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SCOTTISH BORDERS COUNCIL THURSDAY, 11 FEBRUARY, 2016

A SPECIAL MEETING of the SCOTTISH BORDERS COUNCIL will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST. BOSWELLS on THURSDAY, 11 FEBRUARY, 2016 at 10.00 AM

J. J. WILKINSON,
Clerk to the Council,
4 February 2016

BUSINESS		
1.	Apologies for Absence.	
2.	Order of Business.	
3.	Declarations of Interest.	
4.	Council Tax - Long term Empty Dwellings (Pages 1 - 6) Consider report by the Service Director for Neighbourhood Services. (Copy attached.)	10 mins
5.	Budget Communication Strategy 2016/2017 (Pages 7 - 16) Consider report by Chief Financial Officer on the steps taken to engage with stakeholders as part of consultation exercise on the budget. (Copy attached.)	10 mins
6.	Financial Strategy 2016/17 - 2020/21 (Pages 17 - 30) Consider report by Chief Financial Officer on the financial strategy for the Council covering the period 2016/17 – 2020/21. (Copy attached.)	10 mins
7.	Corporate Transformation Programme (Pages 31 - 46) Consider report by the Corporate Transformation and Services Director providing an update on progress in developing and delivery of the Council's Corporate Transformation Programme that will support the delivery of the 5 year Revenue Financial Plan. (Copy attached.)	10 mins
8.	Financial Plan Resources and Council Tax 2016/2017 (Pages 47 - 60) Consider report by Chief Financial Officer on the estimated financial plan resources for 2016/17 – 2020/21 and to seek approval for the level of Council Tax for 2016/17. (Copy attached.)	15 mins

9.	Treasury Management Strategy 2016/17 (Pages 61 - 104) Consider report by Chief Financial Officer seeking approval for the Treasury Management and Investment Strategies 2016/17. (Copy attached.)	15 mins
10.	Financial Plan Equality Impact Assessment (Pages 105 - 118) Consider report by Chief Financial Officer on potential equality impacts of the Financial Plan. (Copy attached.)	15 mins
11.	Administration's Draft Financial Plan for Revenue and Capital (Pages 119 - 186) (Copy attached (a) Draft Revenue and Capital Plan and (b) list of Fees & Charges.)	45 mins
12.	Any Other Items Previously Circulated	
13.	Any Other Items which the Convener Decides are Urgent	

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.**

Please direct any enquiries to Louise McGeoch Tel 01835 825005
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COUNCIL TAX – LONG TERM EMPTY DWELLINGS

Report by Service Director Neighbourhood Services

SCOTTISH BORDERS COUNCIL

11 February 2016

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to summarise the new powers to increase Council Tax on long term empty dwellings up to a maximum of 200% and the positive financial impact from implementing the change which is being captured as part of the 2016/17 Financial Planning process.**
- 1.2 The report outlines the background of the new discretionary powers and the current position within Scottish Borders Council regarding discounts and exemptions applied to long term empty dwellings.
- 1.3 When the new powers were granted Scottish Borders Council was not in a position to implement the increase as the data held was insufficient to apply the regulations. Since then a data gathering and cleansing exercise has begun and is on-going to enable implementation on 1 April 2016.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Council approves:**
 - a) A levy of 200% to be applied on council tax charges for domestic properties that meet the long term empty property criteria.**
 - b) That a civil penalty of £500 is imposed for non-compliance with the requirement to disclose relevant information on property status.**
 - c) Discretion to modify different classes of dwellings exempt from the additional charge is delegated to the Service Director Neighbourhood Services to be used in exceptional circumstances on a case by case basis.**
 - d) The implementation date will be from 1 April 2016.**

3 BACKGROUND

- 3.1 In 2005 the Scottish Government passed regulations to enhance discretionary powers allowing Councils to vary discounts awarded to long term empty dwellings and second homes between 10% and 50%. This discretion was implemented in Scottish Borders Council from 1 April 2005 resulting in a 90% Council Tax charge to long term empty properties. The increased income generated from charging more than 50% is ring-fenced for affordable housing and a return is submitted to Scottish Government in March each year.
- 3.2 On 1 April 2013 the discretionary powers were enhanced and allow for local authorities to charge up to a maximum of 200% on long term empty dwellings. Currently these dwellings receive a 90% charge.
- 3.3 Under the new legislation, any new income received through reducing the discount on long term empty properties below the previous 10% limit and by increasing Council Tax is not ring-fenced, and can be used as the local authority sees fit.
- 3.4 There will be no effect on the central Government grant – as long-term empty properties are counted as half a dwelling in the calculation of the Council Tax base and this remains unchanged.
- 3.5 The enhanced powers relate to only long term empty properties and owners with second homes will not be affected by this change.
- 3.6 The powers define what constitutes a long term empty property as one which has not been lived in for a period of at least 25 days in any rolling 12 month period.
- 3.7 Owners will still be able to claim existing mandatory discounts and exemptions under the Council Tax (Exempt Dwelling) (Scotland) Order 1997. However where the property is no longer eligible for the exemption, but remains unoccupied it will become eligible for the Council Tax increase after the property has been empty for one year from the date it became unoccupied.
- 3.8 Homes that are being marketed for sale or let, or are undergoing renovation to bring them to a habitable standard, will be exempt from the Council Tax increase until they have been unoccupied for two years or more. These homes will remain liable for Council Tax and will attract a discount of between 50% and 10%. New build properties are also exempt from the increase if they are genuinely being marketed for sale or let at a realistic price.
- 3.9 The legislation gives local authorities discretion to vary the council tax charged for different cases where it considers it appropriate to do so. This could include charging different rates according to the area the dwelling is located in or the length of time the dwelling has been unoccupied. This is intended to recognise that different pressures and factors will affect different areas. However these discretionary powers should not be used to vary Council Tax charges in a way that gives more favourable treatment to unoccupied social rented dwelling.

3.10 It should be noted that whilst implementation of these powers will raise additional revenues for Scottish Borders Council, this is not the overriding aim of the policy - the aim is to encourage owners of long term empty properties to bring these back into use, and it is anticipated income will decline as more properties are brought back into use

4 EXPERIENCE OF OTHER LOCAL AUTHORITIES

Researching the experience of a number of local authorities that have implemented the new discretionary powers revealed the following.

4.1 Activities required to implement the new policy included

- Conducting a data gathering exercise
- Conducting a data cleansing exercise
- Developing processes to ensure the correct application of levies on an ongoing basis
- Developing a 'discretionary' policy
- Developing monitoring procedures
- Developing a communications campaign to give owners appropriate notice ahead of the levy

4.2 Additional set-up and ongoing costs were incurred that were offset against the income raised.

4.3 There is evidence that significant numbers of people are deliberately evading the charge. This is being addressed in different ways including the employment of enforcement officers and use of penalty charges.

4.4 Not all local authorities were able to provide information on the recovery level for the additional charge under the new legislation, but those that could indicated a level of approximately 80%.

4.5 A significant number of properties have moved from the valuation list to the valuation roll - e.g. Empty properties have been re-designated as holiday lets.

4.6 There has been substantial movement of properties back into the rental and homeowner markets, which has had an impact on the projected recovery levels. Experience suggests that revenues plateau when between 40% and 50% of the initial number of properties are removed from long term empty status.

4.7 The implementation has not been without difficulties. Generally the Local Authorities have experienced a substantial rise in valuation appeals. The main areas of complaint have been around delays in obtaining planning and building warrants, and also where the levy has been applied to derelict properties on farmland.

5 FINDINGS FOR SCOTTISH BORDERS COUNCIL

- 5.1 Scottish Borders Council does not currently collect all the detail necessary to apply the levy and applicable exemptions in accordance with the updated powers. Cleansing work is being progressed to identify those properties that fall into the long term empty category as defined by the legislation. Scottish Borders Council is in the process of conducting a data gathering and cleansing exercise to ensure the levy is correctly applied on implementation and thereafter. The last full review was carried out in 2012 but work has been undertaken in the past year to update the data held and is on-going.
- 5.2 The table below sets out the projected Council Tax revenue position following the removal of the 10% discount and the application of a 200% levy.

Band	Properties per report	Annual Council Tax £	Current Charge (90%)	200% Charge	Increased Revenue
A	387	722.70	251,716	559,370	307,653
B	184	843.10	139,617	310,261	170,643
C	106	963.60	91,927	204,283	112,356
D	77	1084.00	75,121	166,936	91,815
E	59	1325.00	70,358	156,350	85,993
F	40	1566.00	56,376	125,280	68,904
G	29	1807.00	47,163	104,806	57,643
H	6	2168.00	11,707	26,016	14,309
	888		743,985	1,653,302	909,316

- 5.3 The property figures are based on 2014-15 figures. Some manual cleansing work has been carried out to identify those properties that fall into the long term empty category as defined by the legislation.
- 5.4 The financial figures are based on 2014-15 figures and are high-end estimates as the results of the data gathering and the potential increased charges are likely to reduce the numbers significantly. Assuming an 80% recovery level, income of £727k would be generated, however this is not sustainable in the longer term as properties are brought back into use.
- 5.5 £500k has been included in the Financial Plan for 2016/17 which allows budget for implementation plus lower than anticipated income from discretionary powers. If any higher savings were realised initially this would be dealt with through normal monitoring procedures.
- 5.6 It is likely that the increase in revenue will decline over time as more properties are brought back into use. However it is difficult to project if the number would be affected by the percentage at which the levy is set. This will be dealt with as part of the financial planning process
- 5.7 Additional resources will be required to deal with ensuing enquiries, for staff training and to monitor and police the system. There will be costs associated with this and potentially for enhancement to the Council Tax system which will be paid from the additional income generated.
- 5.8 The regulations allow for a civil penalty of £500 per breach. Consideration should be given to Scottish Borders Council enforcing the penalty against any

owner who deliberately fails to provide information, fails to report a relevant change of circumstances, or knowingly provides information that is incorrect.

6 IMPLICATIONS

6.1 Financial

The financial implications are set out above in section 5.

6.2 Risk and Mitigations

The proposals in this report are to enable the Council to apply the regulations and utilise discretionary powers now that steps have been taken and are on-going to enable implementation on 1st April 2016.

6.3 Equalities

An Equality Impact Assessment was carried out as part of the Scottish Government's consultation exercise. This demonstrated no negative impact on any particular equality; indeed, the aim of this policy – to increase available housing – is likely to provide positive effects.

6.4 Acting Sustainably

The aim of this policy – to increase available housing – is likely to provide positive effects in respect of economic, social or environmental matters.

6.5 Carbon Management

No direct carbon emissions impacts arise as a result of this report.

6.6 Rural Proofing

The change aims to reduce the number of empty properties subject to Council Tax which should encourage the rental, sale or change of use to holiday lets for current empty properties including those in rural areas. This is likely to create a positive influence on the availability and affordability of properties within rural areas with consequential benefits to the relevant communities.

6.7 Changes to Scheme of Administration or Scheme of Delegation

The proposals in this report require changes to the Scheme of Delegation to give the Service Director of Neighbourhood Operations delegated authority to modify different classes of dwellings exempt from the additional charge on a case by case basis in exceptional circumstances.

7 CONSULTATION

7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, 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.

7.2 The Group Manager Housing Strategy and Services and the Housing Strategy Manager have also been consulted.

Approved by

Service Director Neighbourhood Services Signature

Author(s)

Name	Designation and Contact Number
Jenni Craig	Service Director Neighbourhood Services, 01835 825013
Les Grant	Customer Services Manager 01835 824000 ext 5547

Background Papers: Guidance on Local Authority Discretion to Reduce Council Tax Discount on Second and Long-Term unoccupied homes; and Apply an Increase to Long-Term Unoccupied Homes. Scottish Government 21 May 2013

Previous Minute Reference: None

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

Contact us at Les Grant, Customer Services Manager, Scottish Borders Council, Newtown St. Boswells, MELROSE TD6 0SA. Tel 01835 824000 ext 5547 Fax 011835 825011.



BUDGET COMMUNICATIONS STRATEGY

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

11 FEBRUARY 2016

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 a consultation exercise on the budget.**
- 1.2 The paper highlights the budget Communication Strategy used and provides feedback gathered from the Dialogue Community Engagement tool. As part of the agreed budget consultation exercise on the Revenue Financial Plan the Dialogue Community Engagement tool was made available for a 13 week period to members of the public on the Council website. This interactive tool allows residents and other stakeholders to provide ideas and suggestions on how the Council could do things differently to save money in a challenging economic climate.
- 1.3 As at the end of January 2016 the Dialogue Community Engagement tool generated 34 ideas and suggestions with 91 comments on these ideas. This feedback has been considered as part of the 2016-21 Financial Planning process. The Dialogue tool will remain open online therefore ongoing feedback 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 Dialogue Community Engagement tool and how the Council has used this feedback to inform the Financial Planning process;**
- (c) that actual responses from residents with all comments are available on the Council's website and a copy has been made available in the Member's Library.**

3 BACKGROUND

3.1 As part of the financial planning process for 2016-2021 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:

- Attendance at Area Forum meetings during November and December 2015 to deliver a presentation on the approach to the Financial Planning process, the financial environment the Council is currently operating within and publicising of the Dialogue Community Engagement tool;
- An online Dialogue Community Engagement tool which has been made available to all members of the public allowing the Council to gain valuable feedback on ideas and suggestion from local people on how the Council could do things differently to save money;
- The Leader of Scottish Borders Council, David Parker taking questions in an online question and answer session;
- Consultation with all Unions and the Employee Council during the budget process;
- Stakeholder engagement meetings took place with a range of stakeholders including partners and staff.

4 DIALOGUE COMMUNITY ENGAGEMENT TOOL

4.1 As part of the agreed budget Communication Strategy the Dialogue Community Engagement tool was made available to members of the public on the Council website. This interactive tool allows a person to give the Council their views and ideas, it has been used as part of the financial planning process to gain views on how the Council could do things differently to save money. The tool also provides the facility for members of the public to comment on other people's ideas and also rate ideas. This has allowed a broader range of views to be considered as part of the Financial Planning process. The following context and question was provided:

We are living in a difficult economic climate and on top of that more demands are being placed on the Council than ever before.

As a result of this, we need your help to shape the future of Scottish Borders Council.

Do you have ideas on how the Council could do things differently to save money? Add your ideas below.

All the feedback received will be considered as part of the Council's budget-setting process.

4.2 The Dialogue tool has been available on the Council website from 3rd November 2015 and remains available. Up to the end of January 2016 it has generated 34 responses with 91 comments since its launch.

- 4.3 The responses to date from the Dialogue tool have been summarised in Appendix 1. Appendix 1 provides a summary of both the responses from the public and also how these have been considered as part of the 2016/21 Financial Planning process.
- 4.4 The Dialogue Community Engagement tool has been considered a worthwhile exercise. It is proposed therefore that this tool will not only remain a feature of subsequent budget processes but will also be used by the Council to engage on other topics to ensure the public continue to have the opportunity to give their views. Further budget 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 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)

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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 Suzy Douglas Council Headquarters on 01835 824000 X5881

2016/17 – 2020/21 Dialogue feedback

The online Dialogue community engagement tool generated 34 individual ideas with 91 comments on these ideas from other members of the public. These ideas have been summarised below with narratives on how these ideas have been used to inform the 2016/17 – 2020/21 financial planning process. Actual responses from residents with all comments are available on the Council's website and a copy has been made available in the Member's Library.

You Said	We Did
Increase outsourcing to drive efficiencies.	Included in the Revenue Financial Plan are proposals around developing alternative service delivery models to drive efficiency which will include outsourcing options.
Reduce the number of Councillors and payments to Councillors.	The number of Councillors and Payments to Councillors are set nationally in Scotland therefore the Council has no opportunity to reduce costs in this area.
Turn off all street lights after midnight.	This opportunity was considered by the Administration but was discounted as a feasible option to reduce costs due to negative feedback from other Local Authorities who have already implemented this change and concerns over perceived community safety.
Use of Solar Panels / reduce heating levels in Council buildings.	The Council is committed through its Capital and Revenue Financial Plans to develop energy efficiency options to maximise benefits to the Council.
Using derelict buildings instead of building new.	Options appraisals will continue to be undertaken during the planning stage of all building works to determine whether the refurbishment of existing buildings or building new is the most efficient and effective option.
Plant wild flower beds.	As part of the Parks and Open Spaces review we are currently engaging with local community groups to identify and establish where we can reduce our grass cutting and maintenance regimes and introduce things like wild meadows and wild planting and encourage biodiversity.
Plant food crop trees, shrubs and herbs on public land.	As part of the Parks and Open Spaces review we are exploring this option, we do already have an example of this in Chirnside, Berwickshire where we have piloted a reduction in the frequency of grass cutting and have planted fruit trees.
Save on fuel.	The Council has included proposals within the Financial Plan around mileage efficiencies and more effective and efficient use of vehicles. (£0.215m)
Stop salting Roads.	<p>The Council has a duty, under The Roads (Scotland) Act 1984, to provide a winter service across its road network and Section 34 states:</p> <p><i>“A roads authority shall take such steps as they consider reasonable to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads.”</i></p>

	<p>This clearly intimates that Scottish Borders Council has a responsibility to apply winter treatment to its adopted road network when a weather forecast predicts that frost/ice or snow conditions will occur to its road network. Rock salt is one of the most recognised de-icing materials available to prevent ice forming on road surfaces during freezing winter weather. The decision to apply salt to the Council's primary road network is taken based on a specific weather forecast provide to the Council daily by the Met Office. This forecast provides predicted minimum road temperatures throughout the 24 hour forecast period and the resultant road conditions which will occur, resulting from these temperatures. It is on this information that the decision on whether or not to apply salt to the roads is based.</p>
Reduce Overtime.	<p>The Council has included proposals within the Financial Plan around reviewing Working Practices which will include ensuring overtime is deployed in the most efficient and effective way.</p>
Reduce the cost of Pensions.	<p>The Council sets the minimum contribution level necessary to ensure that the pension fund and the 9,500 pensioners, scheme members and their dependants have access to a pension on retirement. The Council reduces the cost of the scheme by investing in a range of asset classes to maximise returns for the fund and minimise the burden on the taxpayer.</p>
Invest in HR team.	<p>There are no proposals included in the Financial Plan to reduce the HR service as the Council has identified this as a key support to enable Transformational change.</p>
Reduce the media/Corporate identity.	<p>Savings are being made in the current year to reduce spend on media branding and printing costs.</p>
Cancel the Tapestry project.	<p>The Council is committed to the Tapestry project and believes it will provide a focal point for the development of the Rail head and the wider development of the Tweedbank business park and will lead to significant economic benefits including increased visitor numbers for the Scottish Borders.</p>
Reduce back office functions	<p>The Council is committed to reviewing back office support services as reflected in the Council's Financial Plan. This will include developments through the use of ICT and business process re-engineering to maximise efficiency.</p>
Prioritise Outdoor Education.	<p>As reflected in the Financial Plan the Council is maintaining an investment of £152k in Outdoor Education with no budget savings from this area currently included in the Plan. The Service provision includes providing the Bikeability scheme for P5-7 pupils, access to Whiteadder Sailing Centre, Mountain Biking, the Duke of Edinburgh scheme, canoeing, walking expeditions and outdoor learning residential opportunities.</p>
Review Property & Assets	<p>The Council have significant savings proposals included in the Financial Plan which will be delivered through a review of Property & Assets. Capital receipts of £8.113m are anticipated through property disposals over the 10 year life of the 2016/17 Capital Plan.</p>

Build an Aqua (Water) Park	The Council has a restricted Capital budget and as such must prioritise programmes of work. There are currently no plans included in the Capital Plan to invest in an Aqua Park.
Invite voluntary tax contributions.	No plans are in place to introduce voluntary tax contributions.
Examine cost/benefit of recycling garden waste.	The withdrawal of the garden waste service has contributed a net £450,000 per annum to the Council's overall budget deficit and a cost/benefit analysis was done at the time the Council took the decision to remove the service.
Stop the food waste collection scheme.	The Council has a statutory duty to provide food waste collections in accordance with the Waste (Scotland) Regulations 2012. If the Council were to stop the food waste collection service it would likely face legal action, potential fines and the requirement to reinstate the service.
Amalgamate jobs.	As reflected in the Financial Plan the Council has plans in place to make the best of use of its staff thus increasing efficiency. This will include ensuring professional and support services are more integrated and streamlined and ensuring the optimum deployment of staff across services.
Clean out all drains in the late autumn.	We clean out the gullies within the Scottish Borders once a year. Blockages can occur all year round although known areas that are susceptible to blocking are inspected regularly and cleared when necessary.
Do not spend £1.7million on a 3g pitch in Peebles	The Council is committed to the development of a synthetic pitch in each main town in the Borders. Sports Scotland will provide £300k external funding towards the £1.6m total cost of the project.
Revise school transport arrangements.	Transportation is provided to mainstream primary children to and from school where the walking distance is in excess of 2 miles and for secondary children where the walking distance is in excess of 3 miles. Taxis are provided where a connection is required or where it is more appropriate to meet the needs of the area i.e. low number of pupils in the area. For Additional Needs children the transport provision is based on the individual pupil plans and needs as per the Integrated Children's Services Transport Policy. The pupil plan is agreed by the relevant Social Worker, Teacher and parent and is reviewed at least three times per year.
Correct placement of signage on roads.	New signs are installed by the Council's Network department in line with Statutory guidance as laid down in "The Traffic Signs and General Directions 2002", any specific issues around signage should be reported to the Council to allow options to be considered.
Prioritisation of the budget.	The Council approaches Financial Planning through a process which considers prioritisation of Services, as such budgets are increased to cover pressures where appropriate.

<p>Sponsored litter and environmental clean up</p>	<p>Locally, we regularly support community groups including resilient community groups, community councils, in bloom groups and others wishing to undertake litter picks providing tools, safety equipment and help with collection and disposal of collected litter. We recognise and reward community involvement in litter clearing as part of the annual Scotland's Floral Gateway competition, which saw Melrose recognised in particular for its efforts in tackling litter within the community. Nationally, we regularly monitor and assess our cleanliness standards and compare favourably with other similar authorities in Scotland, reporting our monitoring results to Keep Scotland Beautiful (KSB). In the Borders, KSB had 17 individual community initiatives registered with them in 2015 involving over 460 local people, which SBC supporting through the provision of tools and safety equipment as well as with collection and disposal of litter. SBC recognises the challenge and would welcome greater business and community involvement in litter maintenance.</p>
<p>Collect fines</p>	<p>It is Council policy to recover fines when it is economically viable to do so and where there is a realistic prospect of recovery. The Council performs well when compared to other Scottish Local Authorities with respect to the management of debts and the collection of income.</p> <p>Administration and collection of fines is regulated by Scottish Government and Councils have the powers to increase the initial fine by 50% where it remains unpaid after 28 days (which SBC do). The Scottish Government have plans to increase the amount that can be charged, however, a substantial number of those who receive fines have limited means and collecting a larger fine would not be any easier than collecting a smaller one. Increased fines may act as a deterrent, but only if powers were in place to ensure the bulk of these could be collected and this would require Government legislation to enable Councils to recover from Benefit income, for example, to improve collection rates.</p>

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FINANCIAL STRATEGY 2016/17 – 2020/21

Report By Chief Financial Officer

SCOTTISH BORDERS COUNCIL

11 February 2016

1 PURPOSE AND SUMMARY

1.1 This report seeks approval for the financial strategy for the Council covering the period 2016/17 – 2020/21. The strategy provides the context for the overall financial management of the council and covers the revenue budget, capital investment plans, the Council's treasury management arrangements and reserves policy.

1.2 The Council, in common with other public sector organisations, continues to face significant and on-going financial challenges as it aims to provide the best possible services within the resources available. To deliver this plan the Council adopts a 5 year timeframe for revenue financial planning and has embarked upon an ambitious programme of transformation which aims to modernise services and restructure the organisation. The corporate transformation programme requires the Council to make best use of its people and its resources, focus efforts to look after the Borders and improve both efficiency and effectiveness.

The financial strategy is designed to ensure it:

- 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 2016/17 will be the 4th year of the first 5 year Financial Plan published in 2013/14. The plan has been amended and updated each year and despite the resource challenges facing the Council and wider public services has so far delivered underspends in in 2013/14 and 2014/15. In the current year (2015/16) the latest monitoring projection indicates, despite pressures in a number of areas that a balanced out turn position will be achieved. Since

- inception in 2013/14 the corporate transformation programme has supported the Council in delivering savings of £15.6m (this includes the 2015/16 savings which are on track to be delivered).
- 1.4 Firm figures have been published via the Local Government Finance Settlement for 2016/17 only and consequently it is recognised that beyond the next financial year the financial strategy can only be based on estimated resources. The updated 5 year plan is therefore based on the best information currently available and it will continue to be adapted over time to respond to changing circumstances.
- 1.5 The strategy uses an approach based on a quantified financial risk register to set ensure the Council retains sufficient reserves and the level of unallocated balances underpinning the 5 year plan.
- 1.6 1st April 2016 will see the Integration Joint Board set up with NHS Borders go live and this will have a major impact on financial planning and service delivery within the Borders going forward.

2 RECOMMENDATIONS

2.1 It is recommended that Council approves the financial strategy for 2016/17 – 2020/21 as set out below:

- **continue to freeze council tax in 2016/17;**
- **set a prudent, sustainable budget in line with available resources;**
- **continue to invest in infrastructure through a sustainable capital programme financed by £20.485m loans charges per annum;**
- **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 £5.64m for 2016/17 in line with the assessed risk register in appendix 1.**

Financial Strategy 2016/17 - 2020/21

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 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 including the establishment of the new Health and Social care Integrated Joint Board,
 - recognises the need to continue to maximise efficiency and providing good value for money.
- 3.3 The strategy continues to reflect 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 Therefore the recommended high level financial strategy followed in updating the financial plan is therefore to:-
- **continue to freeze council tax in 2016/17;**
 - **set a prudent, sustainable budget in line with available resources;**
 - **continue to invest in infrastructure through a sustainable capital programme financed by £20.485m loans charges per annum;**
 - **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 £5.638m for 2016/17 in line with the assessed risk register in appendix 1.**

4 FUNDING

4.1 Aggregate External Finance

It is assumed the full level of AEF, estimated at £208.211m, excluding specific grants, will be deployed in setting the 2016/17 revenue budget. This level of funding is conditional upon Council Tax again being frozen at 2007/08 levels for the 9th successive year. The grant available to the Council in 2016/17 has seen a reduction of 2.8% when compared to the previous financial year. This coupled with the requirement to fund significant financial pressures arising from pay and price inflation, demographic challenges, the revenue consequences of capital investment and other service pressures including the need to ensure the corporate transformation programme is adequately resourced is now placing unprecedented pressure on the revenue budget. Given these pressures it is considered highly unlikely that the council will be in a position to freeze council tax beyond 2016/17.

4.2 Council Tax

The financial strategy assumes that Council will approve a freeze in the Council Tax, again setting a band D equivalent of £1,084 for 2016/17. All other Council Tax bands vary as a set proportion of the band D figure and therefore also remain static. The Scottish Borders Council Tax product, following a review of properties, collection rates and levels of bad debt provision, is estimated as £52.242m in 2016/17.

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 2016.

Table 1 Funds and Balances	1 April 2016 (Estimated) £m
Statutory Funds	
Plant and Vehicles Renewals Fund	4.795
Insurance Fund	1.244
Capital Fund Excl Developer Contributions	1.699
General Fund – Earmarked	
Devolved School Management	1.388
Specific Departmental Reserves	6.103
Allocated reserves	4.328
General Fund – Non-Earmarked	5.638
Total	25.195

- 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 2016/17 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 officers and these are shown in the risk register in appendix 1. The level of un-allocated general fund balances is directly informed by an assessment of the risks facing the Council. This approach, despite being subject to an element of informed judgement, fundamentally reflects the risks inherent in setting the 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 £5.638m in 2016/17. The unallocated balance projected at the 31st March 2016 equates to just over 2% of net revenue expenditure and is sufficient to cover 49% of the risks identified in the risk register.

6 FINANCIAL RISKS

- 6.1 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 in determining the recommended level of unallocated reserves to be held at £5.638m.
- 6.2 **Winter**
- Members will recall that £0.65m of the general fund reserves have previously been allocated within reserves to winter as part of the final revenue outturn for 2013/14. Currently the revenue budget monitoring position projects that expenditure this year will be within budget and barring a significant deterioration in the weather between now and the 31 March 2016 will not require a draw down to support winter. It is therefore proposed that this balance be rolled forward within allocated reserves to

support winter in 2016/17.

6.3 **Drawdown of balances to support the revenue and capital budget**

The 5 year revenue plan assumes the drawdown of £0.962m in 2016/17 from reserves. A further draw down is planned in 2017/18 to be repaid in the following 2 financial years.

7 TREASURY AND CAPITAL

7.1 **Treasury Management Strategy 2016/17**

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.

7.2 **Capital Investment**

The updated 10 year capital plan and an accompanying report are also submitted on this 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 a significant burden on future tax payers. The draft revenue budget sets loans charges associated with capital borrowing over the next 5 years at £20.485m. This reduction in loans charges is largely a phasing adjustment in 2016/17 and in future years reflects a permanent reduction as a result of the planned repayment of specific consents to borrow previously granted by Scottish Government.

7.3 **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.

8 FINANCIAL PLANNING

8.1 **Overall approach to cost reduction and service reviews**

It is evident that the Council faces on-going cost pressures in its revenue budget and this will require a continued focus on cost control, corporate 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 5 year Financial Plan.

8.2 **Staffing**

Pay Awards Provision

Public sector pay policy continues to be subject to on-going restraint and the financial provides for a cost of living increase of 1% in 2016/17 in line with the current national agreements reached during 2015/16. The ability to adapt terms and conditions to reflect modern working practices and downsize 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 remains on track to realise recurring savings of £3.6m.

8.3 **National Insurance**

The 5 year revenue plan recognises the removal of 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 from April 2016/17.

8.4 **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 2016/17 and this will continue to be kept under review and may be adjusted through the earmarking of balances in the current year.

8.5 **Children's Placements**

Scottish Borders has seen a significant rise in recent years in the numbers of out of Area Placements and particularly those Children with Social, Emotional and behavioural difficulties. The budget provides an additional £0.5m per annum to support out of area placements while longer term strategies to provide additional support to children with additional needs, within the Borders, are delivered for example through the Earlston complex needs base.

8.6 **Health and Social care integration**

The Council along with NHS Borders is well advanced in planning for the integration of Health and Social care services through an Integrated Joint Board (IJB) which will assume its full responsibility on 1 April 2016. The budget provides £3m to be passed to the IJB to commission services from the Council and this change is reflected in the 5 year revenue plan. Scottish Government has provided £5.3m (being the Borders share of £250m made available nationally) to fund pressures in Health and Social care services, introduce the living wage for 3rd party care providers and improve outcomes for older people in the Borders who may access health and social care services. These resources will help to enhance delivery of the IJB strategic plan, resource the roll out of the living wage to external

care providers and address existing cost pressures within Adult services.

8.7 **Local Government Pension Fund**

The 2014 triennial revaluation of the pension fund by the Council's actuary Barnett Waddingham produced favourable results with a funding position of 101% and maintenance of the current 18% pooled contribution rate. 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 remain 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 in response to changes such as the establishment of the Integrated Sport & Culture Trust.

8.8 **Teachers Pension Scheme**

There is an ongoing cost of funding the teachers' pension scheme following changes made to employers contribution by the UK government from 1 September 2015. This change added an additional £1.1m per annum to employee costs.

9 IMPLICATIONS

9.1 **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.

9.2 **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 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.

9.3 **Equalities**

There are no adverse equality implications arising from this report.

9.4 **Acting Sustainably**

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

9.5 **Carbon Management**

There are no effects on carbon emissions.

9.6 **Rural Proofing**

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

9.7 **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

10 CONSULTATION

The Corporate Management Team, Head of Corporate Governance, the Head of Audit and Risk and the Clerk to the Council have been consulted in the preparation of this report.

Approved by

David Robertson
Chief Financial Officer

Author

Name	Designation and Contact Number
David Robertson	Chief Financial Officer 01835 825012

Background Papers:

Previous Minute Reference: Executive 17 November 2015

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.

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Risk Register: Financial Strategy 2016/17- 2020/21

APPENDIX 1

No.	Risk Category	RISK <i>Threat to achievement of business objective</i>	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	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	1,400,000 based on difference between 2% cut assumption and 2016/17 actual reduction	3	3	9
2	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	Assumption that council tax or equivalent will increase from 2017/18 Council tax product reassessed as part of budget process.	Y	0	2	3	6
3	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	0	4	2	8
4	Environment	Weather - adverse winter conditions	Strain on Winter Maintenance budget. Additional revenue and capital costs	4	4	16	Bellwin Scheme available , 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 2016/17. Development of Community Resilience Scheme progressing but unlikely to make significant impact on costs.	Y	1,000,000 (unfunded residual estimate of Adverse Winter beyond average conditions)	4	3	12
5	Environment	Weather - severe floods	Additional revenue and capital costs	3	4	12	Bellwin Scheme, applies at £509,000 threshold and within certain criteria. Capital provision for Selkirk Jedburgh and Gala flood works to be delivered though Capital Investment Plan. 80% Funding 80% assumed by Hawick. NB government currently reviewing the national arrangements for flood funding.	Y	508,000	3	3	9

Risk Register: Financial Strategy 2016/17- 2020/21

APPENDIX 1

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				Likelihood	Impact	Risk Score				Likelihood	Impact	Risk Score
6	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	Tracking through monitoring process. Monitoring indicates around 75% - 80% of savings are being delivered in line with plan each year. £11.5m savings assumed in 2016/17. 50% likelihood plan.	Partial	1,150,000	3	3	9
7	Budget Control	Future demographics - Social Work. Ageing population,	Additional revenue and capital costs. Assumption this will be funded by transfer from Integrated Joint Board	5	3	15	Business and medium term Revenue Financial Plans aligned to demographic pressures. Funding has been made available within the Capital Plan.	Y	344,000	4	2	8
8	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.	Partial		3	3	9
9	Projects	Development of Major Capital projects requiring Govt Support E.g. Flooding	Potential requirement to write off to revenue costs incurred developing capital schemes should Government support not be forthcoming. Further risk of need for project acceleration in response to current flood events	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	1,000,000	3	3	9
Page 28	IT	Increased cost of service provision unfunded by revenue budgets	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.	Partial	2,000,000	3	2	6
11	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

Risk Register: Financial Strategy 2016/17- 2020/21

APPENDIX 1

No.	Risk Category	RISK <i>Threat to achievement of business objective</i>	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
12	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 2017. Positive results from 2014 valuation maintained contributions at 18% with 101% funding level.	Y	0	3	3	9
13	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
14	Economy and Funding	Counterparty risk	Funds deposited in banks are lost	3	3	9	Disciplined maintenance of counterparty list, spread deposits where practicable. Treasury strategy and policy in place and regularly reviewed. Daily Information from Capita Asset Services. Annual revisions made to strategy to reflect changes in the economic situation. Compliance with credit control worthiness policy monitored on an ongoing basis and robust scrutiny at point of investment.		0			
15	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	4	3	12	Bad Debt provision in place, proved adequate for C/Tax and NDR historically. More robust policy framework now	Y	125,000	3	2	6
16	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

Risk Register: Financial Strategy 2016/17- 2020/21

APPENDIX 1

No.	Risk Category	RISK <i>Threat to achievement of business objective</i>	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
17	Budget Control	General Contingency including - 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	2,500,000 (1% overspend risk on £250m)	3	3	9
18	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	550,000	5	2	10
19	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	100,000 general est. based on current risks.	4	3	12
Page 20	Economy and funding	Compliance failure with HMRC requirements	Penalty and Interest due to failure of business processes	4	3	12	Review of Business processes to ensure they remain fit for purpose		50,000	4	3	12
Projected General Fund balance as at 31 March 2016									5,638,000			
Risks Per risk register									11,527,000			
% of Risks per risk register covered by unallocated balances									49%			



CORPORATE TRANSFORMATION PROGRESS REPORT

Report by Corporate Transformation & Services Director

SCOTTISH BORDERS COUNCIL

11 FEBRUARY 2016

1 PURPOSE AND SUMMARY

- 1.1 **This report provides an update on progress in developing and delivering the Council's Corporate Transformation Programme since the Programme was agreed on 12 February 2015.**
- 1.2 The Corporate Transformation Programme is the Council's wide-ranging and ambitious programme which will help achieve our 8 Corporate Priorities and deliver the significant savings set out in the 5-year Financial Strategy.
- 1.3 Significant progress has been made against our 8 priorities, as set out in our Corporate Plan, while we have undertaken a radical transformation of the organisation. Through the exceptional efforts of our staff, we have realised savings of £15.6m across the first 3 years of our 5-year financial plan 2013/14-2015/16 (this includes current year savings which we are on track to deliver). At the same time, we have delivered significant operational efficiencies while improving standards of service delivery in many areas.
- 1.4 The coming years will present unprecedented challenges and opportunities for the Council and its partners. Like most Councils, Scottish Borders Council is facing significant financial challenges. These can be more difficult to resolve given the rural nature of our region and the requirement to provide dispersed services across a very large geographic area. A combination of funding restrictions and increasing demand for our services means that if we continue to deliver these in the same way as we do now, a funding gap will develop. As a result, we need to make £29.0m of savings by 2020/21.
- 1.5 Moving forward, we will need to become a leaner and more flexible organisation that continually seeks to improve and innovate to provide better more efficient services. Technology will play a vital role in enabling this and will provide the Council with opportunities to rethink and redesign its business processes and make services available on an anytime, anywhere basis.
- 1.6 Although, the Corporate Transformation Programme is only in its first year, it has already delivered some significant achievements – perhaps, most notably, around the implementation of the Borders Railway which is already bringing benefits for the economy of the area. Future work will ensure that

these benefits are spread as widely as possible across the region.

- 1.7 Other significant achievements include the launch of SBCares as a wholly-owned, arm's-length organisation for the provision of adult social care services. This model – which could be replicated elsewhere - provides an innovative way of providing services with the commercial and operational flexibility to allow us to pursue income streams that offset the costs of providing critical services. These achievements are highlighted in section 4 of the report along with other notable achievements over the year.
- 1.8 With much of the foundation work having taken place, the pace of change can now accelerate. Key programmes such as Customer First and ICT will bring about a comprehensive review of our business processes, improving services and productivity as well as delivering savings. Further online services – including building standards, benefits and fault reporting – will be made available to customers over the web in the year ahead.
- 1.9 Rationalisation of our property will continue and further opportunities to accelerate this will be identified and pursued. Steps to improve energy efficiency are already being planned and will be implemented to ensure that property running costs are reduced.
- 1.10 In addition to this, projects such as reducing the number of business miles travelled by at least 20% and reducing the volume and cost of printing across the organisation will contribute to the delivery of savings.

2 RECOMMENDATIONS

2.1 I recommend that Council:-

- (a) **notes the progress of the Programme;**
- (b) **agrees the role of the Corporate Transformation Programme in delivering significant savings whilst continuing to provide high quality services.**

3 BACKGROUND

- 3.1 The Corporate Transformation Programme is the Council's wide-ranging and ambitious programme which will help achieve our 8 Corporate Priorities and deliver the significant savings set out in the 5-year Financial Strategy.
- 3.2 The Council's Corporate Transformation Programme was approved in February 2015 and set out a programme of change to enable the Council to respond to unprecedented social, demographic and economic challenges. The Programme builds on the previous Business Transformation approach which had delivered substantial change and supported the delivery of £15.6m in savings since 2013- this includes the current year savings which we are on target to deliver.
- 3.3 Good progress has been made over the last 12 months with the development and delivery of the Programme. The 17 sub-programmes and projects that make up the Programme are set out in Appendix 1 along with a summary of progress made over the last year.
- 3.4 The Council's Corporate Management Team acts as the Programme Board and spends a day each month focussing on Programme delivery alongside service performance and the monitoring of the financial plan. This helps to ensure that the Programme delivers both the savings required and improvements to services. The Executive Committee monitors the Programme through quarterly progress reports.

4. REVIEW OF PROGRESS

- 4.1 The key highlights of the Programme over the last year can be summarised as follows:
- 4.1.1 **Railway Programme** – the Borders Railway opened in September 2015, with press coverage that delivered a potential audience reach of 51 million. The Borders Railway Inward Investment Prospectus and Visitor Marketing Programme went live in August 2015. Over 500,000 passengers have used the service to date (annual target 647,000).
- 4.1.2 **Integrated Culture and Sport Trust** – Scottish Borders Council and Border Sports & Leisure Trust have agreed to the formation of an Integrated Culture and Sport Trust. Work on implementation has started with a target date for go-live of the Integrated Trust being 1 April 2016.
- 4.1.3 **SBCares** – the SBCares arms-length organisation went live, as planned, in April and is on target to achieve projected savings.
- 4.1.4 **Street Lighting** - The Street Light Energy Efficiency Programme (SLEEP 1) which aims to convert 13,000 street lights or 64% Street Lighting luminaires to energy efficient LED technology continues to make good progress. Due to a reduction in luminaire costs it is now anticipated that 75% of luminaires will now be replaced under the SLEEP 1 project. The original 5 year programme has been accelerated and will be completed a year ahead of schedule by the end of

2018/19. To date 6,000 lights have been replaced. The LED lighting uses around 60% less electricity, requires little maintenance and will lead to significant efficiency savings as well as reducing the Council's Carbon Footprint and helping to minimise future Carbon tax liabilities. It has been agreed that a second, and concurrent, phase of the programme (SLEEP 2) will be implemented to cover the remaining 25% of street lights as well as signage and bollards lighting.

- 4.1.5 **Health and Social Care Integration** – The programme aims to integrate adult health and social care services to deliver a more person-centred service to achieve “best care, best health, best value”. This will be achieved by joining-up services across organisational boundaries and providing a seamless patient/client pathway. In line with legislation, the programme brings together Health and Social Care teams from NHS Borders and Scottish Borders Council as well as other partners such as the third sector. This is one of the most significant changes in the sector for decades

The programme has delivered the final version of the Strategic Plan after wide engagement with public and staff. The Plan will be presented to the Integrated Joint Board on the 1st of February 2016 and will be published by the 31st of March along with supporting statements which are now being developed. A final version of the Scheme of Integration has been submitted to the Scottish Government and is expected to be ratified by the Scottish Parliament by the 8th February.

- 4.1.6 **Sustainable Transport** – A CPP Strategic Transport Board was established in May 2014 and has developed and overseen a significant transport change programme. Projects implemented include a Joint Transport Procurement Framework, Improvements to Bus and Borders Railway connectivity, a Community Transport Hub and Improving Access in Rural Locations in the Berwickshire Area.

- 4.1.7 **Children and Young People Programme** – Good progress continues to be made in delivering this programme including:

- (a) The review of Management Structures is largely completed.
- (b) Online payments have been successfully launched in 46 out of 71 schools.
- (c) The Business Support & Administration Review is now well established.
- (d) Additional Special Needs – a new approach to Complex Needs and SEBN (Special Educational and Behavioural Needs) provision has been developed which will support and enable a child to remain in mainstream school wherever possible.
- (e) Two-thirds of Nursery settings are now operating the new model of Early Years and Childcare provision. A new Early Years Centre was opened within Burnfoot Community School in November 2015. This centre offers a range of drop-in facilities

for parents and children from the local area.

(f) Work has commenced around the School Estate Review.

4.2 In 2015/16 the Programme has delivered £2.389m savings, 93% of these being achieved on a permanent basis.

5. FUTURE DELIVERY OF THE PROGRAMME

- 5.1 The Corporate Transformation Programme is critical in enabling us to continue to deliver against the 8 priorities in the Corporate Plan and meet the significant challenges we face in the coming years. This not only involves looking at improving the way we deliver our services but will also involve working with our partners, communities and stakeholders for the wider benefit of the Borders
- 5.2 At the heart of Corporate Transformation there are three key, inter-related strands that are particularly critical in supporting the whole Programme to achieve both service improvements and targeted savings – Business Process Redesign, the ICT Programme and Workforce Transformation
- 5.3 Almost all parts of the programme involve process redesign to find better, more efficient, ways of doing things. More often than not, this will be enabled by both the use of technology to automate processes and the ability to share and manage data and information effectively.
- 5.4 More efficient and automated processes will only result in savings if less staff are employed to deliver them. The Workforce Transformation Programme, and in particular the People Planning Process, aims to support services to plan ahead to manage the resulting changes to the size, structure and skills of the workforce. This will be done, so far as possible, through a managed reduction of the workforce using natural turnover¹, targeted early retirement and voluntary severance and succession planning – all of this within the context of the ageing profile of the workforce². In terms of the Programme, this means, within the coming year, there will be a managed reduction in employee costs of around £1.5m.
- 5.5 Some of the main activities in the Programme over the year ahead will include:
- 5.5.1 **Customer First (Phase 2)** – Over the coming year the Customer First Programme, in conjunction with the delivery of new ICT solutions, will expand the number of online services available via digital media and web services. This will enable customers to self-serve online for a wider range of services providing any-time /anywhere access to services and information. In enabling these online services, the Council will improve its business processes and realise efficiencies from improved ways of working. Examples include:

¹ Annual Turnover is currently running at 9.77%

² By 2020, 10% of our workforce will be 65+ and 26% will be 60+

- (a) Fault reporting – Customers will be able to report a fault from their device and will receive updates and feedback as the fault is resolved. This online method of self-service will be accompanied by the reorganisation and re-design of back office processes and the removal of some processes which will be rendered unnecessary by the implementation of digital transacting. This will produce savings in terms of reducing back office processing and work is planned to identify and deliver the potential financial savings to the Council.

- (b) Benefits Claims – This is another example of a process currently performed in the back office which will be reduced by having customers self-serve. Last year, the Council launched a facility where customers can claim Housing Benefit and Council Tax benefit by completing online forms. This is still in its very early stages with the facility only available internally and to community partners like Housing Associations. This will be developed to enable customers to access the online service directly and work is planned to establish and deliver the associated efficiency savings.

Ultimately, most services will be made available online. Over the coming year, it is planned to prioritise further online service provision targeting the most popular services – i.e. those with the highest number of transactions.

5.5.2 **ICT Programme** – As a core cross-cutting strand of Corporate Transformation, the Programme will implement an ICT service that meets the needs of the Council and wider community and enables the delivery of many of the critical elements of the Corporate Transformation Programme.

Over the next year, and subject to Council approval of the full business case for outsourcing the provision of ICT services to the Council, the Programme will:

- (a) continue to engage with the City of Edinburgh’s supplier of ICT services under the terms of their Public Sector Partnership

- (b) develop and implement the proposed “Intelligent Client” function which will manage and monitor the proposed outsourcing contract and drive the Council’s strategic ICT direction

- (c) develop a detailed transition plan for IT service provision and the required change programme to deliver:
 - (i) modern efficient corporate IT systems
 - (ii) improved, automated and proven business processes
 - (iii) effective digital services to our customers – anytime, anywhere

- 5.5.3 **The Data and Information Sharing Programme** – This programme is closely linked to the ICT Programme and is critical in supporting better business processes by ensuring that information and data:
- (a) is managed securely and effectively and in compliance with legislation as well as corporate and national standards
 - (b) can be shared appropriately internally and with partners in a way that supports improved service delivery
- 5.5.4 **Business Process Redesign Work** – As noted in 5.2 above, this is a core cross-cutting strand of the Corporate Transformation Programme. This programme will co-ordinate and prioritise business process redesign activity across the Corporate Transformation Programme.
- (a) The Council’s business processes must be as efficient as possible to enable resources to be targeted at service delivery and meet the increasing demands on Council services. Prioritised business process re-design work will be a key feature across all of the Corporate Transformation Programme in the coming year.
 - (b) The planned investment in better ICT solutions in the coming year will offer increased opportunities for automating processes to improve productivity and deliver significant levels of savings, particularly in the key back office functional areas around Customer Services, Financial Administration, Business Support, HR and Procurement.
- 5.5.5 **Workforce Transformation** - The Workforce Transformation Programme is one of the central strands of the Corporate Transformation Programme and is critical to enabling new ways of working and unlocking savings and efficiencies not just across the programme but also the service specific savings in the Financial Plan. The programme has four main strands:
- (a) People Planning – the introduction of a People Plans aligned to the Corporate Planning, Business Planning and Financial Planning process to ensure that services have the right size of workforce with the right skills to implement changes and deliver new ways of working. Work on developing People Plans across the organisation is already underway.
 - (b) Employee Benefits – a package of employee benefits including discounted offers on a range of services and products from IT equipment and financial services to electronic goods and cars. The scheme was launched on 19th October last year and is being rolled out across the organisation
 - (c) Employee Communications and Engagement – reintroducing the staff survey and developing an employee

communications strategy that makes use of new media including the use of an extranet to enable electronic communications with all staff.

- (d) Business Mileage – a project to support a reduction in business mileage by 20% through awareness raising, the development of a new “grey fleet policy”, and the use of technology for on-line meetings and video conferencing to provide an alternative to face to face meetings.

5.5.6 **Property & Assets** – in seeking to make the most efficient use of our property and assets the main focus of this program, moving forward, will be on:

- (a) Office accommodation moves to enable identified properties to be released for sale or rental
- (b) Identifying further opportunities to achieve savings in the Council’s estate either through additional rationalisation, off-setting expenditure with income through shared use of accommodation, asset transfer, seeking development opportunities that maximise income potential from assets or, where there are no alternatives, simply “moth-balling” properties.

5.5.7 **Alternative Models of Service Delivery** – Work will conclude on the Roads Review and we plan to implement the option chosen by Council by October 2016. We plan to implement the Integrated Culture and Sport Trust in April 2016. SBCares will continue to develop and contribute to overall savings targets. We will look at options for other areas of the Council where an alternative service model could be appropriate to seek to deliver the savings expected from this programme.

5.5.8 **Energy Efficiency** - The Energy Efficiency Programme seeks to improve energy usage to achieve a saving in the overall costs of the Council’s estate. Work on the replacement of windows at HQ is expected to start late February 2016 early March 2016 and take 12-16weeks. An initial meeting has been held with Amey regarding the 3 Private Public Partnership schools of Earlston, Berwickshire and Eyemouth to discuss energy efficiency options at those schools e.g. lighting upgrades and solar panels. Energy efficiency improvements to the remaining school estate are also being considered and an external company will be undertaking an assessment of the scope for energy efficiency savings in the remaining school estate over the next few months. This will look at more efficient lighting, boiler optimisation and off peak electric heating. A plan is to be created to look at the roll out of these improvements to the schools with work anticipated to start in the summer 2016. The programme will also look at similar options that could be applied to other Council buildings.

5.5.9 **Health & Social Integration** – With the formal establishment of the Integrated Joint Board, the partnership delivering the integrated services will be fully operational by 1st April 2016. Work is now underway to manage this transition, building the various strategic and operational components such as performance monitoring framework, commissioning plans, integrated team structures and streamlined partnership process and decision making.

5.5.10 **Children & Young People** – Over the coming year, this Programme will move into a dynamic phase which will see the redesign of processes, structures and services that will lead to better service provision and achieve planned efficiency savings. This will include:

- (a) Online Payments - The final 25 schools will adopt online payments by Easter 2016 and further evaluation work will be undertaken to inform the Schools Admin Review.
- (b) Business Support & Administration Review – The review will be completed and implemented by April/May 2016 at HQ and by August 2016 in schools. Once new structures are in place, staff will adopt common processes and procedures to ensure that a streamlined and flexible support service is provided.
- (c) Early Years and Additional Special Needs - Job matching will be completed and new models fully operational for the new academic year in August 2016.
- (d) School Estate Review – There will be a consultation exercise to inform a strategy for the estate from 2017/18:

Building works will commence for:-

- (i) Kelso High School (completion in Autumn 2017)
- (ii) Broomlands Primary School (completion in Spring 2017)
- (iii) Langlee Primary School (completion in Spring 2017)
- (iv) Duns Primary School (completion in Spring 2017)

5.6 We will work with local, regional and national partners to exploit the opportunities inherent in the corporate transformation programme – including property and assets, Health and Social Care Integration. This will involve different ways of engaging and working with communities and partners and our Co-Production approach which is being developed as part of the corporate transformation Programme and our Locality Planning approaches will enable this.

5.7 The Borders Railway Programme will continue to be one of our headline partnership programmes. Targets for this programme in 2016 include:

- (a) Starting construction of the Great Tapestry of Scotland Visitor Centre, led by Scottish Borders Council.

- (a) Central Borders Business Park at Tweedbank, led by Scottish Enterprise.
- (b) Development of a visitor experience pilot by ScotRail.
- (c) The appointment of an inward investment project manager for the Borders Railway corridor.
- (d) Visitor marketing activity will continue in 2016, linked to a Borders Railway showcase at VisitScotland EXPO in April 2016.
- (e) A new Steam Train Experience is being planned by Transport Scotland/ScotRail.

5.8 New areas of work in 2016 will include stimulating private sector housing development, and support for workforce skills development. Finally, the Council is leading on scoping further feasibility work around the extension of the Borders Railway line towards Hawick and Carlisle.

6. REPORTING ON CORPORATE TRANSFORMATION

6.1 The Council's Executive Committee has, since June 2014, received quarterly performance reports, with a range of performance measures presented under each of the 8 corporate priorities. During 2015, performance summaries for each of corporate transformation programmes and projects have now been introduced as part of this quarterly performance reporting, again under the relevant corporate priority. To date, summaries have been prepared for the following programmes; Property and Assets, Energy Efficiency, Borders Railway, Sustainable Transport, Children and Young People, Integration of Health and Social Care, Customer First (Phase 2), ICT and Workforce Transformation.

6.2 Regular performance reporting should provide members with the assurance that the work being undertaken as part of a Corporate Transformation is having a positive effect. For example:

- (a) Measures around Self Directed Support (number of adults with SDS care arrangements, per 1000 population) and new service users who receive a service within 6 weeks of assessment should be positively impacted by health and social care integration;
- (b) Measures around Business Gateway (support and new businesses) should be positively impacted by the Borders Railway work to realise economic benefits.

7. LINKS WITH THE FINANCIAL PLANNING PROCESS

7.1 The Corporate Transformation Programme and approach underpins the ongoing delivery of a balanced and sustainable financial position across the 5-years of the Financial Strategy 2016/17 – 2020/21 in two respects:

- (a) It continues to enable successful delivery of existing, detailed savings proposals.

- (b) It provides the necessary corporate framework to develop and deliver projects and activities that will help achieve a sustainable financial position in future years.

7.2 Appendix 2 sets out how the Corporate Transformation Programme fits with and supports the Council's core planning processes – not just the Corporate Planning Process but also the associated Financial, Business and People Planning Processes. The 17 Corporate Transformation sub-programmes and projects – with the core 3 cross cutting Programmes relating to People, Processes and Technology at the heart of it – aims to translate the corporate elements of these plans into results on the ground in terms of both service improvement and financial savings.

8 IMPLICATIONS

8.1 Financial

- (a) There are no specific costs attached to any of the recommendations contained in this report outside those considered within the Administration's Budget Proposals.
- (b) Business cases with return on investment information continue to be developed for the projects and activities within the programme

8.2 Risk and Mitigations

- (a) There is an ongoing requirement for robust management action to further develop the Corporate Transformation Programme and continue to deliver Financial Plan savings. This is fundamental 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 the most significant risk to the Council.
- (b) A formal risk management approach is therefore being applied consistently and appropriately across the programme to mitigate this.

8.3 Equalities

Equalities Impact Assessments are being carried out on the sub-programmes and projects within the Corporate Transformation programme.

8.4 Acting Sustainably

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

8.5 Carbon Management

The programme actively promotes a positive impact on the Council's carbon emissions where appropriate.

8.6 Rural Proofing

This will be undertaken within the programme where appropriate.

8.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or Scheme of Delegation.

9 CONSULTATION

- 9.1 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)

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Background Papers: Nil

Previous Minute Reference: Scottish Borders Council, 12 February 2015

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

Contact us at James Lamb, Portfolio Manager, Programme Office, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA, Telephone: 01835 825392 or e-mail jlamb@scotborders.gov.uk

Corporate Transformation Progress Tracker for 2015/16

04 February 2016

Appendix 1

	Programme/Project	Purpose	Progress over the last year	Benefits & Outcomes
1	Workforce Transformation (including Workstyle Transformation Ph 2)	Enable staff to deliver service improvements, review existing management and admin structures and deliver a reward and benefit strategy. Implementation of mobile technologies to deliver more effective and efficient ways of working.	<ul style="list-style-type: none"> • Staff Benefits Scheme launched in October 2015 • Staff Extranet launched at the same time to better enable wider electronic communication with staff • People planning process started, linking workforce planning with the financial and business planning 	<ul style="list-style-type: none"> • A flexible and agile workforce • A better trained workforce through introduction of online resources • Working practices that fit business need • Smaller/leaner organisation • People Plans - workforce plans aligned to the financial plan and business plans • At least a 20% Reduction in Business Mileage and associated travel claims • Reintroduction of the Staff Survey • Improved staff communications and engagement.
2	Children & Young People	Improve the learning experience and opportunities for our children and young people through early intervention and prevention, an sustainable school estate and more integrated and streamlined management & admin.	<ul style="list-style-type: none"> • Review of Management Structures largely complete • Roll-out of online payments in schools underway and successful (46 out of 71 Schools) • Business Support & Admin Review is well underway • New approach to Complex and Special Educational and Behavioural Needs developed • Two-thirds of Nursery settings are now operating the new Early Years & Childcare provision • Work commenced on School Estate Review • New Early Years Centre opened in Burnfoot in November 	<ul style="list-style-type: none"> • Improved learning experience • Increased opportunities • Early intervention and prevention • Sustainable school estate • Integrated and streamline management and administration • Inclusion for all
3	Adult Services	Deliver service change and financial savings across a range of Adult services, including SB Cares, reviewed charging and focus on a reablement approach to care.	<ul style="list-style-type: none"> • In year savings achieved • Plans to deliver over £3m of savings in 2016/17 have been identified 	<ul style="list-style-type: none"> • Ability to meet increasing demand for services (aging population) • Providing high quality care – at home wherever possible • Improved prevention and early intervention • More efficient and cost effective service provision • Supporting people to live independently • More effective commissioning of services
4	Data / Information Sharing	Deliver information sharing requirements across partners.	<ul style="list-style-type: none"> • Temporary Information Manager appointed 	<ul style="list-style-type: none"> • Compliance – legal, PSN, best practice and sound governance • Security of information • Better integrated systems • Improved information sharing (corporately and interagency) • Single view of the customer, child (GIRFEC), patient etc. • Supporting Integration and better customer services.
5	Alternative Service Delivery Models	Review service delivery and Trust models to develop more cost effective service delivery models (e.g.) LLP's and joint ventures.	<ul style="list-style-type: none"> • The SBCare arm's-length organisation launched • Agreement reached on establishing an integrated Culture and Sports Trust • Roads Review initiated 	<ul style="list-style-type: none"> • More effective and efficient business models where there is a compelling business case e.g. Shared Services, Joint Ventures, LLP's, Trusts
6	Co-production	Involvement of communities from the outset in the development, design and delivery of service.	<ul style="list-style-type: none"> • Work to develop a co-production policy has commenced 	<ul style="list-style-type: none"> • A consistent approach to working with stakeholders to design, deliver and review services to ensure they are as effective as possible
7	Health and Social Care Integration	Improved outcomes for service users and carers who will have clear access routes to services and information.	<ul style="list-style-type: none"> • The first, development phase of the Integration Programme is now largely complete • Wide public, staff and stakeholder consultation throughout the year • Scheme of Integration submitted to Scottish Government • Strategic Plan completed ready for sign-off by the IJB • Programme Plan for the implementation phase in progress • Operating model and service design development in progress 	<ul style="list-style-type: none"> • More accessible services and stronger communities • Improved prevention and early intervention • Supporting people to live independently • Reduce avoidable admissions to hospital • Provide care close to home • Better Integration of Services • Better choice and control • More efficient and effective services • Reduce health inequalities • Better support for carers
8	Railway Programme	Delivery of actions to maximise the full economic and social benefits of the Borders Railway.	<ul style="list-style-type: none"> • Royal opening of the Borders Railway, including media launch and "Golden Ticket" promotion • 350,000 passengers (more than half the annual target) in the first 3 months • Borders Railway Inward Investment Prospectus launched • Visitor Marketing Programme launched • Tourism Business Opportunities Business Guide launched • Steam Train Experience delivered • Tourism Train Market Assessment completed 	<ul style="list-style-type: none"> • Better transport connection • More jobs • Inward Investment • Tourism Growth • Safer Travel • Improved Perception of the Borders • Population Growth
9	Localities Programme	Ensure SBC activity within localities is co-ordinated, via 5 locality plans containing clear actions and accountability.	<ul style="list-style-type: none"> • The Cheviot area identified as the localities pilot. • Engagement with elected members, area forums and Community Councils in the Cheviot locality • Identification of opportunities and challenges within the pilot area • A five-step approach to developing a locality plan agreed • Work to identify the assets owned by all partners in the Cheviot locality has commenced 	<ul style="list-style-type: none"> • Better co-ordination and sharing of SBC data, information and research • Long term sustainability of services and communities • Better planning and delivery of service on a locality basis • Services tailored to the needs of a community; • Engagement of communities
10	Waste Plan	Create efficiency savings, reduce expenditure and provide additional income through the implementation of a strategy that is financially and environmentally sustainable.	<ul style="list-style-type: none"> • Approach to the development of the new Waste Management Plan agreed in July • Closure of landfill and development of a new Waste Transfer Station at Easter Langlee agreed • Collection Scenarios agreed for public consultation • Work on landfill closure, waste transfer station development, residual waste procurement and Community Recycling Centre bulky waste projects commenced. • Community Recycling Centre Trade Waste Access Policy drafted 	<ul style="list-style-type: none"> • Sustainable waste management solution • Compliance with EU and Scottish Government waste and recycling targets • Improved environmental impact • Households and businesses producing less waste and recycling more • More efficient working practice

11	Digital Connectivity	Maximise community and town access to digital connectivity / broadband and mobile telephony.	<ul style="list-style-type: none"> • Agreement for 2 new mobile phone masts to cover areas with no coverage (through UK Government's Mobile Infrastructure Project) • Continued roll-out of Superfast Broadband • Proposals for addressing the anticipated 6% of premises not covered by Superfast Broadband being developed in conjunction with Community Broadband Scotland • Borders included in the Better Rural Broadband Superfast Satellite Broadband Pilot 	<ul style="list-style-type: none"> • The Borders is a more attractive place to live through good digital connectivity • Easier access to digitally-provided services • Higher levels of channel shift to digital service delivery (better services, lower costs) • Opportunities for public, commercial and voluntary partners to offer digital services • Improved equalities in the provision of services and information • Enhanced tourism proposition by offering good digital connectivity • More businesses will be prepared to relocate to the Scottish Borders • A stronger digital element to economic development strategy
12	Transport	Implement a better, simpler, more accessible and cost effective model of transport service provision, through a multi-agency approach.	<ul style="list-style-type: none"> • Joint Transport Procurement Framework in place • Improvements to Bus and Borders Railway connectivity • Community Transport Hub established – a one-stop-shop for accessing transport for Social and Health Services • Improved access in rural areas in Berwickshire through the involvement of local communities in the design of transport solutions 	<ul style="list-style-type: none"> • Co-ordinated and joined up approach to transport provision • A sustainable approach to transport that meets the needs of service users • Strengthened partnership working • Reduced carbon footprint • Savings and efficiencies
13	Energy Efficiency	Implement spend to save energy efficiency schemes across the Council estate.	<ul style="list-style-type: none"> • Windows replacement programme at HQ planned • Energy efficiency options being identified across the estate 	<ul style="list-style-type: none"> • Saving money and helping us meet our Climate Reduction Commitment
14	Customer First	Continued roll out and development of modern customer services across the Council.	<ul style="list-style-type: none"> • Testing of eBenefits with Housing Partners • Current processes for end-to-end fault reporting has been baselined • Preparatory work on eBuilding Standards • ePlanning (Phase 2) has gone live • Customer analysis has started looking at contact preferences and how we enable digital take-up 	<ul style="list-style-type: none"> • More customers being dealt within at first point of contact • Improved Customer Experience • More Responsive Services • Better and Faster Communication with Customers • State of the Art Digital Interaction and Processing • Efficiencies and Cost Savings
15	Property & Assets (including Joint Delivery /Co-location)	Pursue opportunities around estate rationalisation, taking full account of future service delivery models and school estate strategy, identifying specific targets for energy efficiencies. Actively pursue opportunities for co-location with our partners and opportunities for joint working.	<ul style="list-style-type: none"> • Programme of Office rationalisation agreed • Work initiated to identify further areas for rationalisation 	<ul style="list-style-type: none"> • A smaller, more efficient and fit for purpose estate • Shared accommodation/property with Community Planning and third sector partners • Maximised income generation
16	Business Process Re-engineering	Agreed approach to process improvement applied across a range of service areas.	<p>Process redesign and/or mapping of existing process has taken place across a number of projects – e.g.:</p> <ul style="list-style-type: none"> • Customer 1st – fault reporting, eBenefits, ePlanning and eBuilding Standards • Customer 1st – Processes redesign to enable transfer of the Social Work Duty Hub to Customer Services • Children & Young People – Business Support Processes • Transport – Processes to support redesign of Community Transport and establishing the Hub • Health & Social Care Integration – work commencing on process mapping and redesign 	<ul style="list-style-type: none"> • Better, more efficient business processes • Better service experience for the Customer/Service User • Improvements in productivity • Efficiency savings
17	ICT Change Programme	IT underpins the majority of the corporate transformation areas and implementation of the ICT strategy will support the delivery of financial savings.	<ul style="list-style-type: none"> • Programme Manager appointed • CGI Ltd appointed as preferred supplier • Output-based specifications developed • Development of Business Case with CGI • New ICT Governance arrangements Established • Prioritise "pipeline" of ICT activity relating to Transformation • Report in preparation for February Council. 	<ul style="list-style-type: none"> • Fit for purpose ICT solutions • Enabling more automated and efficient business processes • Enabling online self-service provision • Improvement in the quality of the ICT service both in terms of performance and functionality • Confidence in the ability of the ICT service to deliver • A guaranteed net increase in jobs in the Borders • Facilitating new options for Community Broadband

TRANSFORMING THE WAY WE WORK TO DELIVER ...



CORPORATE TRANSFORMATION PROGRAMME



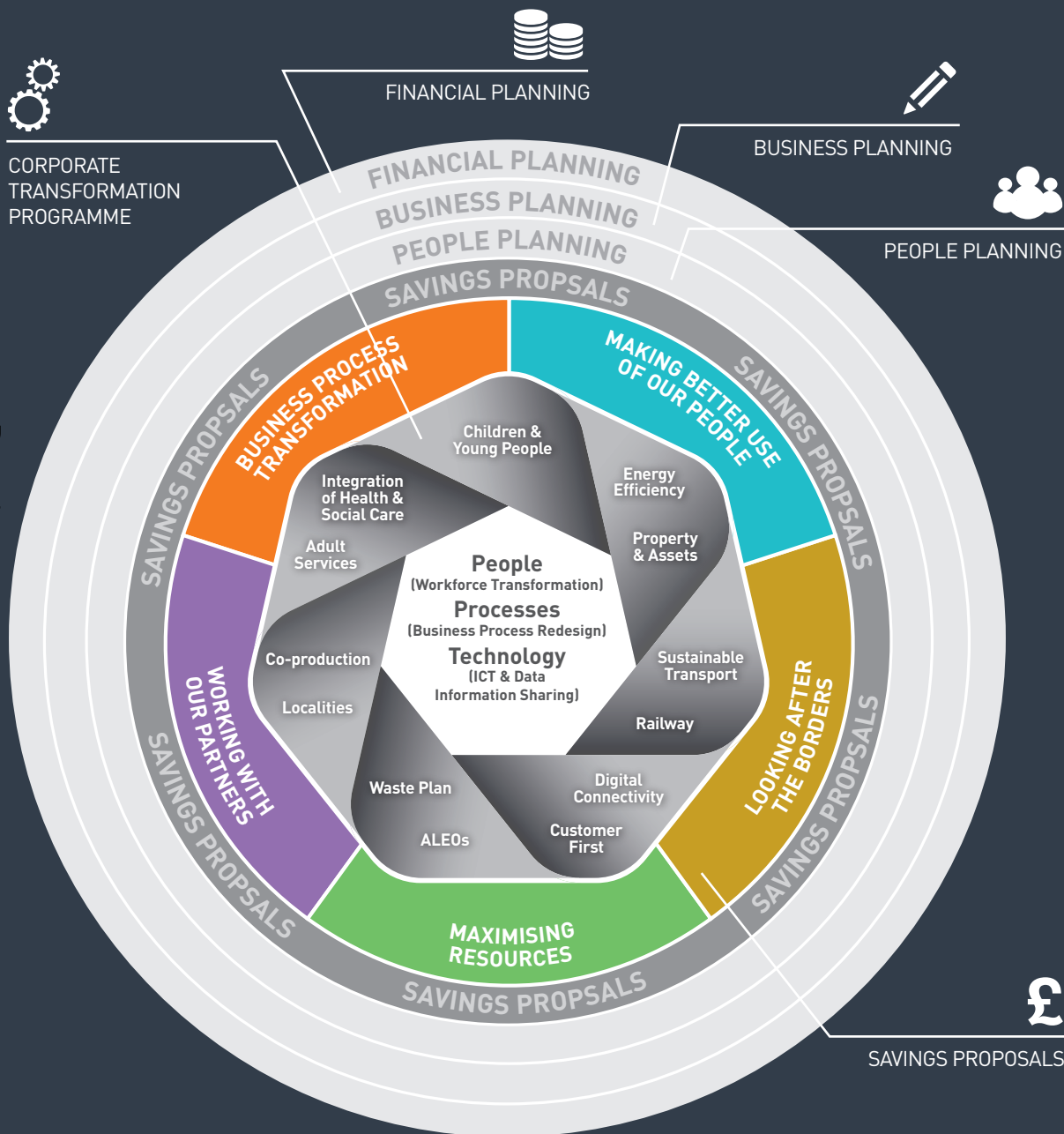
FINANCIAL PLANNING



BUSINESS PLANNING



PEOPLE PLANNING



... £29.0M WORTH OF SAVINGS OVER 5 YEARS, WHILST MAINTAINING HIGH QUALITY SERVICES AND ENHANCING THE SCOTTISH BORDERS

KEY



Financial planning: Maintaining a balanced financial position within each of our services



Business planning: How we will deliver our services, the savings proposals AND our ambitious corporate transformation program



People planning: The people we need now and in the future to continue to deliver high quality services AND implement change



SAVINGS PROPOSALS



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REVENUE AND CAPITAL RESOURCES AND COUNCIL TAX 2016/17

Report by the Chief Financial Officer

SCOTTISH BORDERS COUNCIL

11 February 2016

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise Council of the estimated revenue and capital resources available from financial year 2016/17 following publication of the local government finance settlement on the 16 December 2015.**
- 1.2 The report also outlines the process supporting the construction of the draft revenue and capital Financial Plans from 2016/17.
- 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 has worked together to support Members to set a Corporate revenue and capital budget to meet identified pressures facing the Council. These pressures have arisen due to the continuing constraints on external revenue and capital funding from central government, the continuing freeze on Council Tax and the increasing pressures from demographics, inflation and employment costs. The revenue and capital budgets have been designed to ensure the effective deployment of 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 2016/17 to 2020/21;**
- (b) notes the estimated Capital Resources for 2016/17 to 2025/26 and the requirement to adhere to the prudential code for capital borrowing;**
- (c) agrees a Band D council tax of £1,084 for financial year 2016/17, freezing the council tax at 2007/08 levels for ninth successive year;**
- (d) approves the council taxes to be paid for 2016/17 in respect of chargeable dwellings as set out in appendix 1 to this report;**
- (e) proceeds to consider the Administration's Financial Plan from 2016/17 and associated fees and charges schedule for 2016/17.**

3 REVENUE RESOURCES

- 3.1 The Local Government Finance Settlement (the Settlement) was published on 16 December 2015. The Settlement confirmed resources from the Scottish Government through Revenue Support Grant and Non Domestic Rates of £201.711m. Additional funding over and above the Settlement has been confirmed to fund, Free School Meals, Teachers Induction Scheme, 1 + 2 languages and Discretionary Housing Payments (DHP). The only element of this additional funding which has been allocated to date and therefore reflected in the Financial Plan papers is £1.2m for Free School Meals. All other budgets will be created during 2016/17 when funding is confirmed. A further adjustment has been made to reflect an assumed resources associated with Health and Social care partnerships assumed at £5.3m. If this full level of funding is not forthcoming it will be reduced accordingly in line with the final distribution from Government. Assuming that Council Tax is frozen again at 2007/08 levels, the total revenue resources available to the Council for 2016/17 are shown in table 1 below at £263.203m.

4 THE AEF SETTLEMENT 2016/17

- 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 must be used 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 £52.242m in financial year 2016/17 as shown in table 1 below. This estimate is based on the numbers of chargeable dwellings, applicable discounts, anticipated levels of bad debt and collection rates.
- 4.2 The Scottish Government has stipulated within the Settlement that it will work with local government partners on implementing the budget and the joint priorities in return for the full funding package which includes the following conditions:
- An additional £250 million transfer from the NHS to health and social care partnerships to ensure improved outcomes in social care;
 - The requirement to maintain teacher numbers at 2015 levels nationally and secure places for all probationers who require one under the teacher induction scheme; and
 - £70 million is included in the settlement to continue the council tax freeze for a ninth consecutive year.

- 4.3 Overall resources from Central Government reflect a decrease of £5.7m compared to 2015/16 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 2016/17 funding circular.

	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
Aggregate External Finance (1)						
General Revenue Support (2)	168,117	168,117	168,117	168,117	168,117	840,585
Assumed further 2% reduction from 2017/18	0	(4,034)	(4,034)	(4,034)	(4,034)	(16,137)
Separate funding for Free School Meals	1,200	1,200	1,200	1,200	1,200	6,000
Health & Social Care Partnership Outcomes (assumed)	5,300	5,300	5,300	5,300	5,300	26,500
Non-domestic Rates	33,594	33,594	33,594	33,594	33,594	167,970
	208,211	204,177	204,177	204,177	204,177	1,024,918
Reserves	962	153	0	0	0	1,115
Draw down and repay Reserves	0	1,353	(677)	(677)	0	(1)
Earmarking adjustments (as per 2015/16 Financial Plan)	874	9	0	0	0	883
Earmarked balances required to support the Plan	914	0	(1,651)	(2,069)	0	(2,806)
Council Tax (Band D £1,084 - no increase)	52,242	52,642	54,705	56,861	57,932	274,382
Assumed Council Tax Increase (3% from 2017/18, 1% from 2019/20)	0	1,579	1,641	556	564	4,340
Total	263,203	259,912	258,195	258,848	262,673	1,302,831

1. Funding from Scottish Government excludes ring-fenced grants (the budgets which follow are net of such grants).

5 AEF ESTIMATES 2016/17 AND BEYOND

- 5.1 At present the Scottish Government has only published draft AEF figures for 2016/17. 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 REVENUE FINANCIAL PLANNING PROCESS 2016/17 TO 2020/21

- 6.1 The 5 year Financial Plan the Council set for 2015-20 comprised a one year firm budget for 2015/16 and provisional figures for 2016/17-2019/20. 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 2015-2020, additional pressures have arisen from a reduction in funding from the Scottish Government, increasing demographic pressures, the continuation of Local Authority support to the Council Tax Reduction scheme inflationary increases and continuing manpower pressures.
- 6.4 In order to support the longer term Financial Plan Corporate Management Team (CMT) adopted the following process:
- a review and update of the assumptions made within the 2015-20 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 CAPITAL RESOURCES

- 7.1 The Council in setting its Capital Plan 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.
- 7.2 The code requires the 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.
- 7.3 The borrowing requirements associated with the proposals are anticipated to be fully financed by the Loans Charges revenue budget of:

	£m
2016/17	20.485
2017/18	20.185
2018/19	20.185
2019/20	20.185
2020/21	20.185

- 7.4 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 since 9 June 2015.

8 CAPITAL FUNDING ASSUMPTIONS

8.1 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 proposed plan includes an element of CFCR for cell capping at Easter Langlee which is funded from a provision established under accounting requirements. It also includes a small element previously agreed for Wilton Lodge Park.

8.2 Scottish Government – Specific Capital 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 Galashiels School Review. The proposed plan assumes specific grants of £60.9m over the 10 year period.
- b) There is however a significant element of unconfirmed funding (£50.1m, 82%) assumed within the plan. The unconfirmed funding elements are Hawick Flood Protection and Galashiels School Review.
- c) In addition to the unconfirmed the CWSRS funding levels is only confirmed for 2016/17 and no confirmation has been received for future years although the plan assumes this grant will continue and will return to the 2015/16 levels over time.
- d) This is a decrease in funding of £31.8m (35%) in comparison to the 2015/16 plan due to the partial completion of Selkirk Flood Protection, partial completion of Duns Primary School and the movement of Kelso High School to fully revenue grant funding from Scottish Futures Trust.

8.3 Other External Capital Grants & Contributions

- a) Many projects and programs are successful in bringing in matched funding from a range of external sources such as Sports Scotland, Historic Scotland and Lottery and European funds. These funds each come with specific conditions and are usually time limited.
- b) The majority of the £8.9m funding assumed in the proposed plan is unconfirmed (£7.8m, 88%) and subject to further business case and grant application processes. This unconfirmed funding includes:

Jim Clark Museum	£0.8m
Sir Walter Scott (phase 2)	£2.0m
Central Borders Business Park	£1.0m

Great Tapestry of Scotland - building	£2.5m
Synthetic Pitches	£1.4m

- c) This is a decrease in funding of £2.9m (25%) in comparison to the 2015/16 plan due to the exclusion of Supported Care Housing – Berwickshire which will to be delivered via a Partnership arrangement with RSL’s.

8.4 **Developer Contributions**

- a) Developer Contributions are contributions made by private developers for specific items. Legal agreements in place detail the terms of both the 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 the 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 to up front fund the construction until the contributions are received.
- b) The proposed Plan includes an assumed £3.3m of developer contributions, of which £2.0m is directly related to the proposed new Peebles Bridge which is in the later years of the Plan. There is also an assumption of £0.3m for Broomlands for which there are identified developments.
- c) The assumption around Peebles Bridge and Broomlands contributions is subject to a timing risk as the proposed Plan assumes that these will be received in line with the construction of the projects; however, an element of the contributions may require to be built first in order to fully release the development progress.

8.5 **Capital Receipts**

- a) Capital Receipts are funds generated from the disposal of capital assets. These funds are held in the Capital Fund and used to either finance new capital expenditure or repay existing loan principle. The estimate is reviewed on a regular basis to determine assets available for disposal and their likely disposal value and timing.
- b) The Plan is predicated on £8.1m of capital receipts being generated over first 5 years of the plan. The assumptions around the deliverability of these will be subject to continual review.

8.6 **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 16 December for 2016/17 has seen a drop in grant due to £2.8m being top sliced. These funds will be returned to Council but the timing is currently unknown
- b) The total estimated Capital Grant over the period of the Plan is

estimated at £110.0m, a reduction of £13.0m from the previous Plan. Although indicative grant figures have not been provided for future years the assumption with the Plan are assumed prudent levels although there remains the risk that the assumptions for future years may be over or under estimated.

8.7 **Plant & Vehicle Fund**

- a) The 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's revenue budgets over the life of the vehicle.
- b) The Plan has assumed purchases of £2m per annum over the period of the Plan which are fully funded from the Fund. This assumption will be subject to review as structural and operational changes are made across the Council which may have a direct impact on the vehicle requirements.
- c) This is an increase of £20m in comparison to the 2015/16 approved plan which did not contain any expenditure or funding assumptions for Plant & Vehicle.

8.8 **Borrowing**

- a) The balance of the funds required for the 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 requirements the Council must follow the Prudential Code which requires Councils to ensure they are acting prudentially and sustainably. The costs of borrowing are charged to revenue via the Loans Charges Budgets.
- b) This proposed revenue budget to support capital through loans charges is set out in paragraph 3.2 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 Plan includes a total borrowing over the 10 year period of £97.0m borrowing an increase of £5.0m from the previous plan. It is estimated based on assumptions around cash flow and interest rates that this is deliverable within the estimated revenue resources. There however is a risk if interest rates rise above the assumed levels it may result in additional charges. This will require regular monitoring to ensure that the borrowing levels are sustainable and affordable.

- 8.9 The total funding available is £309.2m a decrease of £22.9m from the 2015/16 plan. The following table summarises the total resources for the proposed Capital Plan and movement from the 2015/16 plan;

	Operational	Strategic	Total	Move vs 2015/16 Plan
	£m	£m	£m	£m
CFCR	0.7	0	0.7	(0.9)
Scottish Government – Specific Grants	11.1	49.8	60.9	(31.8)
Other External Grants & Contributions	7.4	1.5	8.9	(2.9)
Developer Contributions	0.7	2.7	3.4	0.4
Estimate Capital receipts	4.2	3.9	8.1	0.3
General Capital Grant	33.2	77.0	110.2	(13.0)
Plant & Vehicle Fund	6.0	14.0	20.0	20.0
Borrowing	50.0	47.0	97.0	5.0
Total available funding	113.3	195.9	309.2	(22.9)

9 COUNCIL TAX

- 9.1 The aspiration to have Council Tax levels frozen at 2007/08 is to continue for a ninth 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 an increase of 3% on the Council Tax levels to replace the lost income.
- 9.2 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.
- 9.3 Regardless of national changes to the system of local government finance the financial budget pressures facing the Council make it highly likely that it will be impossible to freeze Council Tax beyond 2016/17 without significant and lasting damage to public services. For this reason the Financial Plan assumes that the Council Tax or its replacement will deliver additional income of 3% in 2017/18 with further increases signalled in future financial years.
- 9.4 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.

10 IMPLICATIONS

10.1 FINANCIAL IMPLICATIONS

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

10.2 RISK AND MITIGATION

Revenue Plan

- (a) The Council faces a number of risks in setting its Revenue Financial Plan for five years 2016/17 - 2020/21. The main identified risks are set out in the Financial Strategy.
- (b) There is an ongoing requirement for robust management action to further develop the Corporate Transformation Programme and continue to deliver Financial Plan savings. This is fundamental 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 the most significant risk to the Council.

Capital Plan

- (c) The key risks associated with the projects and associated funding has been identified and will be monitored on a regular basis within the regular monitoring of the Capital Plan.
- (d) Due to affordability several major projects have not been included within the proposed plan. There are a number which are linked to substantial developer contributions and major housing developments, such as Newtown St'Boswells. There are also a number of ongoing strategic reviews across the Council, including IT, Waste and School Estates , which may result in Capital requirements. The current discussions with Scottish Government relating to City deal may also result in a requirement for additional capital allowance.
- (e) The Capital Plan includes in various years Planned Program Adjustments which require to be met by project movements with individual financial years. If these movements do not materialise there is a risk the plan will be oversubscribed which will result in a over spend in loans charges. This will be monitored on a regular basis within the monitoring of the Capital Plan.

Council Tax

- (f) 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.

- (g) 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.

10.3 **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.

10.4 **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.

10.5 **CARBON MANAGEMENT**

There are no effects on carbon emissions.

10.6 **RURAL PROOFING**

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

10.7 **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.

11 CONSULTATION

- 11.1 Corporate Management Team has compiled the revenue and capital Financial Plan.
- 11.2 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council are being consulted and any comments have been reflected in the report.

Approved by

David Robertson
Chief Financial Officer

Signature

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Background Papers:
Previous Minute Reference:

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Council Tax levels 2016/17

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

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TREASURY MANAGEMENT STRATEGY 2016/17

Report by Chief Financial Officer

SCOTTISH BORDERS COUNCIL

11 February 2016

1 PURPOSE AND SUMMARY

- 1.1 This report proposes the Treasury Management Strategy 2016/17 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 Strategy for 2016/17 is included in this report in Appendix 1 and reflects the impact of the Administration's Financial Plans for 2016/17 onwards on the prudential and treasury indicators for the Council

2 RECOMMENDATIONS

- 2.1 It is recommended that the Council:**
 - (a) approves the Treasury Management Strategy 2016/17 as set out in Appendix 1.**
 - (b) Council reviews its capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and**
 - (c) ensures that the revenue consequences of all capital projects be fully reviewed in all investment decisions.**

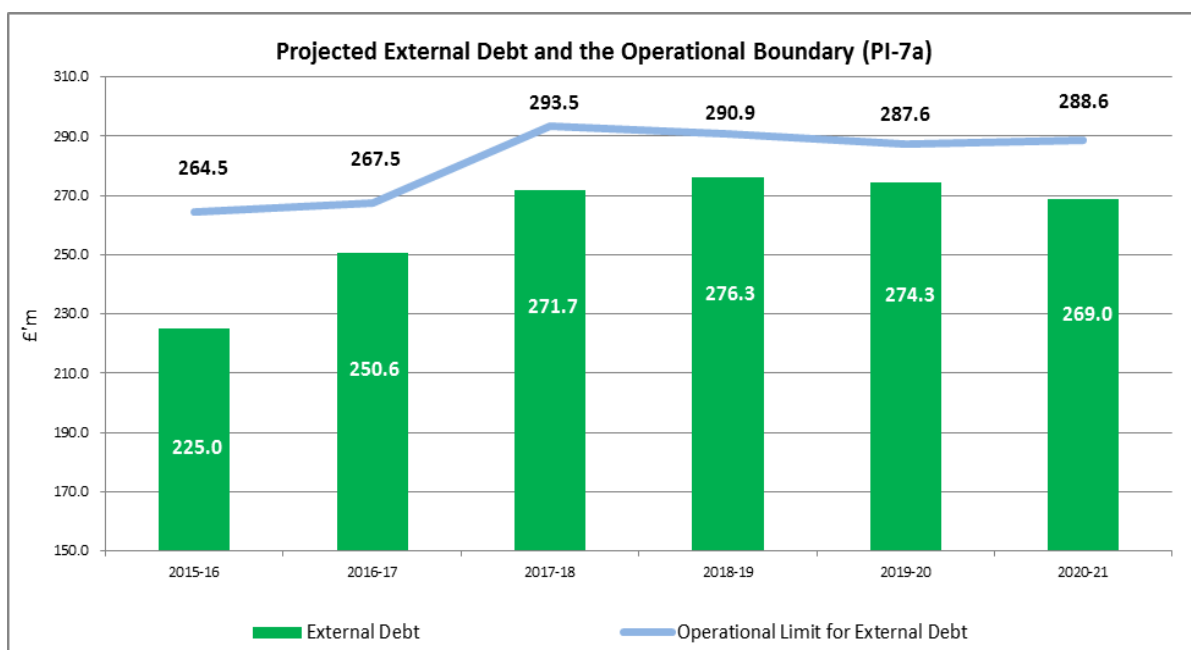
3 BACKGROUND

- 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 and Accountancy) Code (i.e. Treasury Management in the Public Services: Code of Practice and Cross-sectorial Guidance Notes). The Committee reviewed the Strategy set out in Appendix 1 at the meeting on the 18 January 2016.
- 3.3 The Audit and Risk Committee, when it considered the draft Treasury Management Strategy 2016/17 at the meeting on 18 January 2016, also agreed to recommend to Council that:-
 - (a) Council reviews its capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and
 - (b) in all future capital projects, the revenue consequences of such projects be fully considered in arriving at investment decisions.

4 TREASURY MANAGEMENT STRATEGY 2016/17

- 4.1 Appendix 1 contains the draft Treasury Management Strategy for 2016/17 for consideration by the Council.
- 4.2 This is based on the Administration's Capital Financial Plan for 2016/17 to 2025/26
- 4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2015/16 strategy are:
 - (a) Increase in Capital Financed from Revenue (CFR) for 2016/17 due to increased capital expenditure in 2016/17 resulting new projects and from acceleration of a number of projects such as Broomlands, Langlee and sports pitches, additionally borrowing requirements associated with the re-phasing of projects from 2015-16 into 2016-17 and future years have impacted on the total CFR.
 - (b) Increase in Authorised Limit in 2017/18 with associated the completion of Kelso High School and the resulting Long Term liability and the increase in external borrowing resulting from the capital plan.
- 4.4 The table below shows the "Operational Boundary" against the anticipated levels of external borrowing. The external borrowing levels should not exceed the operational boundary i.e. the level of borrowing that is defined by the prudential framework as the limit which external borrowing is not normally expected to exceed. The gap between these two elements as seen in the table is narrowing each year and is an indication that the Council's

external debt is getting closer to the prudent affordability limit as defined by the Operational Boundary.



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 Strategy for Audit and Risk Committee scrutiny is to ensure that the Members are satisfied with this element of the risk management framework for the treasury management function within the Council. This strategy provides 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 Carbon Management

There are no direct issues or consequences arising from this report which would affect the Council's carbon management.

5.6 Rural Proofing

There are no direct issues or consequences arising from this report which would affect the Council's rural proofing policy.

- 5.7 **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 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.
- 6.2 The Audit and Risk Committee considered the report at the meeting on 18 January 2016 and supported its submission to Council for approval with the request for 2 recommendations now reflected in this covering report.

Approved by

David Robertson
Chief Financial Officer

Signature

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Background Papers:

Previous Minute Reference: Audit & Risk Committee, 18 January 2016

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SCOTTISH BORDERS COUNCIL

**TREASURY MANAGEMENT STRATEGY
(incorporating the Annual Investment Strategy)
2016/17**

DRAFT

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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 2016/17** (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 2016/17 – 2020/21

The Council's Financial Strategy sets out financial resource and management parameters within which it will deliver its Corporate Vision and Priorities. The Financial Strategy brings together various elements of financial policy and strategy, including the Treasury Management Strategy, and establishes the financial planning framework for the Council in terms of Revenue Expenditure and Capital Investment. The output from this framework is the Council's Financial Plan, approved annually in February, presenting the financial proposals for delivering its services and objectives.

The Financial Strategy establishes that the Financial Principles underpinning the planning for the Council's future service delivery are 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 Corporate and Business Plans and the Revenue and Capital Financial Plan.

In order to adhere to these Principles, the Financial Strategy states that the Council will adopt Financial Objectives including to:

Maintain an affordable and sustainable capital investment programme financed in line with the Capital Investment Principles and supported by a prudent Treasury Management Strategy which safeguards the our assets.

The Revenue Financial Plan has identified that to manage the investment in infrastructure a capital programme financed by £20.2m capital financing revenue implications per annum (reducing to £19.1m per annum from 2018/19) 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 2016/17 – 2025/26 includes the following capital expenditure forecasts for the first five years:

Capital Expenditure (PI-1) £m	Estimate					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Place	34.9	21.8	15.9	12.8	16.8	23.8
People	8.6	27.7	7.0	3.6	4.7	6.1
Chief Executive	4.8	15.0	6.8	8.0	4.8	1.9
Other & Emergency & Unplanned	0.1	2.3	2.3	2.6	2.6	2.3
Planned Phasing Adjustments	0.0	0.0	(6.9)	4.5	2.5	1.4
Total	48.4	66.8	25.1	31.5	31.4	35.5

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 area 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) The estimated amounts are as follows:

Other Relevant Expenditure £m	Estimate					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Bridge Homes LLP (Affordable house building programme)	1.5	2.0	2.0	2.0	-	-

- b) Previously the Council had included up to £5m 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					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Capital Expenditure – per plan	48.4	57.0	25.1	31.3	31.4	35.5
Previous year movements	-	9.8	-	0.3	-	-
Other Relevant Expenditure	1.5	2.0	2.0	2.0	-	-
Total Expenditure	49.9	68.8	27.1	33.5	31.4	35.5
Financed by:						
Capital receipts	1.5	1.3	1.8	1.1	2.9	1.0
CFCR	1.2	0.3	0.2	0.3	-	-
Developer Contributions	0.3	0.1	0.5	0.1	0.1	0.1
Govt. General Capital Grants	11.0	11.2	11.0	11.0	11.0	11.0
Govt. Specific Capital Grants	17.2	10.3	0.1	1.9	5.4	14.9
Other Grants & Contributions	1.8	5.2	1.7	1.1	1.5	-
Plant & Vehicle Fund	2.9	2.0	2.0	2.0	2.0	2.0
Net financing need for the year	14.0	38.4	9.8	16.0	8.5	6.5

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 £54.3m of liabilities relating to such schemes within the 2015/16 long term liabilities figure. This increases by £21.3m in 2017/18 relating to funding arrangements for the construction of a new High School in Kelso.
- c) The Council is asked to approve the CFR projections below:

Capital Financing Requirement (PI-2) £m	Actual	Estimate					
	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Total CFR (PI-2) *	259.9	263.4	291.8	292.1	298.3	297.6	295.4
Movement in CFR represented by:							
Net financing need for the year (above)		14.0	38.4	9.8	16.0	8.5	6.5
Less scheduled debt amortisation and other financing movements		(10.5)	(10.0)	(9.5)	(9.8)	(9.2)	(8.7)
Movement in CFR		3.5	28.4	0.3	6.2	(0.7)	(2.2)

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

The significant increase between 2015/16 and 2016/17 driven by the shift in the net financing need for the year as detailed in the table in section 3.3 a). The main driver for the increase is an increased Capital Programme with significant additions in 2016-17 and the acceleration of projects into that year from future years. Additionally borrowing requirements associated with the re-phasing of projects from 2015-16 into 2016-17 and future years have impacted on the total CFR.

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					
	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Ratio of Financing Costs to Net Revenue Stream (PI-3) <i>(inc. PPP repayment costs)</i>	9.3	8.9	9.0	9.8	10.2	10.2	10.0

The estimates of financing costs include current commitments and the proposals in the Financial Plans for 2015/16. The movements in the above ratio from 2016-17 onwards reflect a reduction in overall financial resources available to the Council.

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				
	2016/17	2017/18	2018/19	2019/20	2020/21
Incremental (Saving)/Cost Impact of Capital Investment Decisions on the Band D Council Tax (PI-4)	(0.05)	(0.03)	(0.02)	(0.01)	(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 2015, 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					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Borrowing	170.6	197.9	199.0	205.9	206.3	203.5
Other Long Term Liabilities	54.3	52.6	72.7	70.4	68.0	65.4
Total Gross Borrowing (Prudential Indicator PI-5)	225.0	250.5	271.7	276.3	274.3	269.0
CFR – the borrowing need *	292.1	298.3	297.6	295.3	293.3	293.4
(Under) / Over Borrowing (Prudential Indicator PI-6)	(67.1)	(47.8)	(25.9)	(19.0)	(19.0)	(24.4)

* 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 2016/17 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 long term future. This view takes into account current commitments, existing plans, and the proposals in the Financial Plans for 2016/17.

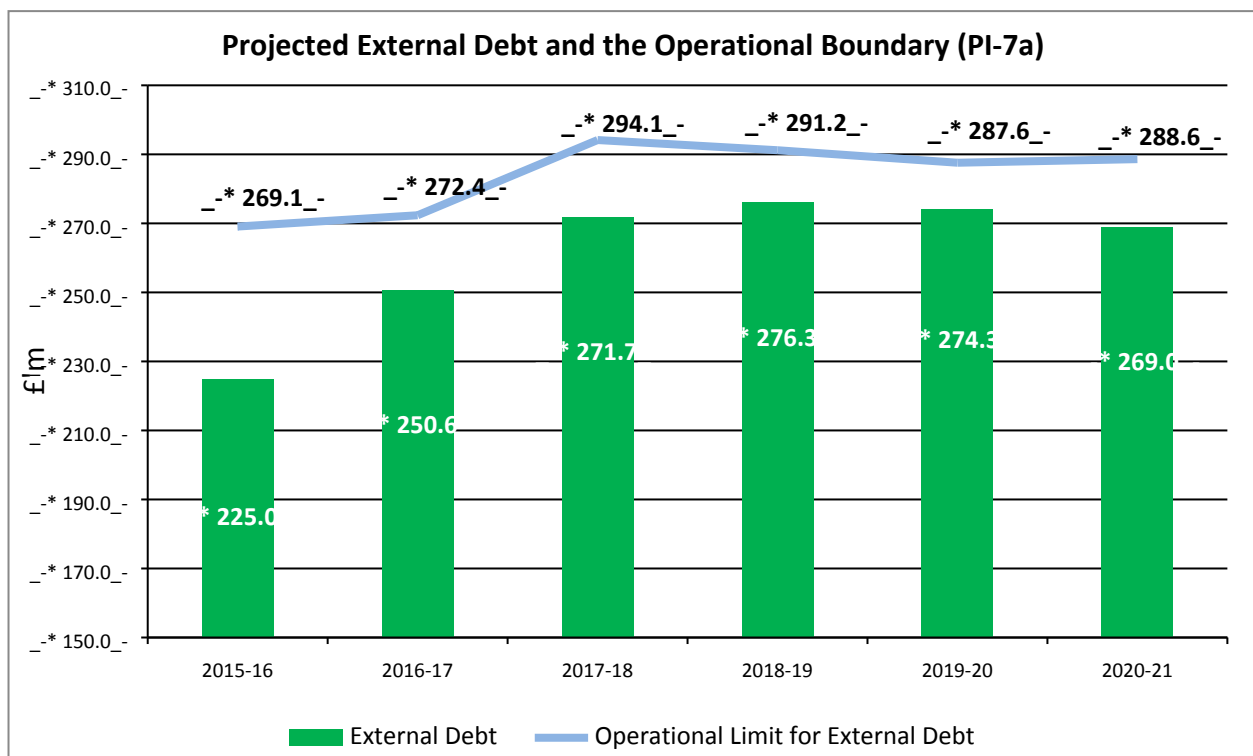
4.2 Treasury Indicators: Limits to Borrowing Activity

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				
	2016/17	2017/18	2018/19	2019/20	2020/21
Total Operational Boundary (PI-7a)	272.4	294.1	291.1	287.6	288.6
Less: Other long term liabilities	(52.6)	(72.7)	(70.4)	(68.0)	(65.4)
Operational Boundary exc. Other Long Term Liabilities (PI-7b)	219.8	221.4	220.7	219.6	223.2

- b) The following chart shows how the current and projected Operational Borrowing limit compare with the anticipated levels of actual debt.



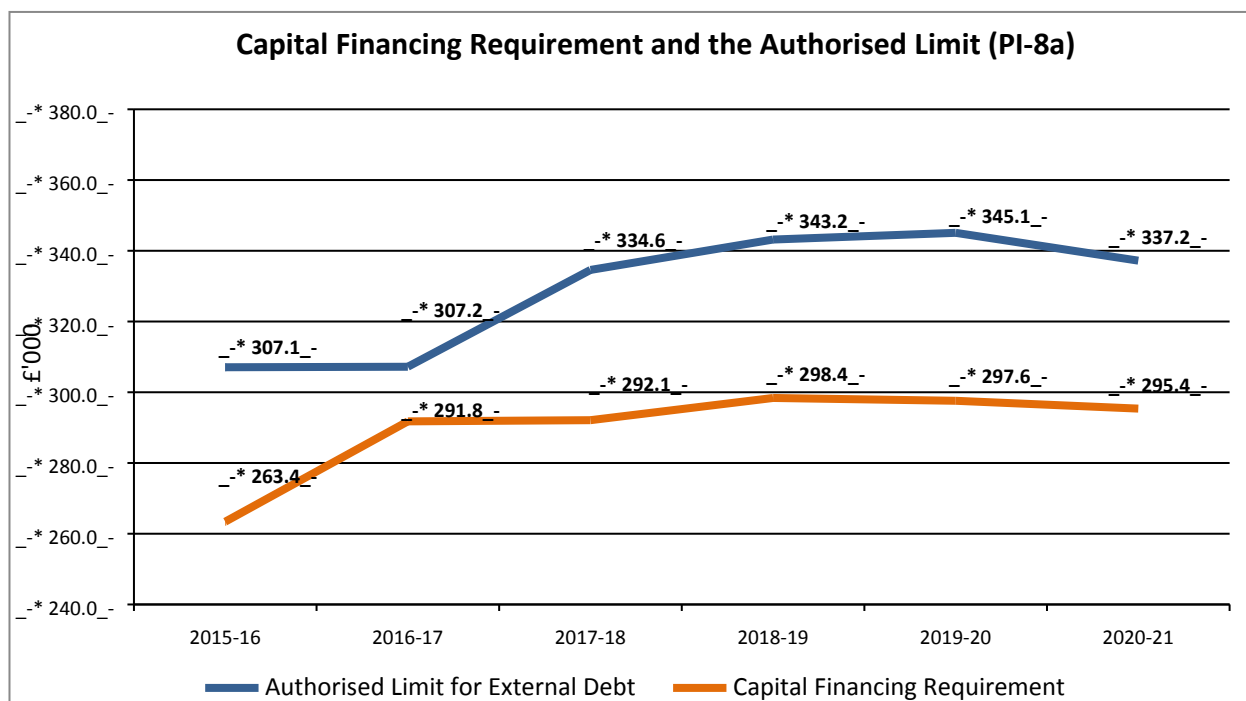
The Authorised Limit for External Debt (Prudential Indicator PI-8)

- c) 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**.
- d) 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.

e) The Council is asked to approve the following authorised limit:

Authorised Limit £m	Estimate				
	2016/17	2017/18	2018/19	2019/20	2020/21
Total Authorised Limit (PI-8a)	307.2	334.6	343.1	345.1	337.2
Less: Other long term liabilities	(52.6)	(72.7)	(70.4)	(68.0)	(65.4)
Authorised Limit exc. Other Long-Term Liabilities (PI-8b)	254.6	261.9	272.7	277.0	271.8

f) The chart on the below shows how the current and projected Capital Financing Requirement compares the Authorised Limit for External Debt



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 2016	0.50	2.00	3.40	3.20
Jun 2016	0.50	2.10	3.40	3.20
Sep 2016	0.50	2.20	3.50	3.30
Dec 2016	0.75	2.30	3.60	3.40
Mar 2017	0.75	2.40	3.70	3.50
Jun 2017	1.00	2.50	3.70	3.60
Sep 2017	1.00	2.60	3.80	3.70
Dec 2017	1.25	2.70	3.90	3.80
Mar 2018	1.25	2.80	4.00	3.90
Jun 2018	1.50	2.90	4.00	3.90
Sep 2018	1.50	3.00	4.10	4.00
Dec 2018	1.75	3.10	4.10	4.00
Mar 2019	1.75	3.20	4.10	4.00

- b) UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before weakening again to +0.4% (2.1% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK.
- c) The Inflation Report was notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% by the end of 2016 and not get to near 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase. However, more falls in the price of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation. There is therefore considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.
- d) The weakening of UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 4 of 2016. There is downside risk to this forecast i.e. it could be pushed further back.

- e) The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC
- f) In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%

During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

- g) Investment returns are likely to remain relatively low during 2016/17 and beyond;
- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 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.
- h) **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 2016/17 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 an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised 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 identifies 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	2016/17	2017/18	2018/19	2019/20	2020/21
Interest rate exposures					
	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt (TI-1)	272.3	294.1	291.1	287.5	288.6
Limits on variable interest rates based on net debt (TI-2)	95.3	102.9	101.9	100.7	101.0
Maturity Structure of fixed interest rate borrowing 2015/16 (TI-3)					
	Lower			Upper	
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 Parliament's Local Government Investment (Scotland) Regulations 2010 (and accompanying Finance Circular) and the 2011 revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectorial Guidance Notes ("the CIPFA TM Code").
- b) The Council's primary investment objectives are as follows, in order of importance:
 - (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
 - (iii) The **returns on investments** that can be realised

The Council will therefore 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.

- c) 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. The key ratings used to monitor counterparties are the Short and Long term ratings. The intention of the approach is to provide security of investment and minimisation of risk.
- d) 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.
- e) 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

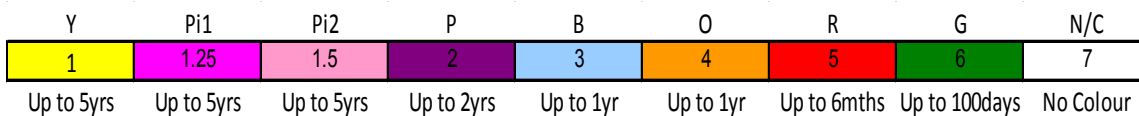
- Investment properties
 - Loans to third parties, including soft loans
 - National Housing Trust (NHT)
 - Investments in and loans to local authority companies/partnerships
 - Pooled Investment Vehicles
 - Investment in the subordinated debt of projects delivered via the 'HubCo' model
- c) Details of 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 for SBCarers

- 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) 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:

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

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:

Group of Banks	£10m
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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 June 2016. Bank Rate forecasts for financial year-ends (March) as at January 2016 are:

2015/2016	0.50%
2016/2017	1.00%
2017/2018	1.75%
2018/2019	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:

Maximum principal sums invested > 364 days (TI-5)					
£m	2016/17	2017/18	2018/19	2019/20	2020/21
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 2015/16.

- (ii) Average borrowing rate movement year on year

Target is to maintain or reduce the average borrowing rate for the Council versus 2015/16.

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 2016/17 are expected to be at or below the Revenue Budget estimate contained in the Council’s Financial Plans to be approved in February 2016, which are estimated as follows:

£m	2016/17	2017/18	2018/19	2019/20	2020/21
Interest on Borrowing	12.3	13.0	13.2	13.8	14.5
Investment income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Capital Repayments	8.3	7.4	7.4	6.8	6.1
Total Loan Charges *	20.5	20.3	20.5	20.5	20.5

**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 2016/17.

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.	2016/17	2017/18	2018/19	2019/20	2020/21
PRUDENTIAL INDICATORS							
Capital Expenditure Indicator							
PI-1	Capital Expenditure Limits	5	£66.8m	£25.1m	£31.5m	£31.4m	£35.5m
PI-2	Capital Financing Requirement (CFR)	7	£291.8m	£292.1m	£298.3m	£297.6m	£295.4m
Affordability Indicator							
PI-3	Ratio of Financing Costs to Net Revenue (inc. PPP repayment costs)	7	9.0%	9.8%	10.2%	10.2%	10.0%
PI-4	Incremental (Saving)/Cost Impact of Capital Investment Decisions on Council Tax	8	(£0.05)	£(0.03)	(£0.02)	(£0.01)	(£0.02)
External Debt Indicators							
PI-5	Actual Debt	8	£250.5m	£271.7m	£276.3m	£274.3m	£269.0m
PI-7a	Operational Boundary (inc. Other Long Term Liabilities)	9	£272.4m	£294.1m	£291.1m	£287.6m	£288.6m
PI-7b	Operational Boundary (exc. Other Long Term Liabilities)	9	£219.8m	£221.4m	£220.7m	£219.6m	£223.2m
PI-8a	Authorised Limit (inc. Other Long Term Liabilities)	10	£307.2m	£334.6m	£343.1m	£345.1m	£337.2m
PI-8b	Authorised Limit (exc. Other Long Term Liabilities)	10	£254.6m	£261.9m	£272.7m	£277.0m	£271.8m
Indicators of Prudence							
PI-6	(Under)/Over Gross Borrowing against the CFR	9	£(47.8)m	£(25.9)m	£(19.0)m	£(19.0)m	£(24.4)m
TREASURY INDICATORS							
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt	14	£272.3m	£294.1m	£291.1m	£287.5m	£288.6m
TI-2	Upper Limit to Variable Interest Rates based on Net Debt	14	£95.3m	£102.9m	£101.9m	£100.7m	£101.0m
TI-3	Maturity Structure of Fixed Interest Rate Borrowing 2012/13	14	Lower		Upper		
	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 2016-19

Capita Asset Services' Interest Rate View															
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	
Bank Rate Forecast	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%	
3 month LIBID Forecast	0.60%	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%	
6 month LIBID Forecast	0.80%	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%	
12 month LIBID Forecast	1.10%	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%	2.70%	
Bank Rate															
	NOW	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Capita As set Services	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
Capital Economics	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	-	-	-	-	
5yr PWLB Rate															
	NOW	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Capita As set Services	2.05%	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
Capital Economics	2.05%	2.40%	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	
10yr PWLB Rate															
	NOW	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Capita As set Services	2.69%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
Capital Economics	2.69%	2.80%	3.05%	3.05%	3.05%	3.30%	3.30%	3.55%	3.55%	3.80%	-	-	-	-	
25yr PWLB Rate															
	NOW	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Capita As set Services	3.38%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
Capital Economics	3.38%	3.35%	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	
50yr PWLB Rate															
	NOW	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Capita As set Services	3.19%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
Capital Economics	3.19%	3.40%	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	

Please note – The current PWLB rates and forecasts shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.
December 2015 used as a base.

Source: Capita Asset Services, January 2015

ANNEX C Economic Background

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%.

Since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK. Bank of England Governor Mark Carney has set three criteria that need to be met before he would consider making a start on increasing Bank Rate. These criteria are patently not being met at the current time, (as he confirmed in a speech on 19 January):

- *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*
- *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
- *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, subsequent round of falls in fuel and commodity prices which will delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase.

However, with the price of oil having fallen further in January 2016, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its February 2016 Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Fed. would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed. to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong (and December was outstanding); this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

Eurozone. The ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in Q1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in Q2 and looks as if it may maintain this pace in Q3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed although it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the initial resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so a Greek exit from the euro may only have been delayed by this latest bailout.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.3% after a short burst of strong growth of 1.0% during Q1. Japan has been hit hard by the downturn in China during 2015. This does not bode well for Japan as the Abe government has already fired its first two arrows to try to stimulate recovery and a rise in inflation from near zero, but has dithered about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

Emerging countries. There are also considerable concerns about the vulnerability of some emerging countries and their corporates which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

This change in investors' strategy, and the massive reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

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 evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 9 November 2015 shortly after the publication of the quarterly Bank of England Inflation Report. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. 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.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around mid-year 2016.

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 economic growth turns significantly 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.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Fed. rate increases, causing a flight to safe havens

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

- Uncertainty around the risk of a UK exit from the EU.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to 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, November 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
Cash type instruments					
a. Deposits with the Debt Management Account Facility (UK Government) (Very low risk)	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 (Very low risk)	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. Deposits with other non-local authority bodies will be restricted to the overall credit rating criteria.	Little mitigating controls required for local authority deposits, as this is a quasi UK Government investment. Non-local authority deposits will follow the approved credit rating criteria.	£40m, maximum 1 year.	£5m, maximum 1 year.	£40m, maximum 1 year.
c. Money Market Funds (MMFs) (Very low risk)	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>(Low risk depending on credit rating)</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>(Low to medium risk depending on period & credit rating)</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. 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
f. UK Government Gilts and Treasury Bills (Very low risk)	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).	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.	£20m, maximum 1 year.	£5m, maximum 1 year	£20m, maximum 1 year.

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
Other types of investments					
g. Investment properties (Medium Risk)	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
h. Loans to third parties, including soft loans (Low to Medium Risk depending on Credit Risk)	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 (Very Low Risk due to Scottish Government Underwriting)	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>(Low Risk)</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>£25M</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>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>£1m</p>	<p>N/A</p>	<p>N/A</p>
<p>l. Pooled Investment Vehicles</p> <p>(Low to Medium Risk)</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 classes.</p>	<p>£0</p>	<p>All balances nominated by the Common Good & Trust Fund Working Groups as approved by Council up to a maximum of £7.5m.</p>	<p>N/A</p>

Type of Investment	Treasury Risks	Mitigating Controls	Council Limits	Common Good & Trust Fund Limits	Pension Fund In-House Limits
m. Investment in the Subordinated Debt of projects delivered via the 'HubCo' model (Very Low Risk)	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

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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

CIPFA	Chartered Institute of Public Finance and Accountancy
CIPFA Code	Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
CFR	Capital Financing Requirement is the estimated the level of borrowing or financing needed to fund capital expenditure.
Consent to Borrow	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.
Gilts	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.
LIBID	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.
MPC	Monetary Policy Committee
NHT	National Housing Trust initiative undertaken in partnership with the Scottish Futures Trust.
Other Long Term Liabilities	Balance sheet items such as Public Private Partnership (PPP), and leasing arrangements which already include borrowing instruments.
PPP	Public-Private Partnership.
Prudential Indicators	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.
QE	Quantitative Easing
Treasury Indicators	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.

Capital & Investments Team, Corporate Finance, Scottish Borders Council, Council HQ, Newtown St Boswells
01835 824000, treasuryteam@scotborders.gov.uk



FINANCIAL PLAN FROM 2016/17 EQUALITY IMPACT ASSESSMENTS

Report By Chief Financial Officer

SCOTTISH BORDERS COUNCIL

11 February 2016

1 PURPOSE AND SUMMARY

- 1.1 This report seeks to provide assurance to members that any potential equality impacts of the proposals brought forward within the Council's Financial Plan from 2016/17 have been identified and will be managed accordingly.**
- 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 in a fair manner. 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 27th 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. Initial Equality Impact Assessments on 72 2016/17 Financial Plan proposals have been undertaken as an integral part of the revenue and capital budget planning processes in order to fully inform evaluation decision making by officers and members of the Administration Budget Working Group and Scottish Borders Council.
- 1.4 Initial Equality Impact Assessments have been undertaken in respect of the 36 key component revenue Financial Plan savings proposals and 36 Capital Plan proposals. Of these total proposals 64 have been held to have some relevance to the Council's duties under the Equality Act 2010. They potentially may impact in a positive or negative way on 1 or more equality groups and any potential negative impact would require ongoing management through their implementation stage, in terms of mitigating and alleviating these impacts. Any positive impacts identified at this stage should be maximised during the planning and implementation stage of the proposals.

2 RECOMMENDATIONS

2.1 It is recommended that Council

- **notes the summary outcomes of the 72 Initial Equality Impact assessments undertaken in respect of the 2016/17 Financial Plan proposals ;**
- **agrees to undertake further and ongoing Equality Impact work in respect of the 64 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 that where there is an identified relevance to the Council's statutory duty and there is a possible positive impact on one or more equality characteristic group, actions to maximise this impact are identified and implemented as part of the project planning and delivery of each proposal or project;**
- **agrees that where there is an identified relevance to the Council's statutory duty and where there is a possible negative 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 or project.**

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 potential (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
 - Marital status
 - Pregnancy and Maternity
 - Race groups,
 - People with religious or other beliefs,
 - Sexual orientation,
 - Carers,
 - Poverty, and
 - Employees
- 3.2 In addition the Council also undertakes a rural proofing assessment as part of any Policy change decision.
- 3.3 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.
- 3.4 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 processes. Copies of each of the Initial EIA Assessments have been made available in the Members' Library.

4 INITIAL IMPACT ASSESSMENT FOR BUDGET PROPOSALS

- 4.1 As an integral part of the 2016/17 Financial Planning process 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. This ensures 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 process.
- 4.2 For each Financial Planning proposal a relevant officer within each department 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 and how it may be mitigated against.

4.3 In terms of relevance to the duties of the Council under the Equality Act 2010, 72 Initial Impact Assessments have recognised that the proposal they cover does have some relevance and in some cases, across all 3 public sector duties detailed in 4.2 above. The initial assessment has indicated that 64 of the 72 assessments have relevance to one or more of the groups of people who may be positively or negatively impacted should the proposal be adopted. The outcomes of these assessments are summarised in Appendix 1.

5 NEXT STEPS

- 5.1 Based on the outcomes from the Initial Impact Assessment for Budget Proposals (summarised in Appendix 1 to this report and made available in detail per proposal for Councillors as hard copy in the Members' Library), 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.
- 5.2 If at any point when undertaking further Equality Impact Assessments 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.

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 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 proposal will be identified by the application of the Council's EIA process, which has already commenced through the completion of Initial Impact Assessments. Any issues regarding 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.

7 CONSULTATION

- 7.1 The Monitoring and Reporting Officer, the Chief Legal Officer, 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
Suzy Douglas	Financial Services Manager 01835 824000 x5881

Background Papers: Copies of each of the 72 Initial EIA 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: Suzy Douglas, Financial Services Manager, Scottish Borders Council, Council Headquarters, Newtown St Boswells, and Melrose, TD6 0SA.
Telephone – 01835 825000 X5881. Fax – 01835 824000. e-mail –
sdouglas@scotborders.gov.uk

		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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees
Revenue Financial Plan proposals															
Management review of professional and support services	MB1	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	Possible negative impact	Possible negative impact	No impact	No impact	Possible negative impact	Possible negative impact	Possible positive and/or negative impact
Employee Benefits Strategy	MB2	FYE - EIA impact published previously													
Changes to working practices	MB3	Yes	Yes	No	Possible positive and/or negative impact	No impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact
Delivery of an Inclusion for All model	MB4	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	No impact	Possible negative impact
Review of Early Years Provision	MB5	Yes	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact
Learning Delivery Review	MB6	Yes	Yes	Yes	Possible negative impact	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact
Focused Education Delivery	MB7	Yes	Yes	Yes	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact
Redesign Children & Families Social Work Service	MB8	Yes	Yes	Yes	Possible negative impact	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact	No impact	Possible negative impact
Supporting Independence when providing care at home	MB9	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	No impact	Possible positive and/or negative impact
Review Secondary School Teacher Allocation	MB10	Yes	Yes	Yes	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact
Closing the Gap	MB11	Yes	Yes	Yes	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative 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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees
Extend Corporate Transformation Programme	MB12	No	No	Yes	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact
Alternative models of Service Delivery	WP1	Yes	Yes	Yes	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact
Commissioned Services	WP2	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	No impact	Possible positive and/or negative impact
Review of Cultural Services & Efficiencies in Culture & Sport Funding	WP3 / 4	No	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	No impact
Asset Management	LB1	No	No	No	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact
Waste Management Plan	LB2	Yes	Yes	Yes	Possible negative impact	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact	Possible positive and/or negative impact
Review & Modernise Winter Operations	LB3	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact
New Delivery model for Toilet provision	LB4	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	Possible positive and/or negative impact	Possible negative impact	No impact	No impact	Possible positive and/or negative impact	Possible positive and/or negative impact	Possible positive and/or negative impact
Bus Subsidies	LB5	No	Yes	Yes	Possible positive and/or negative impact	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact	No impact

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		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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees	
ICT investment in new technologies	BP1	No	No	No	Possible positive impact	No impact	No impact	No impact	No impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive and/or negative impact	
Phase 2 printer refresh	BP2	Yes	Yes	Yes	Possible negative impact	Possible negative impact	No impact	No impact	No impact	Possible negative impact	No impact	No impact	No impact	Possible negative impact	No impact	
Reduce mileage usage by 20%	BP3	No	No	No	No impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	
Commercial Opportunities and Procurement	BP4	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Reduction in Loans Charges	BP5	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Out of Area Placement Savings	BP6	Yes	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Review of PPP Contract	BP7	Yes	Yes	Yes	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Reprovision the reviewing process for care packages	BP8	Yes	Yes	Yes	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Review of Adults with Learning Disabilities Service to meet demand	BP9	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	No impact	Possible positive and/or negative impact	
Review of Older People service to reflect demand	BP10	Yes	Yes	Yes	Possible positive and/or negative impact	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	No impact	Possible positive and/or negative impact	
Review of Street Lighting provision (SLEEP project)	BP11	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Redesign of Assessment & Care Management Model	BP12	Yes	Yes	Yes	Possible negative impact	Possible negative impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible negative impact	No impact	Possible positive impact	
Review Statutory Services Provision within Place	BP13	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative 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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees	
Maximising Income	MR1	Yes	Yes	Yes	Possible positive and/or negative impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive and/or negative impact	Possible negative impact	No impact	
Second Homes Council Tax	MR2	No	No	No	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Long Term Empty Properties	MR3	No	No	No	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive 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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees	
Drainage - Parks & Open Spaces Block	Block Allocation	No	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Wilton Lodge Park	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	No impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	
Other Property																
Combined Depot Enhancements	Block Allocation	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	
PEOPLE																
School Infrastructure																
Duns Primary School & Locality Support Centre	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	
Kelso High School	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	
Galashiels School Review	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	
Langlee Primary School	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	
Broomlands Primary School	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	Possible positive impact	
School Health & Safety Block	Block Allocation	No	Yes	No	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	
School Refurbishment & Capacity Block	Block Allocation	Yes	No	Yes	No impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	
School Kitchen Improvement Block	Block Allocation	No	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No 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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees	
Complex Needs - Central Education Base	Existing Project	Yes	Yes	Yes	No impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	No impact	Possible positive impact	
Equality Act School Adaptations (DDA) Block	Block Allocation	Yes	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	No impact	Possible positive impact	
Social Care Infrastructure																
Residential Care Home Upgrade Block	Block Allocation	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	
CHIEF EXECUTIVE																
Heritage & Cultural Infrastructure																
Jim Clark Museum	Existing Project	No	No	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Sir Walter Scott Court House	Existing Project	No	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Great Tapestry of Scotland - Building	Existing Project	No	Yes	No	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Sport Facility Infrastructure																
Selkirk 2G Synthetic Pitch	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Peebles 3G Synthetic Pitch	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Jedburgh 3G Synthetic Pitch	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Hawick 3G Synthetic Pitch	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	
Economic & Regeneration Infrastructure																

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		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	Marital Status	Pregnancy and Maternity	Race Groups	People with Religious or other Beliefs	Sexual Orientation	Carers	Poverty	Employees	
Central Borders Business Park - Phase 1	Existing Project	No	Yes	No	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	No impact	
Newtown St Boswells Village Centre	Existing Project	No	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	No impact	
Reston Station Contribution	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	No impact	No impact	No impact	No impact	No impact	No impact	No impact	Possible positive impact	Possible positive impact	
Borders Town Centre Regeneration Fund Block	Block Allocation	No	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	No impact	
Housing Infrastructure																
Private Sector Housing Grant - Adaptations	Existing Project	Yes	Yes	Yes	Possible positive impact	Possible positive impact	Possible positive impact	No impact	No impact	Possible positive impact	Possible positive impact	No impact	Possible positive impact	Possible positive impact	Possible positive impact	



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Scottish Borders Council Administration's Draft Financial Plan

11th February 2016



Scottish Borders Council

Financial Plans from 2016/17

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Draft Capital Financial Plan 2016/17 to 2025/26

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All figures contained within this draft Financial Plan are rounded to the nearest one thousand pounds.

**Draft Revenue Financial Plan
2016/17 - 2020/21**

Scottish Borders Council
Draft Revenue Financial Plan 2016/17 - 2020/21
Revenue Resources

	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
Aggregate External Finance (1)						
General Revenue Support (2)	168,117	168,117	168,117	168,117	168,117	840,585
Assumed further 2% reduction from 2017/18	0	(4,034)	(4,034)	(4,034)	(4,034)	(16,137)
Separate funding for Free School Meals	1,200	1,200	1,200	1,200	1,200	6,000
Health & Social Care Partnership Outcomes (assumed)	5,300	5,300	5,300	5,300	5,300	26,500
Non-domestic Rates	33,594	33,594	33,594	33,594	33,594	167,970
	208,211	204,177	204,177	204,177	204,177	1,024,918
Reserves	962	153	0	0	0	1,115
Draw down and repay Reserves	0	1,353	(677)	(677)	0	(1)
Earmarking adjustments (as per 2015/16 Financial Plan)	874	9	0	0	0	883
Earmarked balances required to support the Plan	914	0	(1,651)	(2,069)	0	(2,806)
Council Tax (Band D £1,084 - no increase)	52,242	52,642	54,705	56,861	57,932	274,382
Assumed Council Tax Increase (3% from 2017/18, 1% from 2019/20)	0	1,579	1,641	556	564	4,340
Total	263,203	259,912	258,195	258,848	262,673	1,302,831

Notes:
1. Funding from Scottish Government excludes ring-fenced grants (the budgets which follow are net of such grants).

Scottish Borders Council
Draft Revenue Financial Plan 2016/17 - 2020/21
Summary of Budget Movement

	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
Base Budget (approved 12 February 2015)	254,571	263,203	259,912	258,195	258,848	1,294,729
Manpower adjustments	5,180	1,596	2,643	2,675	2,276	14,370
Non-pay Inflation including Service Specific adjustments	649	926	1,320	1,036	1,534	5,465
Department Specific Pressures	13,958	1,461	66	957	867	17,309
Total Pressures	19,787	3,983	4,030	4,668	4,677	37,144
Transformation Themes						
Making best use of our People	(5,432)	(2,280)	(1,198)	(650)	(500)	(10,060)
Working with our Partners	(1,660)	(1,481)	(1,652)	(1,366)	0	(6,159)
Looking after The Borders	(753)	(1,309)	(1,393)	(903)	(103)	(4,461)
Business Process Transformation	(2,361)	(1,914)	(1,249)	(875)	(150)	(6,549)
Maximising Resources	(949)	(289)	(255)	(221)	(99)	(1,813)
Total Savings	(11,155)	(7,273)	(5,747)	(4,015)	(852)	(29,042)
	263,203	259,912	258,195	258,848	262,673	1,302,831
Funding	263,203	259,912	258,195	258,848	262,673	1,302,831
Budget Gap	0	0	0	0	0	0

Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 - 2020/21
 Departmental Summary

	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
Chief Executive's	23,009	22,410	22,410	22,401	22,668	112,898
People	119,356	118,965	119,907	121,696	123,874	603,798
Social Care & Health Integration Partnership	52,288	52,565	53,311	54,170	54,998	267,332
Place	39,802	39,647	40,240	40,902	41,925	202,516
Other	28,748	26,325	22,327	19,679	19,208	116,287
	263,203	259,912	258,195	258,848	262,673	1,302,831

Scottish Borders Council
Draft Revenue Financial Plan 2016/17 - 2020/21
Department Specific Pressures Summary

The Financial Planning process provides additional budget to cover inflation and cost pressures outwith the control of departments as follows.

Manpower Adjustments	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
	5,181	1,596	2,643	2,675	2,276	14,371
Description of Proposal	A key cost increase within the Council is manpower, these budget increases cover the nationally agreed pay awards in each financial year, entitlement to increments (annually for teachers and biennially for SJC staff) and the removal of the NI rebate in 2016/17. Pay awards are currently agreed at 1% for 2016/17 and assumed as 1% 2017/18 and 1.5% in each subsequent year.					
Non-pay & Service Specific Inflation	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
	649	926	1,320	1,036	1,534	5,465
Description of Proposal	Non-pay inflation and Service Specific inflation covers corporate inflationary pressures in energy costs, Insurance, Licenses, inflation of specific contracts and specific costs and materials essential to the operation of Council Services.					
Service Specific Pressures	2016/17 £'000	2017/18 (Provisional) £'000	2018/19 (Provisional) £'000	2019/20 (Provisional) £'000	2020/21 (Provisional) £'000	Total £'000
	13,958	1,460	66	956	867	17,307
Description of Proposal	Service specific pressures reflect unavoidable pressures within Services such as demographic increases, revenue consequences of capital projects, Landfill Tax increases and other unavoidable cost increases.					

Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 - 2020/21
 Department Specific Pressures

	2015/16 Base Budget	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000	Comments
MANPOWER ADJUSTMENTS								
Manpower adjustments	130,334	5,181	1,596	2,643	2,675	2,276	14,371	
Pay Inflation and On-costs		4,481	973	1,772	1,976	1,909	11,111	1% pay award years 1 and 2, 1.5% years 3-5 and the removal of the NI rebate in 2016/17.
Increments		700	623	871	699	367	3,260	Reflects biennial agreement for non-teaching Staff increments.
CORPORATE PRESSURES								
Non-pay Inflation		315	364	381	394	405	1,859	
Energy Costs	5,730	119	181	196	206	214	916	Agreed inflation applied
Property Related	6,399	63	101	102	103	105	474	Agreed inflation applied
Insurances	1,365	76	23	23	24	24	170	Agreed inflation applied plus premium increase
Licenses	2,990	57	59	60	61	62	299	Agreed inflation applied
CHIEF EXECUTIVE'S PRESSURES								
Service Specific Inflation		0	0	0	0	0	0	
Sports Trusts	2,342	0	0	0	0	0	0	Contract Inflation RPI less 2% (capped at zero)
Service Specific Pressures		161	53	0	0	0	214	
Telephony pressure	0	38	0	0	0	0	38	IT
Mobile revenue costs	0	20	0	0	0	0	20	Revenue consequences of capital
Emergency Planning new structure	159	20	0	0	0	0	20	Restructure
Health & Safety new structure	393	39	0	0	0	0	39	Restructure
Election	1,452	20	0	0	0	0	20	Agreed additional costs
Synthetic Sports Pitches	0	24	53	0	0	0	77	Revenue consequences of capital

	2015/16 Base Budget	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000	Comments
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PEOPLE DEPARTMENT PRESSURES

Service Specific Inflation		125	491	670	509	688	2,483	
Unitary Charge - PPP Schools	8,303	84	169	172	176	181	782	Agreed inflation applied
SB Cares Contract Inflation	16,560	0	238	413	248	420	1,319	SB Cares Manpower Increases
Free Personal & Nursing Care	1,116	5	11	11	11	12	50	Agreed inflation applied
COSLA Residential Care Home Contract	7,193	36	73	74	75	75	332	Agreed inflation applied

Service Specific Pressures		2,771	762	280	824	824	5,461	
Accommodated / Looked After Children	4,139	65	65	66	66	66	328	Increased number of looked after children
ICS school based staff	8,740	54	55	55	55	55	274	Increased number of children under review
Children with severe / complex needs	985	31	33	34	34	34	166	Assumes an ongoing increased of 3% p.a.
Out of Area Placements	5,400	500	0	0	0	0	500	Increased cost of placements
Duns Primary School move	1,074	38	217	0	0	0	255	Increased property costs (rates, energy etc.)
Newdals High School	2,926	0	192	0	0	0	192	Increased property costs (rates, energy etc.)
Langside Primary School	760	0	63	38	0	0	100	Increased property costs (rates, energy etc.)
Broomlands Primary School	748	0	40	24	0	0	64	Increased property costs (rates, energy etc.)
School Refurbishment & Capacity projects	8,417	0	0	24	32	32	88	Increased school capacity projects
Teacher Induction Scheme	226	(223)	0	0	0	0	(223)	Reflects annual notification of funding
Additional hostel grant	16	(16)	0	0	0	0	(16)	Reduction in grant
Developing the Young Workforce		147	0	0	0	0	147	Scottish Government funding
Increase in Foster Care fees & allowances	1,799	36	36	37	37	37	184	Increase in foster care rate
Early Years Centres	0	77	2	2	2	2	85	Running costs of Early Years Centres
Getting it Right for Every Child (GIRFEC)		208	0	0	0	0	208	Scottish Government funding
Free School Meals	1,233	(33)	0	0	0	0	(33)	Adjustment in line with funding confirmation
Complex Needs Centre Earlston	160	28	17	0	0	0	45	Running Costs of Centre to open August 16
Children in Continuing care	85	45	0	0	0	0	45	Adjustment in line with funding confirmation
Children in Through Care & Aftercare	65	(5)	0	0	0	0	(5)	Adjustment in line with funding confirmation
Children in Kinship Care	55	17	0	0	0	0	17	Adjustment in line with funding confirmation
Changed eligibility for After care	12	13	0	0	0	0	13	Adjustment in line with funding confirmation
Self directed support	96	0	0	0	0	0	0	Adjustment in line with funding confirmation
Gaelic specific grant	4	(4)	0	0	0	0	(4)	Adjustment in line with funding confirmation

	2015/16 Base Budget	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000	Comments
Day Services review	1,170	4	0	0	0	0	4	Undeliverable part-saving
Living Wage and service developments	0	1,679	42	0	598	598	2,917	Living Wage - external providers and partners
Community Justice	0	50	0	0	0	0	50	SG funding
Commissioned care	46,394	60	0	0	0	0	60	Undeliverable savings

SOCIAL CARE & HEALTH PARTNERSHIP

Service Specific Pressures		5,300	225	0	0	0	5,525	
Older People demographic increases	23,033	234	237	343	348	348	1,510	Identified pressure funded through partnership
Increased young adults with learning / physical disabilities	18,962	549	250	250	250	250	1,549	Identified pressure funded through partnership
Transfer of homecare to SBCares	15,803	279	0	0	0	0	279	Identified pressure funded through partnership
Night-time support sleep-ins	373	280	0	0	0	0	280	Identified pressure funded through partnership
Increase in direct payment rate	2,107	449	0	0	0	0	449	Identified pressure funded through partnership
Revised homecare hourly rate	8,107	197	0	0	0	0	197	Identified pressure funded through partnership
Homecare budget	8,107	300	0	0	0	0	300	Identified pressure funded through partnership
Health & Social Care Integration	0	3,012	(262)	(593)	(598)	(598)	961	Partnership budget to be committed

PLACE DEPARTMENT PRESSURES

Service Specific Inflation		186	25	223	86	392	912	
Bus Contracts (renewal)	2,762	0	0	139	0	304	443	Contracts due for re-tender. (10% inflation)
Road Fuel	2,083	0	21	21	21	22	85	Agreed inflation applied
Aggregates and Bitumen	441	0	0	4	5	5	14	Agreed inflation applied
Vehicles & Spare Parts	1,267	0	0	13	13	13	39	Agreed inflation applied
Reduced SBc contracts surplus	657	120	0	0	0	0	120	As per the current operating environment
Reduction in DWP funding	532	64	0	0	0	0	64	Estimated reduction in funding
Winter Maintenance (Salt)	2,843	0	0	14	14	15	44	Agreed inflation applied
Catering (Food)	1,297	0	0	28	28	29	85	Reduced inflation assumption
Citizens Advice (CAB) inflation	225	1	2	2	2	2	9	Contract inflated by CPI rate
Borders Care and Repair Contract	280	1	2	2	2	2	11	Contract inflated by CPI rate

	2015/16 Base Budget	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000	Comments
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Service Specific Pressures		238	440	157	152	63	1,050	
Landfill Tax	3,382	28	78	70	70	73	319	Reduce expected L/Fill tax increase pa to CPI
New Kelso High School	0	0	275	0	0	0	275	Property maintenance costs
Gala Transport Interchange	0	99	(5)	(5)	(10)	(10)	69	Revenue pressure from new facility
Domestic Abuse Service	0	50	0	0	0	0	50	Reduction in external funding
Single Fraud Investigation service	4	(4)	0	0	0	0	(4)	Removal of Grant now distributed through RSG
Information Post (FOI)	0	19	0	0	0	0	19	Permanent establishment of post
Temporary accommodation	0	46	92	92	92	0	322	Welfare Reform impact on temp accommodation

OTHER PRESSURES

Service Specific Inflation		23	46	46	47	49	211	
Property Maintenance fund	2,218	23	46	46	47	49	211	Inflated by RPI rate

Service Specific Adjustments		5,488	(19)	(371)	(20)	(20)	5,058	
ER/VS - Redundancy Costs	481	0	0	(351)	0	0	(351)	Adjustments to ER/VS budget
Commercial Rent income	(1,157)	(38)	(19)	(20)	(20)	(20)	(117)	Planned increase in Rents at 1.5% per annum (3% year 1)
Council Tax reduction Scheme	0	5,508	0	0	0	0	5,508	To be provided for within funding
Council Tax Reduction Scheme administration	117	(2)	0	0	0	0	(2)	adjustment to grant
Scottish Welfare fund (SWF)	472	20	0	0	0	0	20	adjustment to grant

Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 to 2020/21
 Making best use of our People

Management review of professional and support services		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref : MB1	Corporate	N/A	(2,281)	(479)	(150)	(150)	0	(3,060)
Description of Proposal	<p>Following changes to service delivery requirements a full review of staffing is underway to explore more integrated and streamlined professional, managerial and administrative support for front line services to 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. This is a development to the proposal previously agreed within the 2015/16 Financial Plan. 2016/17 manpower implications are likely to be in the region of 48FTE.</p>							

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Employee Benefits Strategy		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB2	Corporate	N/A	(70)	0	0	0	0	(70)
Description of Proposal	<p>Per the 2015/16 Financial Plan, an improved Employee Benefits scheme for Council employees was introduced in October 2015 which results in reduced Employer NI and pensions contributions. These savings are the permanent effect of this change.</p>							

Changes to working practices		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB3	Corporate	N/A	0	(500)	(548)	0	0	(1,048)
Description of Proposal		Per the 2015/16 Financial Plan, a programme of work is underway 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 2017/18 and 2018/19 of the Financial Plan. This will involve more flexible working patterns and the deployment of staff to deliver services in line with service demand.						

Delivery of an Inclusion for All model		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB4	Children & Young People	5,400	(612)	(777)	0	0	0	(1,389)
Description of Proposal		The existing delivery model to support children requiring additional support will be redesigned with the emphasis being on an Inclusion for All model. Existing provision does not meet current needs, is over bureaucratic and redesign will address this by building universal capacity ensuring all children are supported and those with the greatest professionally assessed needs receive the most support. 2016/17 manpower implications are likely to be in the region of 40 FTE ANAs with an element of the reduction being delivered through existing vacancies and the remainder through redeployment or ER/VS. The ANA resource for children with exceptional (severe and complex) needs in both mainstream schools and enhanced support centres will not be reduced as part of this proposal. A highly trained ANA workforce, embedded within an inclusive school ethos and classroom structure will achieve better outcomes for our children with mild / moderate learning needs. Investment is planned in related budget areas for example complex needs and upskilling staff.						

Review of Early Years provision		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB5	Children & Young People	6,904	(571)	0	0	0	0	(571)
Description of Proposal		Phase 1 of a new delivery model for the provision of the Early Years service is currently being rolled out, to be completed in August 2016. The new model delivers a modernisation of the Early Years workforce to incorporate more efficient staffing models. This is a continuation of the proposal previously agreed within the 2015/16 Financial Plan and that being rolled out in the current year.						

Learning Delivery review		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB6	Children & Young People	72,611	(454)	(104)	0	0	0	(558)
Description of Proposal		Projects are currently being rolled out to deliver Service efficiencies, extending the peripatetic janitor model, cessation of a Salary Conservation scheme, review of Community Learning & Development budgets, review of historic Curriculum for Excellence Budgets following implementation & School Library Review. 2016/17 manpower implications are likely to be in the region of 7FTE.						

Focused Education Delivery		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB7	Children & Young People	26,095	(318)	0	0	0	0	(318)
Description of Proposal		Review of pre-school home visiting teacher service, Educational Psychology Service, Art Therapist Service and Home School Link Worker provision. Schools have the flexibility to use their DSM budget to fund this support if they wish. 2016/17 manpower implications are likely to be in the region of 9FTE.						

Redesign of elements of the Children & Families Social Work service		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB8	Children & Young People	26,095	(350)	0	0	0	0	(350)
Description of Proposal		A review of the Children & Families Social Work service will include a review of management posts, commissioned services and service delivery options and case work delivery. It is envisaged that children in need of focused support will be accommodated within the development of the inclusion agenda and earlier interventions by universal and targeted services. 2016/17 manpower implications are likely to be minimal.						

Supporting Independence when providing Care at Home		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB9	Adult Services	48,285	(316)	0	0	0	0	(316)
Description of Proposal		Project underway to develop an independence-focussed approach to Care at Home including the use of assistive technology. It is expected that on implementation, a number of improved outcomes for clients will result such as quicker assessment, reablement and decreased dependency on homecare and other care services improving affordability and sustainability of services going forward. This is also linked to a review of how key day and night care services are currently delivered. Additionally, one of the key benefits of implementing this approach will be the projected reduction in the need for the most complex care and support. There are currently 64 clients across Adult Services in receipt of Direct Payment or homecare packages in excess of 25 hours per week (2,338 hours in total). (1,322/1,016 respectively). Through systematic review an average reduction of 10% (230 hours) is targeted.						

Review Secondary School Teacher Allocation		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref : MB10	Children & Young People	40,900	0	(420)	0	0	0	(420)
Description of Proposal		Review secondary school staffing allocations across all secondary schools reducing teacher numbers from 2017/18. Delivery of the saving will be via a revised formula for devolving staffing to secondary schools where staffing allocations will be realigned to ensure the most efficient model is in place for every secondary school. The saving will be delivered by a redesign of timetabling in secondary schools.						

Closing the Gap		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MB11	Children & Young People	1,060	(460)	0	0	0	0	(460)
Description of Proposal		A new distribution methodology will be used for the allocation of Closing the Gap funding. A proportion of funding will be allocated to schools with significant needs in terms of their percentage of vulnerable learners, with the remaining funds used to fund staff, who will work closely with each locality cluster to support the raising of attainment of vulnerable learners across the cluster leading to improved outcomes. The cluster of schools will manage this resource.						

Extend Corporate Transformation programme		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref : MB12	Corporate	N/A	0	0	(500)	(500)	(500)	(1,500)
Description of Proposal		Extend the Corporate Transformation programme in future years to target further operational efficiencies through new ways of working, better service alignment, partnership working and use of new technology.						

Total Making best use of our People			(5,432)	(2,280)	(1,198)	(650)	(500)	(10,060)
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Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 to 2020/21
 Working with our Partners

Alternative models of service delivery		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: WP1	Corporate	N/A	(559)	(627)	(1,512)	(1,252)	0	(3,950)
Description of Proposal		Per the 2015/16 Financial Plan, improved efficiency and increased income from enhanced trading opportunities are being delivered through the establishment of SBCares 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.						

Commissioned Services		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: WP2	Corporate	28,161	(683)	(514)	0	0	0	(1,197)
Description of Proposal		Targeted efficiencies to be achieved from review and negotiation with providers around current commissioned services arrangements within Children & Young People, Adult Services, Chief Executives and Place. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.						

Review of Cultural Services		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: WP3	Chief Executive's	4,803	(218)	0	0	0	0	(218)
Description of Proposal	Per the 2015/16 Financial Plan, options have been considered regarding the future delivery of Cultural Services within the Scottish Borders. Non Domestic Rates savings will be available following the transfer of these services to a Trust. £158k saving associated with this transfer was reflected in the 2015/16 Financial Plan which was a permanent saving.							

Efficiencies in Culture & Sport funding		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: WP4	Chief Executive's	6,935	(200)	(340)	(140)	(114)	0	(794)
Description of Proposal	Reduced funding would be provided to Culture and Sports via an Integrated Trust, realising these savings will require a joint approach from SBC and Borders Sport & Leisure Trust. 2017/18 saving includes a review of Integrated Libraries & Contact Centres (£100k).							

Total Working with our Partners			(1,660)	(1,481)	(1,652)	(1,366)	0	(6,159)
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Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 to 2020/21
 Looking after The Borders

Asset Management		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: LB1	Commercial Services	4,568	(287)	(818)	(1,393)	(903)	(103)	(3,504)
Description of Proposal		Work is underway to implement 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, including the provision of education, increased flexible working and the co location of Council Services and community planning partner services wherever possible. This is a development to the proposal previously agreed within the 2015/16 Financial Plan. 2016/17 manpower implications are likely to be in the region of 1FTE.						

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Waste Management Plan		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: LB2	Neighbourhoods	9,396	(96)	(150)	0	0	0	(246)
Description of Proposal		Continuing development of the Waste Management Plan which may consider areas such as a review of; working patterns, waste facilities including Community Recycling Centres, kerbside collection services, route optimisation, PR and communications, service level agreements, bulky waste uplift service including charging scheme, wheeled bin replacement policy, food waste service and waste analysis assessments. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.						

Review and modernise Winter operations		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: LB3	Neighbourhoods	12,093	(100)	0	0	0	0	(100)
Description of Proposal		Review and modernisation of winter operations to establish a more effective arrangement for night time and standby cover. Utilising new technology will allow statistical and geographical information to be developed which can be used to prioritise routes and reduce salt use.						

New delivery model for Public Toilet provision		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: LB4	Neighbourhoods	12,093	(70)	(141)	0	0	0	(211)
Description of Proposal		A new delivery model for the provision of public toilets. This may include introducing charging, a comfort scheme network, community partnering, mothballing, and providing alternative facilities to rationalise provision following a full review. An implementation date of October 2016 is planned with savings phased over 2016/17 and 2017/18 accordingly. 2016/17 manpower implications are likely to be in the region of 3FTE.						

Bus Subsidies		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: LB5	Commercial Services	1,729	(200)	(200)	0	0	0	(400)
Description of Proposal		A review of the subsidised bus network to ensure that travellers needs are met through the more efficient use of resources, creative collaboration with communities and the business sector, and the retendering of bus contracts.						

Total Looking after the Borders			(753)	(1,309)	(1,393)	(903)	(103)	(4,461)
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Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 to 2020/21
 Business Process Transformation

ICT Investments in new technology leading to reduced running costs and improved efficiency in back-office support services.		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP1	Corporate	N/A	(150)	(1,000)	(525)	(325)	0	(2,000)
Description of Proposal		Per the 2015/16 Financial Plan an ICT investment programme is planned that will realise productivity gains and savings across all areas of Council activity. The provision of better ICT solutions will support business process re-engineering to improve efficiency and productivity across the Council but likely to focus in a number of key functional areas including Financial administration, HR and Procurement. 2016/17 manpower implications are likely to be in the region of 6FTE						

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Phase 2 printer refresh		Base Budget 2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP2	Corporate	N/A	(110)	0	0	0	0	(110)
Description of Proposal		As a development to the agreed proposal within the 2015/16 Financial Plan, 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. Following the implementation of a new printing strategy and an investment in our internal printing capability the printing services team have committed to savings from other publications anticipated to deliver a savings of £10k.						

Reducing Mileage		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP3	Corporate	975	(215)	0	0	0	0	(215)
Description of Proposal		Reducing miles travelled by 20% and reducing the cost of Home to Work travel. This figure is council wide (excluding SBCares) and will require initiatives to reduce mileage for example through increased use of technology, video conferencing and the opportunities provided by the Railway.						

Commercial opportunities and Procurement		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP4	Corporate	N/A	(164)	(162)	(143)	(143)	(143)	(755)
Description of Proposal page 140		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. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.						

Reduction in loans charges		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP5	Corporate	20,710	(225)	(300)	0	0	0	(525)
Description of Proposal		A reduction in loans charges as a result of the repayment of specific consents to borrow in 2017/18. A further one off temporary reduction will be made in 2016/17 available as a result of favourable interest rates. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.						

Out of Area Placement savings		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP6	Children & Young People	5,400	0	0	(400)	(400)	0	(800)
Description of Proposal		With the delivery of an "Inclusion for All" strategy, savings are expected in our out of area placement cost from 2018/19. This will be delivered by 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 which will lead to a reduced spend. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.						

Review of PPP contract		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP7	Children & Young People	8,296	(107)	0	0	0	0	(107)
Description of Proposal		Per the 2015/16 Financial Plan, external consultants have been 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.						

Reprovision the reviewing process for care packages		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP8	Adult Services	131	(131)	0	0	0	0	(131)
Description of Proposal		The current assessment arrangements were originally set up in 2008/2009 to review all packages of care and to make savings. All packages of care have been reviewed and savings are being caught at the front end through a scrutiny panel in regard to the application of eligibility criteria. The Assessment Review Team will now be redeployed across localities, filling existing vacancies, re-establishing the reviewing cycle within the assessment & care management function. 2016/17 manpower implications are likely to be in the region of 4FTE.						

Review of Adults with Learning Disabilities service to meet demand		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP9	Adult Services	14,510	(549)	0	0	0	0	(549)
Description of Proposal		More effective deployment of Social Worker and Care staff to support client needs to deliver a more efficient delivery model to support adults with learning disabilities and physical disabilities.						

Review of Older People service to reflect demand		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP10	Adult Services	24,191	(234)	(237)	0	0	0	(471)
Description of Proposal		More effective deployment of Social Worker and Care staff to support client needs to deliver a more efficient delivery model to support Older People.						

Review of Street Lighting provision (SLEEP project)		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP11	Commercial Services	1,150	(176)	(215)	(181)	(7)	(7)	(586)
Description of Proposal		The Council maintains 19,000 street lights which previously utilised 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 well advanced to replace the existing Sodium street lighting lanterns with more energy efficient LED lights. To date 6,000 lights have been replaced . These use around 60% less electricity, require less maintenance and will lead to the savings shown in Street Lighting expenditure. The project will also reduce the Council's Carbon Footprint and help to minimise future Carbon tax liabilities. The LED installation rate is running ahead of schedule and the project will be complete 1 year ahead of schedule in 2018/19. This is a development of the previously agreed proposal within the 2015/16 Financial Plan.						

Redesign of Assessment & Care Management Model		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP12	Adult Services	N/A	(100)	0	0	0	0	(100)
Description of Proposal		A review & redesign of assessment and care management following best practice across the sector including, reviewing every package of care (all reviewed within 6 months), splitting complex cases from non-complex cases, establishing a cycle of review (all cases regularly reviewed within 12mths), encouraging staff out from the office (via hot-desking, mobile working etc), realigning the service from a geographical set up to a 'value-stream' service, based around (e.g.): assessment, reablement and service provision/deliver with the aim to increase the number of reviews undertaken per assessor.						

Review of the level of Statutory Services provision within Place		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: BP13	Place	N/A	(200)	0	0	0	0	(200)
Description of Proposal		A review of the level to which statutory services within the department are delivered. This will result in a structural change to how these services are delivered in the future. 2016/17 manpower implications are likely to be in the region of 6FTE.						

Total Business Process Transformation			(2,361)	(1,914)	(1,249)	(875)	(150)	(6,549)
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Scottish Borders Council
 Draft Revenue Financial Plan 2016/17 to 2020/21
 Maximising Resources

Maximising Income		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MR1	Corporate	N/A	(309)	(289)	(255)	(221)	(99)	(1,173)
Page 144	Description of Proposal	<p>Following on from the Council's Fees & 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, where appropriate, in delivering each service while remaining fair, equitable and consistently applied. This will expand on the Social Work-specific charging review undertaken last year and will now be applied across all Council services. Specific areas of focus where targeted proposals to increase charges have already been identified include Major Adaptation Housing Grants Administration charges, Converting short stay beds into income generating long stay beds, selling advertising space within SBConnect, Pre-Planning advisory services, Civil Ceremony fees, Burial Fees, School Lets and other miscellaneous Education services such as Music Tuition and a minimal annual letting price for Council properties including allotments. Additionally, the Council is already targeting increased recharging of costs such as those relating to Capital Roads Works planning and professional work and Common Good Fund Estates Management support. This is a development to the proposal previously agreed within the 2015/16 Financial Plan.</p>						

Second homes Council Tax		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MR2	Regulatory Services	(715)	(140)	0	0	0	0	(140)
	Description of Proposal	<p>A pattern of increased income within Second Homes Council Tax will allow us to permanently recharge Housing Strategy staff to this budget who support the delivery of affordable housing activities.</p>						

Long Term Empty Property Council Tax increase		Base Budget	2016/17	2017/18	2018/19	2019/20	2020/21	Total
		2015/16						
		£000's	£000's	£000's	£000's	£000's	£000's	£000's
Ref: MR3	Other	-	(500)	0	0	0	0	(500)
Description of Proposal		Utilising new Scottish Government legislation will allow us to increase the Council tax charged on Long term empty properties from 90% to up to a maximum of 200% which will generate income and minimise the number of properties within the Borders which lie empty for long periods of time.						
Total Maximising Resources			(949)	(289)	(255)	(221)	(99)	(1,813)

**Draft Capital Financial Plan
2016/17 - 2025/26**

Scottish Borders Council
Capital Plan 2016/17 - 2025/26

CAPITAL INVESTMENT PROPOSALS	OPERATIONAL PLAN			Total Operational Plan £'000	STRATEGIC PLAN							Grand Total £'000	Specific Project Funding £'000	Net Cost to SBC Capital £'000
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26			
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000			
PLACE DEPARTMENT														
Road & Transport Infrastructure	6,778	6,953	7,153	20,884	5,551	5,569	5,581	15,291	13,392	5,404	5,407	77,079	(4,259)	72,820
Flood and Coastal Protection	10,249	745	2,364	13,358	6,698	15,301	11,631	200	200	200	200	47,788	(37,016)	10,772
Waste Management	981	5,317	353	6,651	1,425	90	50	50	51	53	53	8,423	(5,263)	3,160
Land and Property Infrastructure	4,567	2,864	2,721	10,152	3,109	2,837	1,803	1,844	1,845	1,847	1,848	25,285	(827)	24,458
Total Place Department	22,575	15,879	12,591	51,045	16,783	23,797	19,065	17,385	15,488	7,504	7,508	158,575	(47,365)	111,210
PEOPLE DEPARTMENT														
School Estate	19,134	7,027	3,580	29,741	4,671	6,070	11,300	12,680	6,510	7,890	2,390	81,252	(22,814)	58,438
Social Care Infrastructure	3			3								3		3
Total People Department	19,137	7,027	3,580	29,744	4,671	6,070	11,300	12,680	6,510	7,890	2,390	81,255	(22,814)	58,441
CHIEF EXECUTIVE DEPARTMENT														
Sports Infrastructure	3143	326	1107	4576	293	290	290	290	590	590	890	7809	(900)	6909
Culture and Heritage	6,200	952	1,146	8,298	1,550	40						9,888	(5,436)	4,452
Economic Regeneration	16	2,020	3,120	5,156	1,184	184	220	156	100	100	100	7,200	(1,000)	6,200
Chief Executive Other	3,625	3,446	2,614	9,685	1,770	1,386	1,833	1,390	1,417	1,419	1,420	20,320		20,320
Total Chief Executive Department	12,984	6,744	7,987	27,715	4,797	1,900	2,343	1,836	2,107	2,109	2,410	45,217	(7,336)	37,881
Waste Collection vehicles - Non P&V Fund			300	300	300				300	300		1,200	(1,200)	
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)	
Emergency/Unplanned Schemes	300	300	300	900	300	300	300	300	300	300	300	3,000		3,000
Planned Programming Adjustments		(6,887)	4,525	(2,362)	2,501	1,449	264	(1,233)	(909)	(221)	511			
TOTAL CAPITAL INVESTMENT PLAN	56,996	25,063	31,283	113,342	31,352	35,516	35,272	32,968	25,796	19,882	15,119	309,247	(98,715)	210,532
Funding	56,996	25,063	31,283	113,342	31,352	35,516	35,272	32,968	25,796	19,882	15,119	309,247	98,715	210,532

Extra Care Housing - Berwickshire - Excluded as will be delivered via Partnership arrangements with RSL's

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CAPITAL INVESTMENT PROPOSALS	OPERATIONAL PLAN			Total Operat- ional Plan £'000	STRATEGIC PLAN						Grand Total £'000	Specific Project Funding £'000	Net Cost to SBC Capital £'000	
	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25				2025/26
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000				£'000
PLACE DEPARTMENT														
Road & Transport Infrastructure														
Galashiels Developments - Transport Interchange	16			16								16	16	
Galashiels Developments - GIRR 5	276	200		476								476	476	
Galashiels Developments -GIRR 1-3 claims		150		150	200							350	350	
Roads & Bridges- Including Ramp and Winter Damage/Slopes	3,529	3,560	3,710	10,799	4,910	4,910	4,910	4,910	4,910	4,910	4,910	45,169	45,169	
Lighting Asset Management Plan	200	200	200	600	200	200	200	200	200	200	200	2,000	2,000	
Street Lighting Energy Efficiency Project	2,100	1,500		3,600								3,600	3,600	
Accident Investigation Prevention Schemes Block	50	50	50	150	50	50	50	50	50	50	50	500	500	
Cycling, Walking & Safer Streets	125	157	182	464	191	199	211	221	232	244	247	2,009	(2,009)	
A72, Trtspot Corner - Road Safety Works	112	200	1,916	2,228								2,228	2,228	
A72, Reidpath Corner - Traffic Management	14			14								14	14	
Selkirk Town Centre (Streetscape works)	50	400		450								450	(100)	350
Innekeithen - Walkerburn - shared access route	11	61	265	337								337	(150)	187
Union Chain Bridge	25	25	450	500								500		500
Reston Station Contribution	270	450	380	1,100								1,100		1,100
Peebles Bridge						210	210	9,910	8,000			18,330	(2,000)	16,330
Total Road & Transport Infrastructure	6,778	6,953	7,153	20,884	5,551	5,569	5,581	15,291	13,392	5,404	5,407	77,079	(4,259)	72,820
Flood and Costal Protection														
Selkirk Flood Protection	9,423			9,423								9,423	(8,861)	562
Hawick Flood Protection	523	545	2,164	3,232	6,498	15,101	11,431					36,262	(28,155)	8,107
Jedburgh Flood Protection	3			3								3		3
General Flood Protection Block	300	200	200	700	200	200	200	200	200	200	200	2,100		2,100
Total Flood and Costal Protection	10,249	745	2,364	13,358	6,698	15,301	11,631	200	200	200	200	47,788	(37,016)	10,772

<p>Roads & Transport Infrastructure</p> <p>Galashiels Developments Roads & Bridges block</p> <p>Lighting Asset Management Plan Street Lighting Energy Efficiency Project Accident Investigation Prevention Schemes Block</p> <p>Cycling, Walking & Safer Streets A72 Dirtpot Corner -Road Safety Works A72 Neidpath Corner - Traffic Management</p> <p>Selkirk Town Centre (Streetscape works)</p> <p>Innerleithen - Walkerburn - shared access route</p> <p>Union Chain Bridge</p> <p>Reston Station Contribution</p> <p>Peebles Bridge</p> <p>Page 149</p>	<p>This programme of work continues to deliver Galashiels Inner Relief Road (GIRR) Phases and the Transport Interchange project. (including Ramp and Winter Damage/Slopes) - this relates to capital maintenance and refurbishment works relating to the road and bridge infrastructure in the Scottish Borders.</p> <p>General Lighting Block - allocation for the routine column, cabling and lamp upgrade programme.</p> <p>A project which will improve 16,000 Scottish Borders lights & associated street furniture by replacing them with an energy efficient LED light source minor schemes to address problems at identified accident cluster sites.</p> <p>Continuation of Specific Scottish Government Funding to encourage more walking and cycling, especially schools and to connect communities.</p> <p>Road improvement scheme to provide a fit for purpose carriageway configuration and improve safety at Dirtpot Corner.</p> <p>Road improvement scheme to address the restricted carriageway width and lack of verge at a accident site.</p> <p>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>Extension of the Peebles - Innerleithen shared access route by a further 1.5 miles alongside the River Tweed.</p> <p>Funding of £0.55m has been assumed to match with the current Northumberland County Council (the lead authority) estimate. External funding bid for the refurbishment of the oldest surviving iron chain suspension bridge in use in Europe for its 200th anniversary in 2020</p> <p>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. 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%.</p> <p>There is a future requirement to provide a new bridge in Peebles to support future development proposed in the 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 development proposals.</p>
<p>Flood and Coastal Protection</p> <p>Selkirk Flood Protection</p> <p>Hawick Flood Protection</p> <p>Jedburgh Flood Protection</p> <p>General Flood Protection Block</p>	<p>80% Scottish Government (confirmed) grant funded major infrastructure project to provide flood protection to property and businesses in Selkirk from risk of flooding.</p> <p>Proposed 80% (unconfirmed) Scottish Government grant funded infrastructure project to protect residential and commercial properties from flood risk within the River Teviot's flood plain in Hawick.</p> <p>To deliver protection measures against flooding from the Skiprunning Burn.</p> <p>To deliver natural flood management works, small scale flood and coast protection works.</p>

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	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25				2025/26
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000				£'000
Waste Management														
Easter Langlee Cell Provision	205	216	273	694								694	(694)	
Waste Containers	45	46	48	139	48	48	50	50	51	53	53	492		492
Easter Langlee Leachate Management Facility	20	20	23	63	1,377	42						1,482		1,482
CRC - Enhancements	48			48								48		48
Waste Transfer Station Health & Safety Works	18			18								18		18
CRC - Bulky Waste Adjustments	10	257		267								267		267
New Easter Langlee Waste Transfer Station	635	4,778	9	5,422								5,422	(4,569)	853
Total Waste Management	981	5,317	353	6,651	1,425	90	50	50	51	53	53	8,423	(5,263)	3,160
Land and Property Infrastructure														
Play Facilities	51	52	53	156	27	55	56	57	58	60	61	530		530
Cemetery Land Acquisition & Development Block	440			440								440		440
Drainage - Parks & Open Spaces Block	50	50	50	150	50	50	50	50	50	50	50	500		500
Wilton Lodge Park	1,111	101		1,212								1,212	(827)	385
Combined Depot Enhancements	199	124		323								323		323
Structure/H&S Works Block	415	435	435	1,285	435	435	445	445	445	445	445	4,380		4,380
Asbestos Management Block	50	50	50	150	250	250	250	250	250	250	250	1,900		1,900
Building Systems Efficiency Upgrades Block	100	200	200	500	300	300	300	340	340	340	340	2,760		2,760
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	430	430	1,260	430	430	430	430	430	430	430	4,270		4,270
Demolition & Site Preparation Block	160	170		330								330		330
Office Accommodation Transformation Block	50	200	200	450	300							750		750
Contaminated Land Block	56	62	38	156	52	52	52	52	52	52	52	520		520
Cleaning Equipment Replacement Block	50	50	50	150	50	50	50	50	50	50	50	500		500
Energy Efficiency Works	1,265	770	1,045	3,080	1,045	1,045						5,170		5,170
Total Place	22,575	15,879	12,591	51,045	16,783	23,797	19,065	17,385	15,488	7,504	7,508	158,575	(47,365)	111,210

<p>Waste Management</p> <p>Easter Langlee Cell Provision Waste Containers Easter Langlee Leachate Management</p> <p>Community Recycling Centres - Enhancements Waste Transfer Station Health & Safety Works</p> <p>Community Recycling Centres -Bulky Waste Easter Langlee Waste Transfer Station</p>	<p>Management and capping of landfill cells at Easter Langlee Landfill Site, Galashiels. To supply to new properties or to replace damaged waste containers 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>Purchase of equipment to improve use of space and efficiency at Community Recycling centres To reduce the risk of accident/injury at the Council's the Waste Transfer Station through improvements to traffic management at the sites.</p> <p>NEW - Upgrade of infrastructure at CRC sites to allow bulking of waste for onward transport Construction of waste transfer station at Easter Langlee</p>
<p>Land and Property Infrastructure</p> <p>Play Facilities Cemetery Land Acquisition & Development Block Drainage - Parks & Open Spaces Block Wilton Lodge Park</p> <p>Combined Depot Enhancements Structure/H&S Works Block Asbestos Management Block Building Systems Efficiency Upgrades Block Electrical Infrastructure Upgrades Block Fixed Assets Block Building Thermal Efficiency Upgrades Block Demolition & Site Preparation Block Office Accommodation Transformation Block Contaminated Land Block</p> <p>Cleaning Equipment Replacement Block Energy Efficiency Works</p>	<p>To refurbish Council play areas through replacement or addition of equipment in play areas. Acquisition and development of cemeteries as identified from the strategic review of cemetery services. To provide a programme of works to deliver landscape drainage improvements throughout the Borders. Continuation of the capital element of the project to restore the historical features within Wilton Lodge Park, Hawick including the provision of a modern café and bridge, destination playpark, fountain area reburishment and additional links to the town. 70% funded by Heritage Lottery Funding.</p> <p>To provide for a programme of Health and Safety, Environmental and Security upgrades at various depot locations.</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>To undertake works to improve or prepare sites for sale or re-development including as sites for affordable housing. To support work style transformation through capital accommodation works. 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> <p>Allocation for a programme of capital expenditure on larger scale cleaning equipment. Program of works to improve the energy efficiency of the estate across the Council</p>

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CAPITAL INVESTMENT PROPOSALS	OPERATIONAL PLAN				Total Operational Plan £'000	STRATEGIC PLAN						Grand Total £'000	Specific Project Funding £'000	Net Cost to SBC Capital £'000
	2016/17	2017/18	2018/19	2019/20		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26			
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000			
School Estate														
West Linton Primary School	10			10								10		10
Duns Primary School & Locality Support Centre	3,000			3,000								3,000		3,000
Kelso High School	550			550								550	(550)	
School Review					120	4,000	9,000	10,230	4,120	5,500		32,970	(21,899)	11,071
Langlee Primary School	6,400	4,152		10,552								10,552		10,552
Brooklands Primary School	6,506	1,324		7,830								7,830	(365)	7,465
School Health & Safety Block	703	200	200	1,103	200	200	200	200	200	200	200	2,503		2,503
School Refurbishment & Capacity Block	635	1,140	3,030	4,805	4,001	1,520	1,750	1,900	1,840	1,840	1,840	19,496		19,496
School Kitchen Improvement Block	24	55	200	279	200	200	200	200	200	200	200	1,679		1,679
Complex Needs - Central Education Base	1,156	6		1,162								1,162		1,162
Equality Act School Adaptations (DDA) Block	150	150	150	450	150	150	150	150	150	150	150	1,500		1,500
	19,134	7,027	3,580	29,741	4,671	6,070	11,300	12,680	6,510	7,890	2,390	81,252	(22,814)	58,438
Social Care Infrastructure														
Residential Care Home Upgrade Block	3			3								3		3
	3			3								3		3
Total People Department	19,137	7,027	3,580	29,744	4,671	6,070	11,300	12,680	6,510	7,890	2,390	81,245	(22,814)	58,431

<p>School Estate</p> <p>West Linton Primary School Duns Primary School & Locality Support Centre</p> <p>Kelso High School</p> <p>School Review</p> <p>Langlee Primary School</p> <p>Broomlands Primary School</p> <p>School Health & Safety Block</p> <p>School Refurbishment & Capacity Block</p> <p>School Kitchen Improvement Block</p> <p>Complex Needs - Central Education Base</p> <p>Equality Act School Adaptations (DDA) Block</p>	<p>Final end of project landscaping and completion costs</p> <p>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 complimenting the new Central Complex Needs Education Base. Project supported by Scottish Futures Trust (SFT) funding.</p> <p>Provision of a new Kelso High School to provide a fit for purpose school, secured 100% SFT funding for school building. The project assumes the provision of a synthetic pitch which is anticipated to attract SportScotland match funding.</p> <p>Ambitious large scale project to significantly improve the school estate 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>Provision of new primary school at Langlee, Galashiels including Early Learning and Complex Needs, all within the grounds of the existing school including the demolition of the former school.</p> <p>Provision of new primary school at Broomlands, Kelso, including Early Years, all within the grounds of the existing school including the demolition of the former school.</p> <p>Programme of works across the school estate to ensure compliance with a range of legislation in relation to Health & Safety, Care Inspectorate, Environmental Health and Insurers and enable improvement of safety in schools.</p> <p>Programme of works to improve a number of schools through extension, refurbishment and adaptations to provide and 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>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>Creation of a central facility in Earlston to consolidate existing service provision of Spectrum Support Services and the Complex Needs Outreach Team. Providing a increased accessibility and travel times and maximise expertise through co-location of staff. Facility will compliment the locality and school based services already in place.</p> <p>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>Social Care Infrastructure</p> <p>Residential Care Home Upgrade Block</p>	<p>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>

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	2016/17	2017/18	2018/19		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26			
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000			
CHIEF EXECUTIVE DEPARTMENT														
Sports Infrastructure														
Selkirk 2G Synthetic Pitch	3			3					300			303		303
Peebles 2G Synthetic Pitch (carpet replacement)								300				300		300
Peebles 3G Synthetic Pitch	1,606	3		1,609							300	1,909	(300)	1,609
Jedburgh 3G Synthetic Pitch		30	817	847	3							850	(300)	550
Hawick 3G Synthetic Pitch	1,244	3		1,247							300	1,547	(300)	1,247
Sports Trust Plant & Services - Integrated Sport & Culture Trust Property and Other Sports Trusts	290	290	290	870	290	290	290	290	290	290	290	2,900		2,900
	3,143	326	1,107	4,576	293	290	290	290	590	590	890	7,809	(900)	6,909
Culture and Heritage														
Jim Clark Museum	90	902	386	1,378								1,378	(758)	620
Sir Walter Scott Court House - Phase 1	260			260								260	(178)	82
Sir Walter Scott Court House - Phase 2	50	50	760	860	1,550	40						2,450	(2,000)	450
Great Tapestry of Scotland - Building	5,800			5,800								5,800	(2,500)	3,300
	6,200	952	1,146	8,298	1,550	40						9,888	(5,436)	4,452
Economic Regeneration														
Central Borders Business Park - Phase 1		2,000	3,000	5,000	1,000							6,000	(1,000)	5,000
Newtown St Boswells Village Centre	16	20	20	56	84	84	120	56				400		400
Borders Town Centre Regeneration Fund Block			100	100	100	100	100	100	100	100	100	800		800
	16	2,020	3,120	5,156	1,184	184	220	156	100	100	100	7,200	(1,000)	6,200
Chief Executive Other														
ICT Programme	3,250	3,071	2,239	8,560	1,395	1,011	1,458	1,015	992	994	995	16,420		16,420
Private Sector Housing Grant - Adaptations	375	375	375	1,125	375	375	375	375	425	425	425	3,900		3,900
	3,625	3,446	2,614	9,685	1,770	1,386	1,833	1,390	1,417	1,419	1,420	20,320		20,320
Total Chief Executive Department	3,625	3,446	2,714	9,785	1,870	1,486	1,933	1,490	1,517	1,519	1,520	21,120		21,120
Waste Collection vehicles - Non P&V Fund			300	300	300				300	300		1,200	(1,200)	
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)	
Emergency/Unplanned Schemes	300	300	300	900	300	300	300	300	300	300	300	3,000		3,000
Total Other	2,300	2,300	2,600	7,200	2,600	2,300	2,300	2,300	2,600	2,600	2,300	24,200	(21,200)	3,000

<p>Sports Infrastructure</p> <p>Selkirk 2G Synthetic Pitch Peebles 2G Synthetic Pitch (carpet replacement)</p> <p>Peebles 3G Synthetic Pitch</p> <p>Jedburgh 3G Synthetic Pitch Hawick 3G Synthetic Pitch</p> <p>Sports Trust Plant & Services - Integrated Sport & Culture Trust and Other Sports Trusts</p>	<p>Remainder of contract maintenance and contract completion on 2G pitch in Selkirk and allowance of future replacement of carpet Future replacement carpet for 2G pitch in Peebles</p> <p>Development of 3G pitch and changing facilities in Peebles, allowance for future replacement of carpet. Initial development part funded by Sports Scotland Development of 3G pitch Jedburgh, allowance for future replacement of carpet. Initial development part funded by Sports Scotland</p> <p>Development of 3G pitch Hawick and changing facilities, allowance for future replacement of carpet. Initial development part funded by Sports Scotland 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>Culture and Heritage</p> <p>Jim Clark Museum Sir Walter Scott Court House - Phase 1</p> <p>Sir Walter Scott Court House - Phase 2</p> <p>Great Tapestry of Scotland - Building</p>	<p>Transformation of 44 Newton Street into new Jim Clark Museum. Assumed £0.758m external funding from Heritage Lottery, Museums Galleries Scotland. 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>To provide the permanent home for the Great Tapestry of Scotland at Tweedbank. This includes the assumption of £2.5m external funding.</p>
<p>Economic Regeneration</p> <p>Central Borders Business Park - Phase 1</p> <p>Newtown St Boswells Village Centre</p> <p>Borders Town Centre Regeneration Fund Block</p>	<p>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 £6m, with an assumption of £1m from Scottish Enterprise. This will form the first phase of the potential development of the railhead at Tweedbank and linked to City Deal and Railway blue print.</p> <p>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>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.</p>
<p>Chief Executive Other</p> <p>ICT Programme Private Sector Housing Grant - Adaptations</p>	<p>Programme of works and projects across the Council for all IT replacement requirements and upgrades To provide grant funding to assist the provision of major adaptation to private sector housing following a needs and priority assessment by Social Work's Occupational Therapy Staff.</p>
<p>Other</p> <p>Waste Collection vehicles - Non P&V Fund</p> <p>Plant & Vehicle Replacement - P&V Fund</p>	<p>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>Fund is used to manage the replacement of plant and vehicles and is "replenished" by departmental revenue budgets over the life of the vehicle.</p>

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	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	2025/26 £000	
CFCR												
Easter Langlee Cell Provision (from Landfill Provision)	(205)	(216)	(273)	(694)								(694)
Wilton Lodge Park	(20)	(20)		(40)								(40)
	(225)	(236)	(273)	(734)	0	0	0	0	0	0	0	(734)
Specific Grants from Scottish Government												
Cycling, Walking & Safer Streets	(125)	(157)	(182)	(464)	(191)	(199)	(211)	(221)	(232)	(244)	(247)	(2,009)
Selkirk Flood Protection	(8,861)			(8,861)								(8,861)
Hawick Flood Protection			(1,731)	(1,731)	(5,198)	(12,081)	(9,145)					(28,155)
Galashiels School Review						(2,666)	(6,000)	(6,820)	(2,746)	(3,667)		(21,899)
	(8,986)	(157)	(1,913)	(11,056)	(5,389)	(14,946)	(15,356)	(7,041)	(2,978)	(3,911)	(247)	(60,924)
Other External Grants & Contributions												
Selkirk Town Centre (Streetscape works)		(100)		(100)								(100)
Innesleithen - Walkerburn - Shared access route		(20)	(130)	(150)								(150)
Kelso High School - Pitches (SportScotland)	(550)			(550)								(550)
Jim Clark Museum	(59)	(503)	(196)	(758)								(758)
Peebles 3G Synthetic Pitch	(300)			(300)								(300)
Jedburgh 3G Synthetic Pitch			(300)	(300)								(300)
Hawick 3G Synthetic Pitch	(300)			(300)								(300)
Wilton Lodge Park	(714)	(73)		(787)								(787)
Sir Walter Scott Court House - Phase 1	(178)			(178)								(178)
Sir Walter Scott Court House - Phase 2			(460)	(460)	(1,540)							(2,000)
Central Borders Business Park - Blueprint Funding		(1,000)		(1,000)								(1,000)
Great Tapestry of Scotland - Building	(2,500)			(2,500)								(2,500)
	(4,601)	(1,696)	(1,086)	(7,383)	(1,540)	0	0	0	0	0	0	(8,923)
Developer Contributions												
Peebles Bridge				0				(1,000)	(1,000)			(2,000)
Broomlands Primary School		(365)		(365)								(365)
General inc. school estate	(100)	(100)	(100)	(300)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)
	(100)	(465)	(100)	(665)	(100)	(100)	(100)	(100)	(1,100)	(1,100)	(100)	(3,365)

Estimated Capital Receipts	(1,273)	(1,800)	(1,130)	(4,203)	(2,910)	(1,000)	0	0	0	0	0	(8,113)
General Capital Grant	(11,222)	(11,000)	(11,000)	(33,222)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(110,222)
Plant & Vehicle 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)
Borrowing												
Fleet - P&V - Waste Collection - from Dept'al Revenue			(300)	(300)	(300)			(300)	(300)			(1,200)
New Easter Langlee Waste Transfer Station - from Revenue		(4,569)		(4,569)								(4,569)
General Proposed Borrowing per approved Aug Exec.	(28,589)	(3,140)	(13,481)	(45,210)	(8,113)	(6,470)	(6,816)	(12,827)	(8,418)	(1,571)	(1,772)	(91,197)
	(28,589)	(7,709)	(13,781)	(50,079)	(8,413)	(6,470)	(6,816)	(12,827)	(8,718)	(1,871)	(1,772)	(96,966)
TOTAL CAPITAL FUNDING	(56,996)	(25,063)	(31,283)	(113,342)	(31,352)	(35,516)	(35,272)	(32,968)	(25,796)	(19,882)	(15,119)	(309,247)

Expenditure Profile per Proposed Capital Investment Plan	56,996	25,063	31,283	113,342	31,352	35,516	35,272	32,968	25,796	19,882	15,119	309,247
<i>Funding Gap (Under)/Over</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

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Fees and Charges

2016-17

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.

SCOTTISH BORDERS COUNCIL					
FEES & CHARGES	Period	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Civic Government					
Taxis Etc:					
Taxi/Private Hire Operator	3 years	£ 573	£ 588.00	£ 588.00	0%
		(see note 1)			
Taxi/Private Hire Driver	1 year	£ 82	£ 84.00	£ 84.00	0%
Replacement Driver's Badge	N/a	£ 12	£ 12.50	£ 12.50	0%
Substitute Vehicle	N/a	£ 87	£ 89.00	£ 89.00	0%
Change of Use from Taxi to Private Hire & Private Hire to Taxi Licence	N/a	£ 62	£64.00	£64.00	0%
Taxi Booking Office	3 years	£ 210	£ 215.00	£ 215.00	0%
Temporary Licence Application Plate Deposit (refundable)	Duration of licence	£39 for full set and £16 for individual plates			
Other Civic Government Licensing:					
Second Hand Dealers	3 years	£ 168	£ 172.00	£ 177.00	3%
Street Traders	3 years	£ 188	£ 193.00	£ 199.00	3%
Street Trader employee		£ 55	£ 56.00	£ 58.00	4%
Market Operators	3 years	£ 233	£ 239.00	£ 246.00	3%
Metal Dealers	3 years	£ 141	£ 145.00	£ 149.00	3%
Metal Dealers Exemption	3 years				
Itinerant Metal Dealer	1 year	£ 141	£ 145.00	£ 149.00	3%
Indoor Sports Entertainment	3 years	£ 141	£ 145.00	£ 149.00	3%
Late Hours Catering	3 years	£ 314	£ 322.00	£ 332.00	3%
Sex Shops	3 years	£ 168	£ 172.00	£ 177.00	3%
Knife Dealer	3 years	£ 216	£ 221.00	£ 228.00	3%
Skin Piercing and Tattooing	1 year (Grant)	£ 168	£ 172.00	£ 177.00	3%
	3 years (Renewal)	£ 168	£ 172.00	£ 177.00	3%
	1 year (Grant)	£ 110	£ 113.00	£ 116.00	3%
Ear Piercing Only	3 years (Renewal)	£ 110	£ 113.00	£ 116.00	3%
Public Entertainment:					
Commercial	3 years	£ 491	£ 503.00	£ 518.00	3%
Commercial Funfair –					
1-5 stalls	Temp.	£ 43	£ 44.00	£ 45.00	2%
6-20 stalls	Temp.	£ 141	£ 145.00	£ 149.00	3%
21 or more stalls	Temp	£ 281	£ 288.00	£ 297.00	3%
Non-commercial	3 years	£ 141	£ 145.00	£ 149.00	3%
Non-commercial	1 year	£ 48	£ 49.00	£ 50.00	2%
Non-commercial	Temp.	£ 34	£ 35.00	£ 36.00	3%
Other temporary licences	Temp.	£ 70	£ 72.00	£ 74.00	3%

SCOTTISH BORDERS COUNCIL					
FEES & CHARGES	Period	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Civic Government					
General:					
Application for Material Change	n/a	£28.00	£29.00	£30.00	3%
Issue of Duplicate Licence		£20.00	£21.00	£22.00	5%
Certified true copy of entry in register		£20.00	£21.00	£22.00	5%
Miscellaneous Licensing:					
Pet Shops	1 year	£62.00	£64.00	£66.00	3%
Performing Animals		£41.00	£42.00	£43.00	2%
*Dog Breeding Establishments	1 year	£128.00	£131.00	£135.00	3%
*Riding Establishments	1 year	£64.00	£66.00	£68.00	3%
*Dangerous Wild Animals	1 year	£76.00	£78.00	£80.00	3%
Animal Boarding Establishments	1 year	£128.00	£131.00	£135.00	3%
Cinemas – Annual	1 year	£255.00	£261.00	£269.00	3%
Theatres –					
Commercial	1 year	£141.00	£145.00	£149.00	3%
Non-commercial	1 year	£56.00	£57.00	£59.00	4%
Commercial	Temp.	£76.00	£78.00	£80.00	3%
Non-commercial	Temp.	£34.00	£35.00	£36.00	3%
Houses in Multiple Occupation	3 years	£510.00	£523.00	£539.00	3%
Civil Marriages –					
Period Approval	3 years	£181.00	£185.00	£191.00	3%
Temporary Approval	1 day	£61.00	£63.00	£65.00	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.

SCOTTISH BORDERS COUNCIL FEES & CHARGES Registrars	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Notice of Marriage & Civil Partnerships each *	£ 30.00	£ 30.00	£ 42.00	NRS set
Extract *	£ 10.00	£ 10.00	£ 10.00	NRS set
Religious Marriage *	£ 70.00	£ 70.00	£ 84.00	NRS set
Conducting Civil Marriage & Civil Partnership Registration in Office in Office Hours *	£ 55.00	£ 125.00	£ 201.00	NRS set
Conducting Civil Marriage & Civil Partnership Ceremony in Office 1 hour or more after office hours	£ 113.00	£ 183.00	£ 207.00	13%
Conducting Civil Marriage & Civil Partnership Ceremony in Office on Saturday	£ 155.00	£ 225.00	£ 249.00	11%
Conducting Civil Marriage & Civil Partnership Ceremony at a temp licensed venue	£ 210.00	£ 280.00	£ 304.00	9%
Conducting Civil Marriage & Civil Partnership on a Sunday/Public Holidays & New Year at any venue	£ 311.50	£ 311.50	£ 311.50	0%
Conducting Civil Ceremony & Civil Partnership after 5pm Office	£ 250.00	£ 250.00	£ 274.00	10%
Conducting Civil Ceremony & Civil Partnership after 5pm Temp Venue	£ 295.00	£ 295.00	£ 319.00	8%
Naming & Vow renewing ceremony	£ 120.00	£ 120.00	£ 125.00	4%
Naming & Vow renewing ceremony (Saturday)	£ 137.50	£ 137.50	£ 137.50	0%
Naming & Vow renewing ceremony (after 5pm)	£ 137.50	£ 137.50	£ 137.50	0%
Naming & Vow renewing ceremony Sunday / Public Holidays, Christmas & New Year	£ 165.00	£ 165.00	£ 165.00	0%
Ceremony Advance booking Fee (over 3 months)	£ 35.00	£ 35.00	£ 35.00	0%
Genealogy - per hour *	£ 15.00	£ 15.00	£ 20.00	33%
Digros Print	£ 1.50	£ 1.50	£ 1.50	0%
Extracts search fee	£ 10.00	£ 10.00	£ 20.00	100%
Private Citizenship	£ 50.00	£ 50.00	£ 60.00	20%

* National Charge

SCOTTISH BORDERS COUNCIL FEES & CHARGES				
Burial Grounds				
Purchase of ground	2014/15 Charge	2015/16 Charge	2016/17 Charge	Increase %
Lairs for one or two interments	£ 580.00	£ 709.00	£ 751.54	6.00%
Woodland burial - land (includes tree & marker)	£ 580.00	£ 709.00	£ 751.54	6.00%
Lairs for cremation caskets (up to 4)	£ 580.00	£ 709.00	£ 751.54	6.00%
Interments				
Adults (first, or re-open)	£ 545.00	£ 609.00	£ 645.54	6.00%
Woodland burial - interment	£ 545.00	£ 609.00	£ 645.54	6.00%
Cremation caskets	£ 180.00	£ 201.13	£ 213.20	6.00%
Child under 8 years	£ 180.00	£ 201.13	£ 213.20	6.00%
Child 8-16 years	£ 266.50	£ 297.78	£ 315.65	6.00%
Interments on a Saturday (last interment 10.30am)				
Adult	£ 700.00	£ 782.18	£ 829.11	6.00%
Cremation caskets	£ 285.00	£ 318.46	£ 337.57	6.00%
Child under 8 years	£ 285.00	£ 318.46	£ 337.57	6.00%
Child 8-16 years	£ 435.00	£ 486.07	£ 515.23	6.00%
Interments on a Sunday, holiday or outwith seasonal working hours				
Adult	£ 925.00	£ 1,033.60	£ 1,095.62	6.00%
Cremation caskets	£ 370.00	£ 413.43	£ 438.24	6.00%
Child under 8 years	£ 370.00	£ 413.43	£ 438.24	6.00%
Child 8-16 years	£ 585.00	£ 653.70	£ 692.92	6.00%
Other Charges				
Re-issue of lair certificate	£ 15.00	£ 25.00	£ 26.00	4.00%
Burial search fee - first hour	£ 40.00	£ 40.00	£ 42.00	5.00%
Burial search fee - second hour	£ 40.00	£ 40.00	£ 42.00	5.00%
Burial search fee - each additional hour	£ 10.00	£ 10.00	£ 11.00	10.00%
Headstone foundations				
Marking out, excavate, lay foundation	£ 120.00	£ 159.00	£ 165.00	3.77%
Marking out, excavate only	£ 85.00	£ 135.00	£ 140.00	3.70%
Administrative Charges				
Non resident lair sale/interment premium 50% of fee	£ -	£ -	50%	new charge
Admin fee per burial	£ -	£ -	£ 50.00	new charge
Issuing Title deed	£ -	£ -	£ 25.00	new charge
Fee selling lair back to SBC - 10% of price paid	£ -	£ -	10%	new charge
Fee to test dig a lair	£ -	£ -	£ 645.54	new charge
Marking a grave for placement of small memorial	£ -	£ -	£ 85.00	new charge
Scattering ashes	£ -	£ -	£ 50.00	new charge

SCOTTISH BORDERS COUNCIL FEES & CHARGES Waste Services	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Tipping Charges				
Charge per tonne (pro-rata)	£ 24.75	£ 27.00	£ 29.00	7.41%
Minimum charge (if total weight under 1 tonne)	£ 24.75	£ 27.00	£ 29.00	7.41%
Soils/Green Waste/Paper & Cardboard (contact 01835-825111 for price)				
Green Waste from Mansfield & Eshiels (minimum 1 tonne charge per month).		£ 34.75	£ 36.00	3.60%
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	£ 16.50	3.13%
Commercial Waste from Mansfield and Eshiels	£ 30.00	£ 32.25	£ 35.00	8.53%
Minimum charge (if total weight under 1 tonne)	£ 30.00	£ 32.25	£ 35.00	8.53%
Landfill Tax (Added to tipping charge)				
(Charged by weight at site (per tonne, pro-rata)				
Active waste *	£ 80.00	£ 82.60	£ 84.40	2.18%
Non active waste *	£ 2.50	£ 2.60	£ 2.65	1.92%
Refuse Sacks (minimum purchase 50 sacks)				
Industrial and Commercial - per sack				
Landfill tax & disposal charge.	£ 1.21	£ 1.27	£ 1.41	11.02%
Service Charge (outside the scope)	£ 0.36	£ 0.37	£ 0.39	5.41%
Total	£ 1.57	£ 1.64	£ 1.80	9.76%
Special Collections - Business				
Per hour - pro-rata	£ 102.00	£ 104.50	£ 108.00	3.35%
Minimum charge (20 minutes)	£ 35.00	£ 36.00	£ 37.50	4.17%
<i>(additional labour, plant and machinery charged at date)</i>				
Special Collections - Domestic				
Up to 5 articles (including fridges and freezers)	£ 25.50	£ 26.25	£ 30.00	14.29%

* National Charge

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Waste Services				
Wheeled bins - Business				
1100 ltr bin rental, disposal, service and landfill	£ 763.94	£ 791.02	£ 815.00	3.03%
660 ltr bin rental, disposal, service and landfill	£ 492.82	£ 509.79	£ 526.00	3.18%
360 ltr bin rental, disposal, service and landfill	£ 244.60	£ 253.85	£ 262.00	3.21%
<i>(Annual charge based on one collection per week)</i>				
Fees				
Recycling Contracts				
Minimum (equivalent to 1 bag/week)	£ 37.50	£ 39.00	£ 41.00	5.13%
Small (equivalent to 2 - 3 bags/week)	£ 92.50	£ 96.25	£ 100.00	3.90%
Medium (equivalent to 4 - 9 bags/week)	£ 241.00	£ 250.50	£ 259.00	3.39%
Large (equivalent to 10 - 15 bags/week)	£ 462.50	£ 481.00	£ 496.00	3.12%
XL (equivalent to 15 - 30 bags/week)	£ -	£ -	£ 987.00	new charge
XXL (equivalent to -over 30 bags/week)	£ -	£ -	£ 1,973.00	new charge
Large quantities from commercial producers will be priced on an individual basis, based on quantity & method of collection.				
Recyclate Bags (Businesses Only)				
Minimum Purchase 25 bags	£ 18.00	£ 18.75	£ 20.00	6.67%
Keys for disabled facilities				
RADAR Keys for disabled facilities	£ 4.00	£ 4.00	£ 4.00	0.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Parks and Open Spaces				
Allotments				
Per individual plot (size varies)	£10.00	£ 40.00	£ 40.00	0.00%
Sports Pitches				
Sports pitch per game, Adults	£22.00	£ 22.00	£ 23.00	4.55%
Sports pitch per game, Juveniles	£10.00	£ 10.00	£ 11.00	10.00%
Changing Pavilion - Hawick				
Dressing room and showers - per 2 teams				
- Adults, Monday to Saturday	£28.00	£ 28.00	£ 30.00	7.14%
- Adults, Sunday	£35.00	£ 35.00	£ 37.00	5.71%
- Juveniles, Monday to Saturday	£12.00	£ 12.00	£ 13.00	8.33%
- Juveniles, Sunday	£14.00	£ 14.00	£ 15.00	7.14%
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	£12.00	£ 12.00	£ 13.00	8.33%
- Adults, Sunday	£14.00	£ 14.00	£ 15.00	7.14%
- Juveniles, Monday to Saturday	£5.00	£ 5.00	£ 5.00	0.00%
- Juveniles, Sunday	£6.00	£ 6.00	£ 6.00	0.00%
Floral displays				
Full - 12 troughs/tubs	£210.00	£ 225.00	£ 239.00	6.22%
Half - 6 troughs/tubs	£110.00	£ 135.00	£ 143.00	5.93%
Hanging basket - supply (summer season)	£100.00	£ 110.00	£ 117.00	6.36%
			£ -	
Hanging basket - supply & maintain (summer season)	£130.00	£ 195.00	£ 207.00	6.15%
Other Facilities				
Recreation Ground, Lauder	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Selkirk	£300.00	£ 300.00	£ 318.00	6.00%
Mill Meadow Earlston	£100.00	£ 100.00	£ 106.00	6.00%
Greenyards Triangle, Melrose (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Greenyards Triangle, Melrose (SMALL)	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Peebles (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Peebles Circus Only (SMALL)	£100.00	£ 100.00	£ 106.00	6.00%
Adj. Tennis Courts West Linton (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Adj. Tennis Courts West Linton (Circusa Small)	£100.00	£ 100.00	£ 106.00	6.00%
Lothian Park, Jedburgh (Large)	£200.00	£ 200.00	£ 212.00	6.00%
Lothian Park, Jedburgh (Circus Small)	£100.00	£ 100.00	£ 106.00	6.00%
Croft Park, Kelso (LARGE)	£200.00	£ 200.00	£ 212.00	6.00%
Croft Park, Kelso Circus Only (SMALL)	£100.00	£ 100.00	£ 106.00	6.00%
Eyemouth (Unspecified) Killiedraught	£100.00	£ 100.00	£ 106.00	6.00%
Lorry Park, Coldstream (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Lorry Park, Coldstream (SMALL)	£100.00	£ 100.00	£ 106.00	6.00%
The Green, Greenlaw	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Innerleithen (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Innerleithen - Circus only small	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Car Park, Innerleithen (LARGE)	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Car Park, Innerleithen Circus small	£100.00	£ 100.00	£ 106.00	6.00%
Victoria Park, Selkirk	£300.00	£ 300.00	£ 318.00	6.00%
Public Park, Galashiels (Circus only, Large)	£200.00	£ 200.00	£ 212.00	6.00%
Public Park, Galashiels (Medium)	£100.00	£ 100.00	£ 106.00	6.00%
Public Park, Galashiels (Small)	£100.00	£ 100.00	£ 106.00	6.00%
Bog Park, Selkirk	£100.00	£ 100.00	£ 106.00	6.00%
Pringle Park, Selkirk	£100.00	£ 100.00	£ 106.00	6.00%
Open Space, Tweedbank	£100.00	£ 100.00	£ 106.00	6.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Parks and Open Spaces				
Rear of KGV, Newtown	£100.00	£ 100.00	£ 106.00	6.00%
KGV, Caddonfoot	£100.00	£ 100.00	£ 106.00	6.00%
KGV, Broughton	£100.00	£ 100.00	£ 106.00	6.00%
Newcastleton	£100.00	£ 100.00	£ 106.00	6.00%
Volunteer Park, Hawick, (Large)	£200.00	£ 200.00	£ 212.00	6.00%
Volunteer Park, Hawick, (Circus only, Small)	£100.00	£ 100.00	£ 106.00	6.00%
Netherdale Playing Fields, Galashiels	£200.00	£ 200.00	£ 212.00	6.00%
Haylodge park, Peebles	£200.00	£ 200.00	£ 212.00	6.00%
Market Square, Galashiels	£100.00	£ 100.00	£ 106.00	6.00%
Old Quarry, Chirside	£100.00	£ 100.00	£ 106.00	6.00%
LONG TERM LETS	£0.00			
Public Park, Galashiels (Messrs Codona)			£3,000	

SCOTTISH BORDERS COUNCIL				
FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Environmental Health				
Pest Control				
Eradication (commercial premises) of vermin, wasps, fleas and ants per treatment.	£ 46.50	£ 48.00	£ 48.00	0.00%
Eradication (commercial premises) of vermin, wasps, fleas and ants per treatment.		£ 48.00	£ 48.00	0.00%
Annual contracts for pest control for agricultural & commercial premises are costed individually				
Water Samples				
Type A Supplies				
Sample Visit Fee #	£ 70.00	£ 70.00	£ 70.00	0.00%
Risk Assessment (Preparatory Work) #	£ 70.00	£ 70.00	£ 70.00	0.00%
Risk Assessment (Site Visit & Report) #	£ 50.00	£ 50.00	£ 50.00	0.00%
Risk Assessment (Annual Review) #	£ 25.00	£ 30.00	£ 50.00	66.67%
Analysis of Check Monitoring Parameters #	£ 25.80	£ 30.00	£ 30.00	0.00%
Analysis of Audit Monitoring Parameters # *	up to £435			
Additional Monitoring**	variable			NA
Analysis of Individual parameters***	variable			NA
Type B Supplies				
Sample Visit Fee # *	£ 70.00	£ 70.00	£ 70.00	0.00%
Risk Assessment (Preparatory Work) # ****	£ 70.00	£ 70.00	£ 70.00	0.00%
Risk Assessment (Site Visit & Report) # ****	£ 50.00	£ 50.00	£ 50.00	0.00%
Analysis of Domestic Parameters # ****	£ 48.00	£ 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				
** Monitoring may be required to sample and analyse where there is a risk from substances, contaminants and organisms which are				
*** 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.				
Health Certificates				
<i>(charge is per hour - minimum charge 1 hour)</i>				
Export Health Certificates (Food)	£ 17.00	£ 60.00	£ 63.00	5.00%
Additional Charges:				
Correction / Re-Issue of a Certificate	£ -	£ 20.00	£ 21.00	5.00%
Copies of a Certificate	£ -	£ 20.00	£ 21.00	5.00%
Charge for a Certificate issued at point of entry rather than the originating authority.	£ -	£ 72.00	£ 75.00	4.17%
Request for Country / Region / Product specific Certificate where there is an absence of a DEFRA agreed format.	£ -	£ 78.00	£ 82.00	5.13%
Abandoned Vehicles				
Two wheeled vehicle < 3.5 tons MAM			£ 150.00	New charge
Other vehicle upright & on road < 3.5 tons			£ 150.00	New charge
Other vehicle upright & on road 3.5 - 7.5 tons			£ 200.00	New charge
Other vehicle upright & on road 7.5 - 18 tons			£ 350.00	New charge
Other vehicle upright & on road > 18 tons			£ 350.00	New charge
Other unladen vehicle not upright < 3.5t			£ 250.00	New charge
Other unladen vehicle not upright 3.5 - 7.5t			£ 650.00	New charge
Other unladen vehicle not upright 7.5 - 18t			£ 2,000.00	New charge
Other unladen vehicle not upright >18t			£ 3,000.00	New charge
Other laden vehicle upright & on road < 3.5t			£ 250.00	New charge
Other laden vehicle upright & on road 3.5-7.5t			£ 650.00	New charge
Other laden vehicle upright & on road 7.5-18t			£ 3,000.00	New charge
Other laden vehicle upright & on road > 18t			£ 4,500.00	New charge
Other vehicle upright & off road < 3.5 tons			£ 200.00	New charge

Other vehicle upright & off road 3.5 - 7.5 tons			£ 400.00	New charge
Other vehicle upright & off road 7.5 - 18 tons			£ 1,000.00	New charge
Other vehicle upright & off road > 18 tons			£ 1,500.00	New charge
Other laden vehicle upright & off road < 3.5t			£ 200.00	New charge
Other laden vehicle upright & off road 3.5-7.5t			£ 400.00	New charge
Other laden vehicle upright & off road 7.5-18t			£ 1,500.00	New charge
Other laden vehicle upright & off road > 18t			£ 2,000.00	New charge
Other vehicle not upright & off road < 3.5 tons			£ 300.00	New charge
Other vehicle not upright & off road 3.5 - 7.5 t			£ 850.00	New charge
Other vehicle not upright & off road 7.5 - 18 tons			£ 3,000.00	New charge
Other vehicle not upright & off road > 18 tons			£ 4,500.00	New charge
Other laden vehicle not upright & off road < 3.5t			£ 300.00	New charge
Other laden vehicle not upright & off road 3.5-7.5t			£ 850.00	New charge
Other laden vehicle not upright & off road 7.5-18t			£ 4,500.00	New charge
Other laden vehicle not upright & off road > 18t			£ 6,000.00	New charge
Stray Dog Charge (kenneling, transport etc.)			£ 110.00	New charge

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Trading Standards				
Weights And Measures Act 1985				
Fees for the purpose of Section 11(5) of the 1985 Act				
Linear measure not exceeding 10 metres	£ 12.00	£ 12.50	£ 12.50	4.17%
Capacity measures	£ 12.00	£ 12.50	£ 12.50	4.17%
Measuring instruments for liquid fuel and lubricants				
i) Single outlet	£ 122.00	£ 125.00	£ 125.00	0.00%
ii) Multi Outlet				
1 meter tested	£ 140.00	£ 143.50	£ 143.50	0.00%
2 meters tested	£ 225.00	£ 230.50	£ 230.50	0.00%
3 meters tested	£ 315.00	£ 323.00	£ 323.00	0.00%
4 meters tested	£ 400.00	£ 410.00	£ 410.00	0.00%
5 meters tested	£ 480.00	£ 492.00	£ 492.00	0.00%
6 meters tested	£ 560.00	£ 574.00	£ 574.00	0.00%
7 meters tested	£ 650.00	£ 665.00	£ 665.00	0.00%
8 meters tested	£ 730.00	£ 750.00	£ 750.00	0.00%
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: <i>(per extra hour)</i>	£ 95.00	£ 97.50	£ 97.50	0.00%
Measuring instruments for intoxicating liquor	£ 24.00	£ 25.00	£ 25.00	0.00%
Dipstick Measuring Systems - replacement dipsticks (including examination of compartment)	£ 52.00	£ 53.50	£ 53.50	0.00%
Weights	£ 12.00	£ 12.50	£ 12.50	0.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Trading Standards				
Weights And Measures Act 1985				
Fees for the purpose of Section 11(5) of the 1985 Act				
Weighing instruments:				
i) Not exceeding 15kg	£ 35.00	£ 36.00	£ 36.00	0.00%
Exceeding 15kg to 100kg	£ 51.00	£ 52.50	£ 52.50	0.00%
Exceeding 100kg to 250kg	£ 73.00	£ 75.00	£ 75.00	0.00%
Exceeding 250kg to 1 tonne	£ 125.00	£ 128.00	£ 128.00	0.00%
Exceeding 1 tonne to 10 tonnes	£ 200.00	£ 205.00	£ 205.00	0.00%
ii) Instruments incorporating remote display or printing facilities the basic fee given in (i) above and any additional costs calculated at the rate of (per hour)	£ 95.00	£ 97.50	£ 97.50	0.00%
Special Weighing and Measuring Equipment The fee for the examining, testing and stamping of any equipment not described above, shall be calculated at the rate of (per hour)	£ 95.00	£ 97.50	£ 97.50	0.00%
Fees for the purposes of Section 49 (4) of the 1985 Act The fee for the examining, testing and certification of equipment, shall be calculated at the rate of (per hour)	£ 95.00	£ 97.50	£ 97.50	0.00%
Fees for the purpose of Section 74 (2) and (4) of the 1985 Act 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 (plus VAT).	£ 95.00	£ 97.50	£ 97.50	0.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Trading Standards				
Fees for the purpose of Section 76 of the 1985 Act				
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>	£95.00	£97.50	£97.50	0.00%
Charge for the issue of a Calibration Certificate on the accuracy of any weight,	£26.00	£27.00	£27.00	0.00%
Poisons Act 1972				
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>	£36.00	£37.00	£37.00	0.00%
Publications				
Animal Health				
Animal Transport Certificates - Book of 60	£10.50	£11.00	£11.00	0.00%
Record of Ovine Animals - Book of 50 pages	£10.50	£11.00	£11.00	0.00%
Petroleum				
Site Register	£9.00	£10.00	£10.00	0.00%
Inventory Book	£11.00	£12.00	£12.00	0.00%
Inventory Book without cover	£9.00	£10.00	£12.00	20.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Trading Standards				
Publications (cont.)				
Civic Government				
Miscellaneous Petroleum				
- Search Fee (per hour)	£ 90.00	£ 92.50	£ 97.00	4.86%
- Gas Free Certification	£ 135.00	£ 140.00	£ 147.00	5.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Passenger Transport and Roads				
Road Closure				
Contractors and Utility companies				
- per Notice	£ 130.00	£ 135.00	£ 140.00	3.70%
- per Order	£ 255.00	£ 265.00	£ 275.00	3.77%
<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>				
Street name plates				
Developers				
- first sign	£ 190.00	£ 195.00	£ 200.00	2.56%
- 2nd and subsequent signs (each)	£ 130.00	£ 135.00	£ 140.00	3.70%
Scaffolding Permits				
Up to 3 Months and every subsequent 3 months to a maximum of 4 payments	£ 115.00	£ 120.00	£ 125.00	4.17%
De-icing salt				
Supplied to the public (excluding delivery - call 01835 825571 for quotation) Bulk, loose				
- 500 kg	£ 35.00	£ 37.50	£ 40.00	6.67%
- 1 tonne or more (pro-rata)	£ 55.00	£ 57.50	£ 60.00	4.35%
<i>The department no longer supplies smaller quantities</i>				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Planning (Formerly B&N Heritage)				
Archaeology				
Professional time (per hour)	£ 55.00	£ 60.00	£ 61.00	1.67%
Books/Leaflets				
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%
Walks				
Short walks on the Eastern SUW	£ 2.50	£ 2.50	£ 3.50	40.00%
Ranger led walks - full day - adults	£ 5.00	£ 5.00	£ 6.00	20.00%
Ranger led walks - full day - concessions	£ 3.00	£ 3.00	£ 4.00	33.33%
Ranger led walks - part day - adults	£ 3.00	£ 3.00	£ 4.00	33.33%
Ranger led walks - part day - concessions	£ 2.00	£ 2.00	£ 3.00	50.00%
Hill walking navigations workshop - adult	£ 20.00	£ 20.00	£ 21.00	5.00%
Hill walking navigations workshop - concessions	£ 15.00	£ 15.00	£ 16.00	6.67%
Other various short walks and workshops/activity sessions have various small charges	Various			

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Early Years				
Busy Bees Nursery - per hour *	£ 3.20	£ 3.20	£ 3.35	5%
Wraparound Childcare - per hour *	£ 3.20	£ 3.20	£ 3.35	5%
Candidates Contribution towards First Aid Courses	£ 15.00	£ 15.00	£ 15.75	5%
* Exempt				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Schools				
School lets - Standard Rate				
Assembly Hall - Per Band B Hall per Hour *	£ 15.00	£ 15.00	£ 16.00	6.67%
Dining Hall per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Library per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Classroom per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Craft Studio per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Community Room per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Gymnasiums - 1 Court Gym per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Gymnasiums - 2 Court Gym per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Gymnasiums - 3 Court Gym per hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
Games Halls - 3 Court Hall per hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
Games Halls - 4 Court Hall per hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
1 Court per Hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
2 Courts per Hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
3 Courts per Hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
4 Courts per Hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
Grass Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 19.00	5.56%
Synthetic Pitch (per game up to 2 hours) *	£ 36.00	£ 36.00	£ 38.00	5.56%
Synthetic Pitch - Half Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 19.00	5.56%
Games Halls - Standard Rate				
3 Court Hall per Hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
4 Court Hall per Hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
Discounts				
Junior Use have 40% discount				
Sports & Arts Development have 75% discount				
Commercial Rate				
Twice Standard rate				
Fees Music Instruction Fees				
Fee per annum **	£ 126.00	£ 126.00	£ 132.00	4.76%
Residential Fee per pupil ***	£ 77.00	£ 77.00	£ 80.00	3.90%
Residential Fee per two family members ***	£ 116.00	£ 116.00	£ 122.00	5.17%
* No Vat on multiple lets of 10+ dates				
** (min of 28 1/2hour lessons in academic year)				
*** Non refundable £15 deposit per child				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
School Meals				
Primary School charge -Pupil - Per meal *	£ 2.00	£ 2.10	£ 2.10	0.00%
Primary School charge - Adult - Per meal *	£ 2.17	£ 2.27	£ 2.27	0.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Strategic Services				
Income from lets - Standard Rate - 3 High Schools				
Assembly Hall - Per Band B Hall per Hour *	£ 15.00	£ 15.00	£ 16.00	6.67%
Dining Hall per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Library per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Classroom per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Craft Studio per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Community Room per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Gymnasiums - 1 Court Gym per hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
Gymnasiums - 2 Court Gym per hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
Gymnasiums - 3 Court Gym per hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
1 Court per Hour *	£ 4.50	£ 4.50	£ 5.00	11.11%
2 Courts per Hour *	£ 9.00	£ 9.00	£ 9.50	5.56%
3 Courts per Hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
4 Courts per Hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
Grass Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 19.00	5.56%
Synthetic Pitch (per game up to 2 hours) *	£ 36.00	£ 36.00	£ 38.00	5.56%
Synthetic Pitch - Half Pitch (per game up to 2 hours) *	£ 18.00	£ 18.00	£ 19.00	5.56%
Income from lets - Exempt - 3 High Schools				
No vat on multiple lets of 10+ dates				
Games Hall Receipts - Standard Rate - 3 High Schools				
3 Court Hall per Hour *	£ 13.50	£ 13.50	£ 14.00	3.70%
4 Court Hall per Hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
Games Hall Receipts - Exempt - 3 High School				
No vat on multiple lets of 10+ dates				
Discounts - 3 High Schools				
Junior Use have 40% discount				
Sports & Arts Development have 75% discount				
Hire				
Whiteadder Fishing- Boat Hire - 2 rods **	£ 16.67	£ 16.67	£ 17.50	5.00%
Whiteadder Fishing - Boat Hire - 1 rod **	£ 10.00	£ 10.00	£ 10.50	5.00%
Whiteadder Fishing - Boat Hire - Parent and Child Share	£ 12.50	£ 12.50	£ 13.00	4.00%
Whiteadder Fishing - Bank - Parent - Full **	£ 6.67	£ 6.67	£ 7.00	5.00%
Whiteadder Fishing - Bank - Concession **	£ 5.00	£ 5.00	£ 5.50	10.00%
Whiteadder Fishing - Bank - Parent and Child Sharing L	£ 8.33	£ 8.33	£ 9.00	8.00%
Whiteadder Sailing - Syndicate Boats - Per Annum ***	£ 260.00	£ 260.00	£ 275.00	5.77%
Whiteadder Sailing Course per Day ***	£ 30.00	£ 30.00	£ 31.00	3.33%
Whiteadder Sailing- Season Boat/Season Tickets ****	£ -	£ -		
Tuition Fees				
Jedburgh Ski Slope - Block of 4 lessons - Juniors ***	£ 25.00	£ 25.00	£ 26.00	4.00%
Jedburgh Ski Slope - Block of 4 lessons - Seniors ***	£ 35.00	£ 35.00	£ 37.00	5.71%
* No Vat on multiple lets of 10+ dates				
** Vat Included				
*** Exempt from Vat				
**** Enquire for individual clubs & syndicates				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Community Halls & Venues				
Income from lets - Exempt				
Band A - Hall - Non-Commercial per hour *	£ 18.00	£ 18.00	£ 19.00	5.56%
Band A - Hall - Commercial per hour *	£ 45.00	£ 45.00	£ 47.00	4.44%
Band A - Lesser Hall - Non-Commercial per hour *	£ 12.00	£ 12.00	£ 13.00	8.33%
Band A - Lesser Hall - Commercial per hour *	£ 30.00	£ 30.00	£ 32.00	6.67%
	£ 9.00	£ 9.00	£ 7.00	-22.22%
Band A - Meeting Room - Non-Commercial per hour *				
Band A - Meeting Room - Commercial per hour *	£ 12.00	£ 12.00	£ 14.00	16.67%
Band A - Kitchen - Non-Commercial per hour *	£ 10.00	£ 10.00	£ 11.00	10.00%
Band A - Kitchen - Commercial per hour *	£ 10.00	£ 10.00	£ 11.00	10.00%
Band A - Community Group Affiliation Non-Commercial Fee per annum *	£ 35.00	£ 35.00	£ 50.00	42.86%
Band B - Hall - Non-Commercial per hour *	£ 15.00	£ 15.00	£ 16.00	6.67%
Band B - Hall - Commercial per hour *	£ 35.00	£ 35.00	£ 37.00	5.71%
Band B - Lesser Hall - Non-Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0.00%
Band B - Lesser Hall - Commercial per hour *	£ 20.00	£ 20.00	£ 21.00	5.00%
Band B - Meeting Room - Non-Commercial per hour *	£ 6.00	£ 6.00	£ 7.00	16.67%
Band B - Meeting Room - Commercial per hour *	£ 9.00	£ 9.00	£ 14.00	55.56%
Band B - Kitchen - Non-Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0.00%
Band B - Kitchen - Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0.00%
Band B - Community Group Affiliation Non-Commercial Fee per annum *	£ 30.00	£ 30.00	£ 50.00	66.67%
Band C - Hall - Non-Commercial per hour *	£ 11.00	£ 11.00	£ 12.00	9.09%
Band C - Hall - Commercial per hour *	£ 22.00	£ 22.00	£ 23.00	4.55%
Band C - Meeting Room - Non-Commercial per hour *	£ 5.50	£ 5.50	£ 6.00	9.09%
Band C - Meeting Room - Commercial per hour *	£ 8.00	£ 8.00	£ 8.00	0.00%
Band C - Kitchen - Non-Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0.00%
Band C - Kitchen - Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0.00%
Band C - Community Group Affiliation Non-Commercial Fee per annum *	£ 25.00	£ 25.00	£ 50.00	100.00%
Band D - Hall - Non-Commercial per hour *	£ 9.50	£ 9.50	£ 10.00	5.26%
Band D - Hall - Commercial per hour *	£ 19.00	£ 19.00	£ 20.00	5.26%
Band D - Meeting Room - Non-Commercial per hour *	£ 5.00	£ 5.00	£ 7.00	40.00%
Band D - Meeting Room - Commercial per hour *	£ 6.00	£ 6.00	£ 14.00	133.33%
Band D - Kitchen - Non-Commercial per hour *	£ 4.00	£ 4.00	£ 4.00	0.00%
Band D - Kitchen - Commercial per hour *	£ 6.00	£ 6.00	£ 6.00	0.00%
Band D - Community Group Affiliation Non-Commercial Fee per annum *	£ 20.00	£ 20.00	£ 50.00	150.00%

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Community Halls & Venues				
Hires				
			charge per band A =£80, B = £60, C=£40, D=£20	
Theatre Lights per unit per day **	£ 2.00	£ 2.00		
Scaffolding per day **	£ 30.00	£ 30.00	£ 35.00	16.67%
Digital Projector per day **	£ 25.00	£ 25.00	£ 30.00	20.00%
PA System (inc 1 microphone) per day **	£ 25.00	£ 25.00	£ 30.00	20.00%
Tables per unit per day for External Hire **	£ 2.00	£ 2.00	£ 2.50	25.00%
<p>Affiliated Groups receive 20% discount on all hires Additional £25 per hour charged Out of Hours Supplement + Public Holidays</p> <p>* Exempt ** Standard Rated</p>				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Community Arts				
Art Store				
Subscription - Local Arts, Cultural Groups, Voluntary Organisations and Individual Schools *	£ -	£ -	£ 40.00	
Subscription - Public Sector Groups *	£ 200.00	£ 200.00	£ 200.00	0.00%
Subscription - Private Companies for charitable work *	£ 75.00	£ 75.00	£ 75.00	0.00%
Equipment Hire				
Lamps - 650W SELECON Fresnel **	£ 1.88	£ 1.88	£ 1.88	0.00%
Lamps - 650W ACCLAIM Zoom Spots **	£ 1.88	£ 1.88	£ 1.88	0.00%
Lamps - 1200W SELECON Fresnels **	£ 2.92	£ 2.92	£ 2.92	0.00%
Lamps - 1200W CHORUS follow spot complete with colour changer and stand **	£ 6.25	£ 6.25	£ 6.25	0.00%
Control - Analogue/Multiplex Dimmers **	£ 8.33	£ 8.33	£ 8.33	0.00%
Control - 12 Channel Manual Control Desk **	£ 5.00	£ 5.00	£ 5.00	0.00%
Control - 24 Channel Manual Control Desk with Two Presets **	£ 6.67	£ 6.67	£ 6.67	0.00%
Control -25m Din-8 Control Cable (dimmer racks to desk) **	£ 0.83	£ 0.83	£ 0.83	0.00%
Talkback - Systemheadsets and Belt Packs **	£ 4.58	£ 4.58	£ 4.58	0.00%
Talkback - Systempower Supply **	£ 4.17	£ 4.17	£ 4.17	0.00%
Talkback- System5m XLR3 Signal Cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Talkback - System10m XLR3 Signal Cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Talkback - System20m XLR3 Signal Cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Accessories - 3 Section Telescopic Stands(Teebar & Tophat) **	£ 4.17	£ 4.17	£ 4.17	0.00%
Accessories - 5m lengths 15A cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Accessories - 10m lengths 15A cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Accessories - 20m length 15A cable **	£ 0.83	£ 0.83	£ 0.83	0.00%
Accessories - RCD sockets **	£ 0.83	£ 0.83	£ 0.83	0.00%
Children Events Initiative				
Admission Charge - Average Charge *	£ 1.50	£ 1.50	£ 1.50	0.00%
(no fixed rate/charge for activities, negotiate discounts with touring companies/cultural providers)				
* Exempt				
** Standard Rated				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Community Central Services				
Admission Charges				
Tower Mill - Cinema Charge - Adult *	£ 6.00	£ 6.00	£ 6.50	8.33%
Tower Mill - Cinema Charge - Concession *	£ 4.50	£ 4.50	£ 5.00	11.11%
Hire Charge				
Tower Mill - Rooms 301 and 206 - per session ***	£ 55.00	£ 55.00	£ 55.00	0.00%
Tower Mill - Rooms 305 and 205 - per session ***	£ 110.00	£ 110.00	£ 110.00	0.00%
Tower Mill - Auditorium - per session ***	£ 155.00	£ 155.00	£ 175.00	12.90%
Tower Mill - Auditorium (incl dressing rooms) - per session	£ 210.00	£ 210.00	£ 250.00	19.05%
Enquiry/ Research Charge				
Heritage Hub - Archive Enquiry ****	£ 20.83	£ 20.83	£ 22.00	5.62%
Sales - Heritage Hub				
Photocopies - B & W A4 per sheet *	£ 0.17	£ 0.17	£ 0.15	-10.00%
Photocopies - B & W A3 per sheet *	£ 0.33	£ 0.33	£ 0.25	-25.00%
Photocopies - Colour A4 per sheet *	£ 0.25	£ 0.25	£ 0.30	20.00%
Photocopies - Colour A3 per sheet *	£ 0.50	£ 0.50	£ 0.45	-10.00%
Computer Printout - B & W A4 per sheet *	£ 0.13	£ 0.13	£ 0.15	15.38%
Computer Printout - B & W A3 per sheet *	£ 0.21	£ 0.21	£ 0.25	20.00%
Computer Printout - Colour A4 per sheet *	£ 0.25	£ 0.25	£ 0.30	20.00%
Computer Printout - Colour A3 per sheet *	£ 0.38	£ 0.38	£ 0.45	20.00%
Microform/Fiche Printout - B & W A4 per sheet *	£ 0.33	£ 0.33	£ 0.33	0.00%
Microform/Fiche Printout - B & W A3 per sheet *	£ 0.67	£ 0.67	£ 0.67	0.00%
Scans to Digital Format per scan *	£ 0.83	£ 0.83	£ 0.83	0.00%
Fee for self-photography per image *	£ 1.33	£ 1.33	£ 1.33	0.00%
ScotlandsPeople daily fee *	£ 12.50	£ 12.50	£ 12.50	0.00%
Scotlands People copies*	£ -	£ 0.42	£ 0.42	0.00%
* Standard Rated				
** Exempt - live event ticket sales via visit Scotland				
*** Exempt				
**** 1st half hour free, standard rated				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Museums				
Admission Charges				
Out of Hours Group Visits *	£ 20.83	£ 20.83	£ 20.83	0.00%
Fees				
Self Photography - per exposure **	£ 0.83	£ 0.83	£ 0.83	0.00%
Photography/Film - by arrangement **	£ 0.83	£ 0.83	£ 0.83	0.00%
Image Reproduction - Cost of reproduction plus £5.00 **	£ 4.17	£ 4.17	£ 4.17	0.00%
Handling charge at Managers Discretion per item **	£ 8.33	£ 8.33	£ 8.33	0.00%
Lamination - A4 **	£ 0.33	£ 0.33	£ 0.33	0.00%
Lamination - A3 **	£ 0.67	£ 0.67	£ 0.67	0.00%
Art Exhibition Sales/Commission (**)	30%	30%	30%	0.00%
Income from lets - Exempt				
Borders Textile Towerhouse within office hours - per hour ***	£ 10.00	£ 10.00	£ 11.00	10.00%
Borders Textile Towerhouse outwith office hours - per hour ***	£ 15.00	£ 15.00	£ 16.00	6.67%
* Standard Rated - Min, depending on size, duration & staff time ** Standard Rated *** Exempt				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge (excl.vat)	2015/16 Charge (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Libraries				
Library Stock Request				
Processed by Staff - Adult - per item *	£ 0.42	£ 0.42	£ 0.42	0.00%
Processed by Staff - Concession - per item *	£ 0.25	£ 0.25	£ 0.25	0.00%
Made on line - Adult - per item *	£ 0.25	£ 0.25	£ 0.25	0.00%
Made on line - Concession - per item *	£ 0.25	£ 0.25	£ 0.25	0.00%
Library Fees				
Varies for lost or damaged goods	£ -			
Administration charge for long overdue items	£ -	£ 2.50	£ 2.75	10.00%
Self Photography - per exposure £1+ *	£ 0.83	£ 0.83	£ 0.83	0.00%
Photography/Film - by arrangement	£ -	£ -	£ -	
Image Reproduction - Cost of reproduction plus £5.00 *	£ 4.17	£ 4.17	£ 4.40	5.52%
Library Fines				
Adult - per Book **	£ 0.16	£ 0.16	£ 0.16	0.00%
Concession - per Book **	£ 0.08	£ 0.08	£ 0.08	0.00%
CD overdue charge	£ 0.50	£ 0.50	£ 0.50	0.00%
DVD overdue charge	£ 1.00	£ 1.00	£ 1.00	0.00%
PS3/Xbox Games overdue charge	£ 1.00	£ 1.00	£ 1.00	0.00%
Hires				
Music CD Per Hire (3 weeks) **	£ 1.00	£ 1.00	£ 1.00	0.00%
DVD Hire - Single - Per Week ** Adult	£ 2.50	£ 2.50	£ 2.50	0.00%
DVD Hire - Single - Per Week ** Junior	£ 1.50	£ 1.50	£ 1.50	0.00%
DVD Hire - Boxed - Per 2 Weeks **	£ 3.34	£ 3.34	£ 3.34	0.00%
Equipment Hire (that is not incl in room hire) Screen/projector	£ 4.17	£ 4.17	£ 4.17	0.00%
PS3/Xbox Games hire charge*	£ -	£ 1.50	£ 1.50	0.00%
Deposits				
Linguaphone Deposit Charge *	£ 4.17	£ 4.17	£ 4.17	0.00%
Loan Charges				
Inter- Library Loan Adult per book **	£ 4.50	£ 5.00	£ 5.00	0.00%
Inter- Library Loan - Concession per book **	£ 2.00	£ 2.00	£ 2.00	0.00%
Sales - Prices are discretionary				
Book Sales - Fiction ***	£ 0.60	£ 0.60	£ 0.60	0.00%
Book Sales - Non Fiction ***	£ 0.75	£ 0.75	£ 0.75	0.00%
Book Sales - Paperworks ***	£ 0.50	£ 0.50	£ 0.50	0.00%
Book Sales - Junior ***	£ 0.50	£ 0.50	£ 0.50	0.00%
Book Sales - A/V ***	£ 2.00	£ 2.00	£ 2.00	0.00%
Photocopies - B & W A4 *	£ 0.17	£ 0.17	£ 0.15	-10.00%
Photocopies - B & W A3 *	£ 0.33	£ 0.33	£ 0.25	-25.00%
Photocopies - Colour A4 *	£ 0.21	£ 0.21	£ 0.30	42.86%
Photocopies - Colour A3 *	£ 0.42	£ 0.42	£ 0.45	7.14%
Computer Printout - B & W A4 *	£ 0.13	£ 0.13	£ 0.15	20.00%
Computer Printout - B & W A3 *	£ 0.21	£ 0.25	£ 0.25	0.00%
Computer Printout - Colour A4 *	£ 0.25	£ 0.25	£ 0.30	20.00%
Computer Printout - Colour A3 *	£ 0.38	£ 0.50	£ 0.45	-10.00%
Microform/Fiche Printout - B & W A4 *	£ 0.33	£ 0.33	£ 0.33	0.00%
Microform/Fiche Printout - B & W A3 *	£ 0.67	£ 0.67	£ 0.67	0.00%
Universal Job Match Fax/Copy charge- concession*	£ -	£ 0.17	£ 0.17	0.00%
Scans to Digital Format *	£ 0.83	£ 0.83	£ 0.83	0.00%
USB memory stick*	£ -	£ 5.00	£ 5.00	0.00%
Headphones*	£ -	£ 1.50	£ 1.50	0.00%
Fax Use - Receive *	£ 0.13	£ 0.13	£ 0.13	0.00%
Fax - Send - First *	£ 0.67	£ 0.67	£ 0.67	0.00%
Fax - Send - Subsequent *	£ 0.46	£ 0.46	£ 0.46	0.00%
* Standard Rated ** Non-Business *** Zero Rated				

SCOTTISH BORDERS COUNCIL FEES & CHARGES	2014/15 Charge £ (excl.vat)	2015/16 Charge £ (excl.vat)	2016/17 Charge (excl.vat)	Increase %
Social Work				
Services in the community				
Homecare (per hour)*	£ 12.80	£ 12.80	£ 12.80	0%
Assessment Taper	43.50%	55.00%	55.00%	0%
Homecare - DP clients (per hour)	£ 11.50	£ 11.50	£ 11.50	0%
Assessment Taper	43.50%	55.00%	55.00%	0%
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*	£ 2.99	£ 2.99	£ 2.99	0%
Shopping Service	£ 3.42	£ 3.42	£ 3.42	0%
Bordercare - Community Alarm (per week)	£ 2.12	£ 2.50	£ 2.50	0%
Day Care (per day attendance)	£ 2.00	£ 3.00	£ 3.00	0%
Transport (per day)	£ 1.00	£ 2.00	£ 2.00	0%
Extra Care Housing (per week)	£ 88.33	£ 89.40	£ 89.40	0%
Range Min to Max	£ 176.66	£ 178.80	£ 178.80	0%
Clients requiring 24hr/day care (per week)	£ 88.33	£ 89.40	£ 89.40	0%
Range Min to Max	£ 176.66	£ 178.80	£ 178.80	0%
Housing with Care	£ 27.60	£ 27.94	£ 27.94	0%
Range Min to Max	£ 55.20	£ 55.88	£ 55.88	0%
Residential				
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%
* 2016/17 charges will be published following agreement of contract uplifts - these are based on full / part cost recovery. Following the full review of all Social Work charges implemented in 2015/16, there are no plans to change policy for 2016/17.				