEF EXECUTIVE

<p><b>IT Infrastructure</b></p>	<p><b>General IT Block</b> - to provide for a programme of minor capital projects to enable the development of existing business applications and other small scale IT projects.</p> <p><b>Passenger Transport MIS</b> - pending the completion of the Sustainable Transport Programme, this is to provide for the procurement of a Management Information System (MIS) to meet the identified requirements for Passenger Transport that result from the work under Programme.</p> <p><b>Corporate IT Equipment Fund</b> - to provide for a rolling replacement of capital expenditure items associated with corporate desktop provision and associated peripherals to ensure that the infrastructure continues to meet the user needs.</p> <p><b>Curricular Network IT Equipment Fund</b> - to provide for the replacement of capital expenditure items associated with school's curricular network through a rolling replacement programme of network infrastructure and hardware to ensure that the Scottish Borders schools are equipped with up to date and fit for purpose</p> <p><b>IT Disaster Recovery Block</b> - to enable the continued investment in the resilience and disaster recovery capital expenditure required to manage risk around the potential failure of the Council's HQ data centre.</p> <p><b>Unified Communications</b> - to provide a modern, fit for purpose suite of communicate tools via Lync Telephony, the Council's Intranet and Corporate Website.</p> <p><b>Infrastructure &amp; Microsoft Refresh</b> - to provide for the ongoing refreshment of the desktop operating system and enterprise server infrastructure.</p> <p><b>Additional Server Storage</b> - to increase disk and back-up capacity within the IT infrastructure to support the growth of data within the Council.</p> <p><b>Next Generation Broadband (BDUK)</b> - this is to augment the national funding for the digital broadband infrastructure across the Scottish Borders to increase coverage and speeds in order to support communities.</p> <p><b>Peoples Network Upgrade</b> - to refresh the previously nationally funded public access network mainly hosted in libraries and contact centres.</p> <p><b>Data Backup Replacement (New Project)</b>- to replace the existing infrastructure to ensure that the backup library of the Council's data continues to be on a supported platform.</p> <p><b>Corporate Applications Suite</b> -This project proposal has been redefined to cover the replacement of the core financial accounting and administration, project and costing, HR and Payroll and Customer Services platforms that underpin the whole Council. The estimated budget requirement has been increased by £2.8m and accelerated into the Operational Plan in order to enable the fundamental platform changes required to transform the back office functions. The project is predicated on making significant improvements to the Council's operational efficiency through the provision of fit for purpose systems and work has started on building up the detailed business case.</p> <p><b>Confirm Mobile Implementation (New Project)</b> - to provide for handheld mobile devices and software to enable Neighbourhood Operations and Engineering Asset Inspection and maintenance Process to be updated and improved resulting in a revenue budget saving.</p>
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CAPITAL FINANCING	OPERATIONAL PLAN			Total £000	STRATEGIC PLAN						Grand Total £000	
	2015/16 £000	2016/17 £000	2017/18 £000		2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		2024/25 £000
<b>CFCR</b>												
East Lothian Langlee Cell Provision (from Landfill Provision)	(175)	(767)		(942)								(942)
Early Years Centres	(185)			(185)								(185)
Wilton Lodge Park	(20)	(20)	(20)	(60)								(60)
Selkirk 2G Synthetic Pitch (from Reserves)	(450)			(450)								(450)
	<b>(830)</b>	<b>(787)</b>	<b>(20)</b>	<b>(1,637)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,637)</b>
<b>Specific Grants from Scottish Government</b>												
Cycling, Walking & Safer Streets	(171)	(171)	(173)	(515)	(182)	(191)	(201)	(211)	(221)	(232)	(244)	(1,997)
Selkirk Flood Protection	(8,209)	(10,461)		(18,670)								(18,670)
Hawick Flood Protection				0	(5,514)	(14,036)	(7,753)					(27,303)
Duns Primary School (via Scottish Futures Trust)	(2,598)			(2,598)								(2,598)
Kelso High School (via Scottish Futures Trust)	(13,558)	(4,500)	(65)	(18,123)	(65)	(65)	(65)	(65)	(65)	(65)	(65)	(18,578)
Galashiels School Review				0			(2,667)	(6,000)	(6,820)	(2,746)	(3,667)	(21,900)
Early Learning & Childcare	(1,656)			(1,656)								(1,656)
	<b>(26,192)</b>	<b>(15,132)</b>	<b>(238)</b>	<b>(41,562)</b>	<b>(5,761)</b>	<b>(14,292)</b>	<b>(10,686)</b>	<b>(6,276)</b>	<b>(7,106)</b>	<b>(3,043)</b>	<b>(3,976)</b>	<b>(92,702)</b>
<b>Other External Grants &amp; Contributions</b>												
Galashiels Developments - Transport Interchange	(355)	(6)		(361)								(361)
Selkirk Town Centre (Streetscape works)			(100)	(100)								(100)
Innerleithen - Walkerburn - Shared access route			(25)	(25)	(125)							(150)
Kelso High School - Pitches (SportScotland)	(550)			(550)								(550)
2G & 3G Synthetic Pitches (SportScotland)	(550)	(300)		(850)	(300)							(1,150)
Wilton Lodge Park	(643)	(512)	(73)	(1,228)								(1,228)
Sir Walter Scott Court House - Phase 1 & 2	(43)	(132)	(620)	(795)	(1,380)							(2,175)
Supported Care Housing - Berwickshire				0		(38)	(1,250)	(1,250)				(2,538)
Central Borders Business Park			(1,000)	(1,000)								(1,000)
Eyemouth Seafood Technology Park	(5)			(5)								(5)
Great Tapestry of Scotland - Building		(2,500)		(2,500)								(2,500)
	<b>(2,146)</b>	<b>(3,450)</b>	<b>(1,818)</b>	<b>(7,414)</b>	<b>(1,805)</b>	<b>(38)</b>	<b>(1,250)</b>	<b>(1,250)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,757)</b>
<b>Developer Contributions</b>												
Peebles Bridge				0						(1,000)	(1,000)	(2,000)
General	(150)	(100)	(100)	(350)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,050)
	<b>(150)</b>	<b>(100)</b>	<b>(100)</b>	<b>(350)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(1,100)</b>	<b>(1,100)</b>	<b>(3,050)</b>
<b>Capital Receipts</b>												
	(1,699)	(1,435)	(2,630)	(5,764)	(2,000)							(7,764)
<b>General Capital Grant</b>	(15,207)	(12,000)	(12,000)	(39,207)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(123,207)
<b>Plant &amp; Vehicle Fund</b>	(2,000)	(2,000)	(2,000)	(6,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(20,000)
<b>Borrowing</b>				0								0
Food Waste Collection - from Dept'al Revenue	(301)			(301)								(301)
Fleet - P&V - Waste Collection - from Dept'al Rev.				0	(300)	(300)			(300)	(300)		(1,200)
General Proposed Borrowing	(9,904)	(14,442)	(8,415)	(32,761)	(14,481)	(8,113)	(6,470)	(6,816)	(12,827)	(8,418)	(571)	(90,457)

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## **CAPITAL FINANCIAL PLAN 2015/16 – 2024/25 EQUALITY IMPACT ASSESSMENT**

**Report By Chief Financial Officer**

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### **SCOTTISH BORDERS COUNCIL**

**12 February 2015**

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#### **1 PURPOSE AND SUMMARY**

**1.1 This report seeks to provide assurance to members that any potential equality impacts of the proposed new projects and block allocations within the Council's Capital Financial Plan 2015/16 – 2024/25 have been identified and will be managed.**

1.2 As part of the 2015/16 Financial Planning process full consideration of any potential equality impact must be made when evaluating potential options for inclusion in the Council's capital financial plan. In order to ensure that the Council fully complies with its policy on equalities, an initial Equality Impact Assessment has been undertaken in respect of 11 new proposed projects and 32 block allocation budgets of which 14 have been identified to have some relevance to the Council's duties under the Equality Act 2010.

1.3 Each of these proposals are considered to have a possible impact on 1 or more of the recognised 8 equality groups and will therefore now require further assessment as the projects are developed and their implementation planned. Where any potential negative impact is identified going forward, proposals for mitigation and alleviation will be put in place and if any residual impact is still considered to be possible, this will be reported back to members to inform ongoing budget planning and decision-making.

#### **2 STATUS OF REPORT**

2.1 Due to the timeline involved in gathering the data for this report, it has not been possible to incorporate all of the consultation comments and as a result these will be made available at the meeting.

#### **3 RECOMMENDATIONS**

**3.1 It is recommended that Council**

- a) **notes the summary outcomes of the 43 initial Equality Impact Assessments undertaken in respect of the 2015/16 – 2024/25 Capital Financial Plan proposals;**
- b) **agrees to undertake further and ongoing Equality Impact Assessments where it has been identified that they have a relevance to the Council's duty under the Equality Act 2010, with specific reference to the equality groups on whom there may be possible negative impact;**

- c) **agrees that where there is an identified relevance to the Council's statutory duties and where there is a possible impact on one or more equality characteristic group, actions to mitigate and alleviate this impact are identified and implemented as part of the planning and delivery of projects**

## 4 BACKGROUND

- 4.1 An Equality Impact Assessment (EIA) is a tool that helps public authorities make sure their policies and the ways they carry out their functions, do what they are intended to do for everybody fairly. EIAs therefore help the Council to fulfil legal obligations, ensure it meets its core business needs and identifies any ethical considerations which require to be managed in doing so ensuring no equality group is inadvertently discriminated against and that equality and inclusion are promoted consistently.
- 4.2 From the 27<sup>th</sup> May 2012, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires that all changes to Council policy are Impact Assessed for relevance to each part of the Public Sector General Duty under the Act;. Carrying out and considering the findings of an EIA therefore provides evidence there has been "due regard" to equality impact as part of the decision-making process. The Council is obliged to ensure that equality impact assessments start at the same time as the rest of the analysis and evaluation on proposals; they must not be used as justification for decisions already taken. On this basis therefore, Initial Equality Impact Assessments on proposed projects and block allocations within the Capital Financial Plan 2015/16 – 2024/25 have been undertaken as an integral part of the budget planning process in order to fully inform evaluation decision making by officers and members of Scottish Borders Council.
- 4.3 An Equality Impact Assessment (EIA) is a tool to help the Council make sure its policies, services and functions are fit for purpose by meeting the needs of its community, service users and staff. Carrying out an EIA involves systematically assessing the likely (or actual) effects of policies on people in respect of what are known in the Equality Act 2010 as protected characteristics. These are:
- age,
  - disability
  - gender
  - race
  - religion or belief
  - sexual orientation
  - carers
  - employees

In addition the Council also takes into account the themes of rurality and deprivation when making such an assessment.

If the EIA shows there is discrimination against a Protected Group, then the proposal should go no further until the discrimination has been alleviated, mitigated or justified; alternatively if there is a negative but non-discriminatory impact on such a group, efforts should be made to minimise any detrimental impact and to maximise any beneficial impact.

On reporting equalities impacts to Council it is not enough to state that an EIA has been carried out. The Council must be made aware of what the equalities impacts are and how these can be addressed, and must use these findings within their decision making.

## 5 INITIAL IMPACT ASSESSMENT FOR BUDGET PROPOSALS

- 5.1 As an integral part of the 2015/16 Capital Financial Plan process initial impact analyses on all new proposed projects and block allocations have been undertaken in order to inform the planning and decision-making process and in particular, to ensure that any potential equalities impact formed part of the evaluation criteria when considering savings proposals alongside financial benefit, potential impact on performance and outcomes, deliverability and the views of stakeholders through the budget consultation process.
- 5.2 The capital financial plan includes 11 new project proposals and 32 block allocations. These have been categorised across 2 key areas:
- Looking After the Borders (26)
  - Business Process Transformation (17)

In departmental terms, these are split as follows:

	<b>Looking After the Borders</b>	<b>Business Process Transformation</b>	<b>Total</b>
<b>PLACE</b>			
<b>New Projects</b>	<b>3</b>	<b>1</b>	<b>4</b>
<b>Block Allocations</b>	<b>12</b>	<b>9</b>	<b>21</b>
<b>Total PLACE</b>	<b>15</b>	<b>10</b>	<b>25</b>
<b>PEOPLE</b>			
<b>New Projects</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Block Allocations</b>	<b>6</b>	<b>2</b>	<b>8</b>
<b>Total PEOPLE</b>	<b>6</b>	<b>3</b>	<b>9</b>
<b>CHIEF EXECUTIVE</b>			
<b>New Projects</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b>Block Allocations</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>Total CHIEF EXECUTIVE</b>	<b>5</b>	<b>4</b>	<b>9</b>
<b>GRAND TOTAL</b>	<b>26</b>	<b>17</b>	<b>43</b>

- 5.3 For each of the 43 identified projects and block allocations, an officer within each department, normally the lead officer responsible for the project delivery, undertook an initial evaluation of equality impact, considering the following factors:
- Whether the proposal has any relevance to the duties of the Council under the Equality Act 2010 (in terms of eliminating discrimination, victimisation and harassment, promoting equal opportunities and fostering good relations)
  - Which groups of people may be positively or negatively impacted should the proposal be adopted

- Where a possible negative impact is identified, what this impact, in summary terms, may be

5.4 In terms of relevance to the duties of the Council under the Equality Act 2010, 44% (22/43) of the Initial Impact Assessments have recognised that the proposal they cover does have some relevance and in 16 of the 22 identified, across all 3 duties (eliminating discrimination, victimisation and harassment, promoting equal opportunities and fostering good relations).

A list of the proposed projects and block allocations which were not identified as having relevance to the Act is shown in **Appendix 1**. Copies of the individual EIA assessment are available in the members library and will be published online via the Council's website.

5.5 Where the initial assessment has indicated that a particular proposal has relevance to one or more of the Council's duties under the Equality Act 2010, the groups of people who may be positively or negatively impacted should the proposal be adopted have been identified. For each of these proposals where there is relevance to the equality duties of the Council, the possible impact on at least one of the 8 key groups has been recognised. The likelihood of possible impact and in particular, negative impact, can vary across equality characteristic groups.

Traditionally, with the exception of 'Gender', these are the lesser known and understood equality characteristics and relevance of Council policy decisions do tend to be more visibly identified as affecting groups with characteristics such as 'Age', 'Disability' and 'Employees'. We should therefore be mindful of assuring, where we can, that there are no hidden negative impacts on these characteristics as we progress should further information come to light.

5.6 The table below shows a summary of the impact for the 22 projects/blocks where relevance to the Act has been identified:

	<b>No Impact</b>	<b>Possible Positive Impact</b>	<b>Possible Negative Impact</b>
<b>Age</b>	<b>1</b>	<b>21</b>	-
<b>Disability</b>	<b>2</b>	<b>20</b>	-
<b>Gender</b>	<b>14</b>	<b>8</b>	-
<b>Race</b>	<b>15</b>	<b>7</b>	-
<b>Religion or belief</b>	<b>17</b>	<b>5</b>	-
<b>Sexual Orientation</b>	<b>17</b>	<b>5</b>	-
<b>Carers</b>	<b>11</b>	<b>11</b>	-
<b>Employees</b>	<b>8</b>	<b>14</b>	-

A full list of the individual new proposed projects and block allocations and the assessed initial impact is shown in **Appendix 2**.

## 6 NEXT STEPS

6.1 As projects are developed further, any further Equalities Impact Assessment work will be carried out by the relevant project manager.

## **7 IMPLICATIONS**

### **7.1 Financial**

There are no additional financial implications associated with this report, its content referring specifically to the equality impacts of the Council's Capital Financial Plan proposals.

### **7.2 Risk and Mitigations**

Following the Council's agreed process for Equality Impact Assessment should ensure that any potential impact, positive or negative, of any proposal, on any equality group, is identified in a timely manner.

Where a potential negative equality impact is identified, a clear plan for mitigation, alleviation and/or justification will be put in place in order to address this impact. Where any impact prevails, this will be reported back to members to inform ongoing decision-making over the delivery of the Capital Financial Plan.

### **7.3 Equalities**

There are no direct adverse equality implications arising from this report. Any potential equality impacts of any proposal will be identified by the rigorous application of the Council's EIA process, which has already commenced through the completion of initial Equality Impact Assessments.

### **7.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report although there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

### **7.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report however there may be within individual projects and these will be identified and addressed as appropriate as part of their specific governance arrangements.

### **7.6 Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

### **7.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Delegation are required as a result of this report.

## **8 CONSULTATION**

- 8.1 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted in the preparation of this report and any comments received on the report will be advised at the meeting and incorporated into the report.



**Approved by**  
David Robertson  
**Chief Financial Officer**

**Signature .....**

**Author**

Name	Designation and Contact Number
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**Background Papers:**  
**Previous Minute Reference:**

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Contact us at

Capital & Investment Team, Council HQ, [treasuryteam@scotborders.gov.uk](mailto:treasuryteam@scotborders.gov.uk), 01835 825249

## Equality Impact Assessment Summary

Capital Plan 2015/16 - 2024/25

## List of New Projects and Blocks which do not fall under the Act

		Is the project relevant to the duties of the Council under the Equality Act 2010		
		Elimination of discrimination, victimisation and harassment	Promotion of equality of opportunity	Foster good relations
<b>LOOKING AFTER THE BORDERS</b>				
<b>PLACE</b>				
<b>Road &amp; Bridge Infrastructure</b>				
General Roads and Bridges Block	Block Allocation	No	No	No
Selkirk Traffic Management	New Project	No	No	No
Peebles Bridge	New Project	No	No	No
Union Chain Bridge	New Project	No	No	No
<b>Lighting Infrastructure</b>				
General Lighting Block	Block Allocation	No	No	No
<b>Cycling, Walking &amp; Safety Infrastructure</b>				
Accident Investigation Prevention Scheme Block	Block Allocation	No	No	No
<b>Flood Protection Infrastructure</b>				
General Flood Protection Block	Block Allocation	No	No	No
<b>Other</b>				
Play Facilities	Block Allocation	No	No	No
Contaminated Land Block	Block Allocation	No	No	No

		Is the project relevant to the duties of the Council under the Equality Act 2010		
		Elimination of discrimination, victimisation and harassment	Promotion of equality of opportunity	Foster good relations
<b>BUSINESS PROCESS TRANSFORMATION</b>				
<b>PLACE</b>				
<b>Property Asset Programme</b>				
Structure/H&S Works	Block Allocation	No	No	No
Asbestos Management Block	Block Allocation	No	No	No
Building Systems Efficiency Upgrades Block	Block Allocation	No	No	No
Electrical Infrastructure Upgrades Block	Block Allocation	No	No	No
Fixed Assets Block	Block Allocation	No	No	No
Building Thermal Efficiency Upgrades Block	Block Allocation	No	No	No
<b>Other Property</b>				
Demolition & Site Preparation Block	Block Allocation	No	No	No
Cleaning Equipment Replacement Block	Block Allocation	No	No	No
<b>Social Care Infrastructure</b>				
BAES Relocation: Autoclave	New Project	No	No	No
<b>CHIEF EXECUTIVE</b>				
<b>IT Infrastructure</b>				
General IT Block	Block Allocation	No	No	No
Passenger Transport MIS	New Project	No	No	No
Confirm Mobile Implementation	New Project	No	No	No

Equality Impact Assessment

Summary

Capital Plan 2015/16 - 2024/25

List of New Projects and Blocks identified as coming under the Act

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?							
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees
<b>LOOKING AFTER THE BORDERS</b>												
<b>PLACE</b>												
<b>Cycling, Walking &amp; Safety Infrastructure</b>												
Cycling, Walking & Safer Streets	Block Allocation	No	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	No Impact
Railway Black Path	Block Allocation	No	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
<b>Waste Management Infrastructure</b>												
Community Recycling Centre - Improved Skip Infrastructure	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
Community Recycling Centre - Enhancements	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Waste Transfer Stations Health & Safety Works	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?							
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees
<b>Other</b>												
Cemetery Land Acquisition & Development Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact
<b>PEOPLE</b>												
<b>School Infrastructure</b>												
School Refurbishment & Capacity Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
Early Years Centres Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact
Early Learning & Childcare Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact
SEBN Facilities	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?							
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees
<b>Social Care Infrastructure</b>												
Residential Care Home Upgrade Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact
Fire Compartments in Care Homes Block	Block Allocation	No	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
<b>Heritage &amp; Cultural Infrastructure</b>												
Great Tapestry of Scotland - Building	New Project	No	Yes	No	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact
<b>Sport Facility Infrastructure</b>												
Sports Trust- Plant & Services Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	No Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?							
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees
<b>Economic &amp; Regenerative Infrastructure</b>												
Central Borders Business Park	New Project	No	Yes	No	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact
Borders Town Centre Regeneration Fund Block	Block Allocation	Yes	Yes	No	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact
<b>Housing Infrastructure</b>												
Supported Care Housing-Berwickshire	New Project	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	No Impact
<b>BUSINESS PROCESS TRANSFORMATION</b>												
<b>PLACE</b>												
<b>Other Property</b>												
Combined Depot Enhancements	New Project	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact
Office Accommodation Transformation Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact

		Is the project relevant to the duties of the Council under the Equality Act 2010			Which groups of people may be impacted (both positively and negatively) if the proposal is adopted?							
		Elimination of discrimination victimisation and harassment	Promotion of equality of opportunity	Foster good relations	Age	Disability	Gender	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Employees
<b>PEOPLE</b>												
<b>School Infrastructure</b>												
School Health & Safety Block	Block Allocation	Yes	Yes	Yes	Possible Positive Impact	Possible Positive Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact
School Kitchen Improvement Block	Block Allocation	No	Yes	Yes	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact	Possible Positive Impact
<b>CHIEF EXECUTIVE</b>												
<b>IT Infrastructure</b>												
Data Backup Replacement	New Project	Yes	Yes	Yes	No Impact	No Impact	No Impact	No Impact	No Impact	No Impact	Possible Positive Impact	Possible Positive Impact



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**CORPORATE TRANSFORMATION**

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**Report by Corporate Transformation & Services Director**

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**Scottish Borders Council**

**12 February 2015**

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**1 PURPOSE AND SUMMARY**

- 1.1 **This report proposes the implementation of a Corporate Transformation Programme that supports the delivery of the Council's Financial Strategy 2015/16 to 2019/20.**
- 1.2 The Council's Business Transformation Programme has achieved significant and far reaching change over the last 5 years and delivered substantial savings of £17.8m. Moving forward, in order to respond effectively to the social, demographic and economic challenges facing the Council a much more comprehensive and ambitious transformation programme is now required that will deliver corporate change and service improvement right through the Council and into the wider community.
- 1.3 The proposed Corporate Transformation Programme has been developed around the following themes in the Council's Financial Strategy:
- a) Making best use of our People.
  - b) Working with our Partners.
  - c) Looking after the Borders.
  - d) Business Process Transformation.

The Programme provides a framework for the development and delivery of activities and projects to achieve a sustainable financial position over the next 5 years and beyond and underpins the delivery of Elected Member, Corporate and Partnership priorities.

**2 RECOMMENDATIONS**

- 2.1 **I recommend that Council:-**
- a) approves the implementation of the Corporate Transformation Programme**
  - b) agrees the four themes of Corporate Transformation**
  - c) agrees that quarterly monitoring reports should be considered by Executive**

### 3 BACKGROUND

3.1 The Council's Business Transformation Programme has achieved significant and far reaching change across Council services over the past 5 years. The current Business Transformation Programme set out to achieve substantial savings of £17.8 million over 5 years by:

- a) Redesigning and improving services from a Citizen's point of view.
- b) Reducing waste and duplication.
- c) Introducing new and innovative processes and working practices, often enabled by technologies.

3.2 In 2013/14 the financial targets set out in the Business Transformation Programme were achieved and the Council is on track to achieve transformation savings targets for 2014/15. As well as these financial benefits, the Business Transformation Programme has realised a number of significant non-financial benefits some of which are set out below:

- **Customer Service** – The continuing roll-out of modern Customer Services arrangements; simplifying and streamlining the way our Customers access services and information and notify us of faults. Customer Contact Centres have been successfully integrated into Libraries in many of our communities. The range of services which are available over the telephone and on-line are increasing year-on-year.
- **Early Years** – As part of the Children & Young People Programme, the Early Years project has already delivered 600 hours of early learning and childcare for eligible 2, 3 and 4-year-olds. Further work is currently on-going to develop a comprehensive Early Years provision across the Scottish Borders.
- **Asymmetric Week** – The Asymmetric Week was implemented across all schools in August 2014 enabling an alignment of timetables across schools. Consultation is currently on-going to evaluate the impact of the asymmetric week on pupils, parents and the learning community.
- **On-Line Schools Payment** – An on-line payment pilot has begun in Selkirk with promising results and positive feedback so far. Subject to a positive evaluation of the pilot in March, proposals will be developed to roll this out across all schools.
- **Office Accommodation** – A comprehensive overhaul of our office accommodation usage, together with new technology-enabled flexible working practices, has allowed us to reduce our property footprint across the Borders and, increasingly, share our existing accommodation with partner organisations.
- **Integration of Social Care & Health** – joint working arrangements are now well-established with colleagues in NHS Borders to develop local arrangements for the Integration of Adult Social Care and Health services in the Borders.

- **Street Lighting** – Energy efficient LED street lighting is being rolled out across the Borders with consequent savings on carbon tax.
  - **Alternative Service Delivery Models** – The creation of an Arms-Length Council Care company and proposals for transferring Cultural Services to a Trust are both being progressed as a way of ensuring that services can continue to be delivered in sustainable way despite the continued squeeze on budgets and rises in demand for services due to changing demographics.
- 3.3 In order to respond effectively to the social, economic and demographic challenges facing the Council in years ahead and still deliver high quality and improved services, a more comprehensive, ambitious and more engaging Corporate Transformation Programme is required.
- 3.4 To fully exploit opportunities provided by greater integration between the Council and its partners, the Borders Railway and improvements in technology, there needs to be a significant cross-cutting Corporate programme that delivers corporate change and improvement right through the Council and into the wider community. It will also deliver significant savings.

#### **4 CORPORATE TRANSFORMATION**

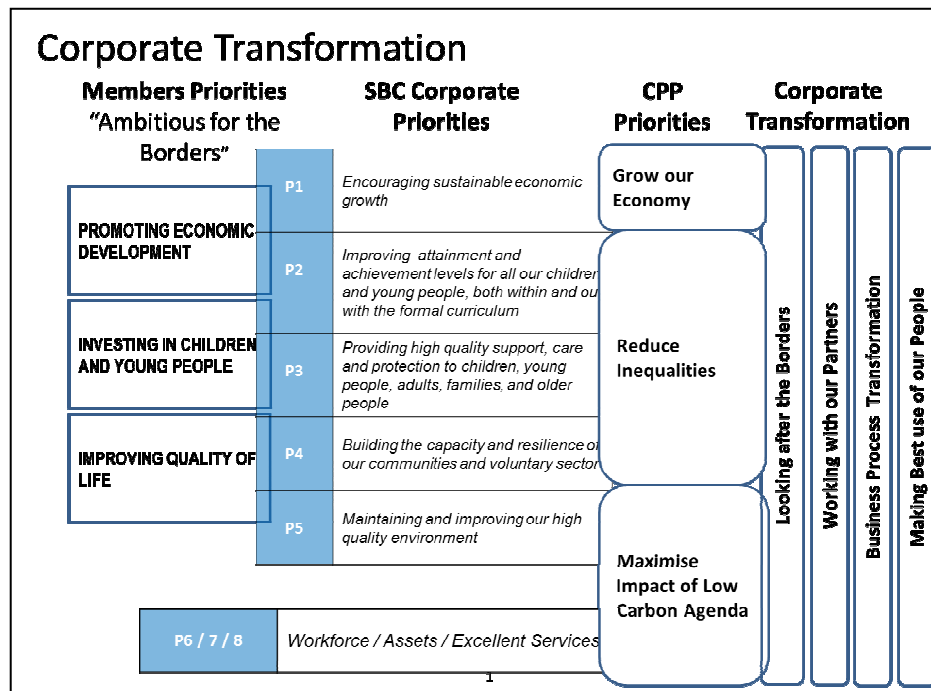
- 4.1 Over the last few months, the Corporate Management Team, Senior Managers and Programme/Project Managers have done significant in depth work to build on the current Business Transformation programme and develop a new Corporate Transformation Programme along with the principles that will underpin its delivery.
- 4.2 Vision for a Transformed Council
- A key part of the work in developing the programme has been to begin to describe in tangible terms what the Council will be like in five years' time and what the experience should be for communities, service users, staff and partners as a result of delivering the programme. This in itself has then helped shaped the principles and the detail of the proposed programme.
- 4.3 A narrative has been developed to try to illustrate in a more practical way the vision as it should be experienced by a "family" in the Borders in future years as a result of the Corporate Transformation Programme. The narrative will be used as one of the means of communicating the programme. The developing narrative is attached at Appendix 1 and illustrates how the programme will be presented.
- 4.4 The Four Programme Themes
- The proposed programme has been developed around the following four Corporate cross-cutting themes as set out in the Financial Strategy 2015-2016:
- a) Making best use of our People
  - b) Working with our Partners
  - c) Looking after the Borders
  - d) Business Process Transformation

Appendix 2 sets out the themes in more detail showing the activity in each theme along with a brief description of what each programme is about and is intended to achieve.

#### 4.5 Delivering Priorities

A fundamental principle in the Programme’s development has been to make sure that it will support and underpin the delivery of Elected Member, Corporate and Community Planning Partnership priorities. To achieve this, as the outcomes and activity within the themes has been developed these have been consistently mapped against these priority areas. The figure below provides an illustration of how the Corporate Transformation Programme will support priorities:

Figure 1: Priorities and Corporate Transformation



#### 4.6 Leadership and ownership.

The Council’s Corporate Management Team (CMT) will be at the heart of the Corporate Transformation Programme overseeing and ensuring its delivery.

4.7 CMT will dedicate a day a month focussing on the Corporate Performance of the Council where they will consider delivery of the Corporate Transformation Programme, service performance across the Council and Financial performance. In considering these areas together not only will CMT be making sure the Corporate Transformation Programme is being delivered as planned, but also that it is helping improve performance and delivering the level of savings required over the next 5 years.

4.8 Service Directors will also have a key role in the Programme. Whilst they have operational responsibility for their individual service areas, it is also proposed that they will have corporate responsibility for an individual Transformation piece of work, leading its delivery.

4.9 This approach further reinforces the principles of the corporate restructure around greater senior management focus on delivering corporate and service transformation and performance improvement.

#### 4.10 Resourcing Corporate Transformation

The new Corporate Transformation Programme builds on current transformation activity and is a comprehensive and ambitious programme. It will need to be resourced in a different way involving more staff from across the organisation and making much better use of the skills and expertise of our workforce to supplement the existing core Transformation Team.

#### 4.11 There are a number of benefits to this overall resourcing approach:

- There is better use of in-house skills and expertise
- There are opportunities for staff development
- It supports succession planning
- Staff are more involved in the corporate programme of change, have opportunities to do different types of work and therefore feel more motivated

#### 4.12 A Consistent Approach

Previous experience with transformation projects has demonstrated that the robust definition of Business Case and Benefits, Return on Investment, and Programme and Change Management are absolutely key features of success. These will therefore be applied consistently across all the activity in the Corporate Transformation Programme so that there is confidence of the delivery of improvements and savings.

#### 4.13 Reporting

CMT will review progress with the Corporate Transformation Programme on a monthly basis; they will do this in conjunction with financial monitoring and considering performance management.

#### 4.14 It is proposed that the Executive will receive quarterly reports on progress with the Programme. The reporting will be on an exception basis and as far as possible designed not to be onerous or bureaucratic. Reporting will provide sufficient information to allow Elected Members to have a clear picture of progress and delivery and to be able to make any decisions necessary to ensure the Programme progresses as planned and delivers the required benefits.

#### 4.15 Financial

The Corporate Transformation Programme and approach underpins the delivery of a balanced and sustainable financial position across the 5-years of the Financial Strategy 2015/16 - 2019/20 in two respects:

- It enables successful delivery of existing, detailed savings proposals.
- It provides the necessary corporate framework to develop and deliver projects and activities that will help achieve a sustainable financial position in future years.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no specific costs attached to any of the recommendations contained in this report outside those considered within the Administration's Budget Proposals. Business cases with return on

investment information will be developed for the projects and activities within the programme.

**5.2 Risk and Mitigations**

(a) A formal risk management approach will be applied consistently and appropriately across the programme

**5.3 Equalities**

(b) Equalities Impact Assessments will be carried out on the projects within the Corporate Transformation programme.

**5.4 Acting Sustainably**

(c) The programme will support the approach of acting sustainably ensuring any effects are identified and the impact evaluated where appropriate.

**5.5 Carbon Management**

(d) The programme will actively promote a positive impact on the Council's carbon emissions where appropriate.

**5.6 Rural Proofing**

(e) This will be undertaken within the programme where appropriate.

**5.7 Changes to Scheme of Administration or Scheme of Delegation**

(f) There are no changes to be made.

**6 CONSULTATION**

6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

**Approved by**

**Rob Dickson  
Director of Corporate  
Transformation & Services**

**Signature .....**

**Author(s)**

Name	Designation and Contact Number
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A Medley	Portfolio Manager
S Turnbull	Programme Office Manager

**Background Papers:  
Previous Minute Reference:**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. J Lamb can also give information on other language translations as well as providing additional copies.

## **Corporate Transformation – Communications**

Given the nature of the Corporate Transformation Programme and wide range of services involved, it is important that the Council communicates effectively to give all Elected Members, the public, and other key stakeholders the best possible chance of understanding the work underway, why the programme is influencing the direction of council services and how this may change things for them in the future.

One of the key aims of this piece of work will be to raise general awareness of the programme and the financial challenge facing the council. At the same time, we aim to provide a message of reassurance that through this ambitious programme, the Council is working towards a way of service delivery that will improve experiences for families in the Borders whilst actually becoming more efficient.

### **Telling the ‘story of Transformation’**

A key part of the work so far has been initial ideas around the development of fictional ‘stories’ from a range of people of different ages and backgrounds, who live in the Borders “in the future”. Their everyday lives have changed for the better as a result of the various outputs from the Transformation projects.

Through providing very personal accounts from each person talking about how things are/were and what they might look like in the future, it is hoped this will bring ‘Transformation to life’ to those who might otherwise not understand what it means and how it might also affect them in the future.

Once these personal ‘stories’ have been developed, they could be translated into a wide range of formats. For example, webpage, booklet, online video etc. An example of a draft story is overleaf but note - this is just an initial concept, final stories have not yet been produced.

### **Next steps**

One of the next steps to allow this piece of work to progress is to identify the key outputs of each Transformation Project and how these translate into real-life scenarios. It is important that these are accurate, realistic and have been agreed alongside our partners to ensure they accurately reflect the direction of travel.

### **Communications Strategy/plan**

As part of this work, an overarching communications strategy and plan will be developed to help maintain consistent messages which will run in parallel with the communications plan in place for the Council’s Financial Plan. The development of the fictional characters and their stories will be fundamental to this work.

## **EXAMPLE STORY**

*“A few years ago, we could only choose subjects that were available in the school we attend. I really wanted to do Spanish but was told it wasn’t possible. We then had to start thinking about our career paths, and selecting university and college courses, but I wasn’t sure what I wanted to do*

*“Things are different now...This year I was able to take Spanish at ‘National 5’ level through a virtual class via video-conferencing which means I can attend a class which is being hosted at a different school. It’s just the same as being in the class - which is great and means I can get the qualification I want after all.*

*“I have also been accepted as a modern apprentice at Scottish Borders Council, which means I can work while gaining qualifications at the same time. This means, if I do well, I might get a job at the end of it.”*

**Jack, age 17**



### Making Best Use of Our People

#### 1. Workforce Transformation Programme including:

- a. Organisational Design & Delivery Model
- b. Workforce Planning & Development Strategy
- c. Redesigning Working Practices
- d. Rewards and Benefits Strategy
- e. Employee Engagement & Communication

*This far reaching programme will build an agile workforce who is engaged in redesigning and implementing working practices to better meet business need. A bottom up approach will be utilised to enable empowerment of staff to bring about service improvements. The programme will include and co-ordinate a full review of all management and administration and explore more integrated and streamlined support for front line services ensuring optimum deployment of staff across all service delivery models. A reward and benefit strategy and more effective methods for staff communication will also be implemented.*

#### 2. Children & young people

- a. Learning delivery framework
- b. Management admin
- c. Pupil support

*An ambitious programme of change will continue to be developed and implemented that will improve the learning experience and opportunities for all our Children and Young People and also deliver significant savings. Learning delivery will review and implement changes to how universal services for children and young people are delivered, including use of Technology, Senior Phase and Early years Education. Pupil support will review services across Children & Families and implement a more flexible service that will include a new Inclusion Strategy focussing on early intervention and prevention. Management admin includes the development and implementation of a strategy to provide a fit for purpose, sustainable School Estate and, the implementation of more integrated and streamlined management and administrative support services across the whole of Children and Young People services.*

#### 3. Adult Services Programme

*The Adult Services programme co-ordinates the delivery of 11 review and project areas aimed at delivering significant service change and financial savings across a whole range of adult services. The key areas within the programme are the implementation of a Council Care Company, implementation of the Charging Review increasing charges in a consistent and equitable way across services and, implementation of a Reablement approach promoting and enabling independent living and a better quality of life for individuals who previously would be reliant on long-term care and support packages.*

### Working with our Partners

#### 4. Joint Delivery/Co-Location

*A programme to actively pursue opportunities for co-location with our partners and deliver a planned, prioritised programme of work around co-location and joint service delivery that will enable delivery of more integrated, easier to use and better services for customers along with efficiencies and savings.*

## **5. Data/Info-sharing Programme including:**

- a. Child Messaging (e-GIRFEC)
- b. Integration of Social Care & Health

*A single programme that will deliver the information sharing requirements across partners covering all aspects of information sharing. This will include necessary data sharing protocols, identification of barriers to success and sharing, resolution of these and the implementation of IT solutions required to enable successful data sharing.*

## **6. Alternative Models for Service Delivery including exploring Community Enterprise models.**

- a. Culture trust
- b. Council care company

*A review of organisational service delivery and trust models to develop fit for purpose and more cost effective alternative across a whole range of Council Services building on the work already done to develop and implement the Council Care Company and Culture Trust. Models such as LLP's, and Joint Ventures with other Council's and private-sector partners will be explored and implemented through this programme.*

## **7. Co-Production**

*The development and implementation of a policy/strategy for co-production which is applied across all appropriate areas of the Corporate Transformation Programme...and beyond. A co-production approach will be implemented across the Council whereby communities are involved right from the outset in the development, design and delivery of service.*

## **8. Integration of health & social care**

*The outcome of this programme of work will result in improved outcomes for service users and carers who will have clear access routes to services and information. There will be timely, quality services delivered in peoples own homes and communities by a flexible, skilled workforce. There will be transparent and understandable governance arrangements and effective use of resources across the partnership ensuring delivery of agreed efficiencies.*

## **Looking after the Borders**

### **9. Railway Programme – Delivering the Borders Railway Blueprint Action Plan**

*An ambitious programme of action and activity has been developed and will be delivered over the next 3 years and beyond based around the themes of:*

- *Great Places for Working & Investing*
- *Great Places for Living and Learning*
- *Great Destinations to Visit*

*All aimed at maximising in full the economic, social and other benefits of the new Borders Railway.*

#### **10. Localities Programme including:**

- a. Asset Management Plan (Town by town)
- b. Strategy for Regenerated sustainable towns
- c. Harmonisation/Streamlining of locality planning and delivery arrangements
- d. Community capacity building/Transfer of services/ownership
- e. Maximising funding benefits
- f. Integration of Health & Social Care/Needs assessment at a locality level/locality plans/engagement in the development, review and renewal of the plans.

*A fully developed framework for the development and implementation of Locality Plans which ensures that SBC activity within localities is co-ordinated and that members, partners and communities are fully engaged. There will be 5 locality plans with clear actions and accountability. Asset management will be planned on a town by town and service by service basis. We will create a strategy for regenerated, sustainable towns, designed with and owned by the community.*

#### **11. Integrated Waste Strategy**

*The Waste strategy projects have the potential to create efficiency savings, reduce expenditure or provide additional income. The implementation of the Strategy will provide waste collection and disposal services that are both financially and environmentally sustainable and are compliant with European, National and Local Policy/Legislation.*

#### **12. Digital Connectivity Programme including:**

- a. Enabling not-spot communities to access broadband – access funding/tender for services
- b. Mobile telephony
- c. Maximisation of associated external funding opportunities
- d. Fixed-term enabling team

*A programme that will maximise community and town access to digital connectivity/broadband and mobile telephony to enable communities to make best use of emerging technology. Where communities are not directly connected to the broadband infrastructure ("hot spots"), they will be supported in developing and implementing available technical solutions to provide connectivity to the broadband and mobile infrastructure.*

#### **13. Electric Vehicles**

*Establishing a fleet of electric vehicles provided for all business usage by staff, which will significantly reduce the current costs associated with business mileage and also reduce the Council's carbon footprint. The programme will also roll out the supporting charging point infrastructure, enabling electric vehicles to be used effectively for all business mileage right across the Borders. This is a model currently in operation in Dumfries and Galloway Council.*

#### **14. Transport programme – Integrated Sustainable Transport**

*Delivery of sustainable and integrated transport change programme that maximises accessibility and connectivity of available transport. This will be supported through adopting a multi-agency approach to transport service delivery in line with user requirements. The programme will seek to identify and implement a better, easier to use, more accessible and more cost effective model of transport service provision.*

## 15. Energy efficiency programme

*There are significant opportunities to achieve savings through developing and implementing a comprehensive programme of energy efficiency schemes across the Council's Estate. It should be possible to develop and deliver a significant number of spend to save Energy Efficiency schemes and this will be done through this programme.*

## Business Process Transformation

### 16. Street lighting

*This project will continue the implementation of modern energy efficient LED lighting across the Council's 19,000 street lighting assets, delivering significant energy efficiencies and savings, and minimising future Carbon Tax liabilities through a reduction in the Council's Carbon Footprint.*

### 17. Customer First Programme (Phase 2) including:

- a. Customer Services Strategy
- b. Channel Shift to on-line/digital services
- c. Single point of contact for local public services

*This programme will continue to develop and roll-out modern Customer Services arrangements across the Council; simplifying and streamlining the way our Customers access services, can notify us of fault and providing greater information and feedback to the customer on progress with their service request or reported fault. The Customer Strategy and Customer Improvement Programme will enable a:*

- *Single login for customers to access all relevant services*
- *Single view of customer*
- *Corporate definition of customer*
- *Access to more services on-line*

### 18. Property & Assets Programme

- a. Energy Efficiency
- b. Better use of existing estate/Further Rationalisation

*The implementation of a Property & Assets Strategy that best supports the future delivery of Council services as cost effectively as possible pursuing opportunities around estate rationalisation and taking full account of revised future service delivery models. It will allow us to have a single view of assets and will identify specific targets for energy efficiencies by developing a detailed business case for implementing energy efficiencies.*

### 19. Work-Style Transformation Programme (Phase 2)

*This programme will focus on developing and implementing opportunities and efficiencies afforded by mobile technologies. Where services have adopted mobile working a service-by-service redesign of processes around mobile working will be carried out, building on existing national and LA practice/exemplars, delivering much more effective and efficient ways of working.*

## **20. Business Process Re-engineering approach**

- a. Development of a consistent approach
- b. Capacity and skills to deliver
- c. Prioritise Programme – including procurement and contract management processes

*An agreed approach involving a range of different improvement tools (e.g. LEAN process review) will be utilised and applied across a prioritised programme of process improvement work. This will enable streamlined, automated processes to be developed and utilised making the best use of available technology. The programme will also actively pursue opportunities around effective contract management and related procurement activity, aiming to generate cashable efficiencies through enhanced information sharing and ensuring best value from the supply chain and contract management.*

## **21. IT Programme**

*An ICT strategy and investment programme will be created and implemented that will support and enable the delivery of transformed services and redesigned processes that will deliver significant productivity gains and savings across all areas of Council activity. This programme enables and underpins almost all programmes within the Business Process Transformation theme. This will include Phase 2 of the Printer Refresh Project. There will also be a review of the Corporate Mailing arrangements.*

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